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

+ CS(COMM) 731/2017, CCP(O) 42/2015, I.A.Nos.7941/2015,
12833/2015, 5022/2016, 2248/2018, 5770/2018 AND 13477/2018

M/S TELEECARE NETWORK INDIA PVT LTD Plaintiff
Through Mr.Mudit Sharma with Mr.Parvez
Alam Khan, Advocates.

versus

M/S ASUS TECHNOLOGY PVT LTD & ORS Defendants
Through Mr. Sandeep Sethi, Senior Advocate
with Mr.Daksh Kumar,
Mr.SumitR.Sharma, Advocates.

Reserved on : 02nd May, 2019

Date of Decision: 28th May, 2019

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CORAM:
HON'BLE MR. JUSTICE MANMOHAN

J U D G M E N T

MANMOHAN,J

I.As. 969//2015 & 5129/2018

1. The present suit has been filed for infringement, permanent and mandatory injunction, passing off, delivery up and damages. The prayer clause in the present suit is reproduced hereinbelow:-

“In the light of aforementioned facts and circumstances of the case it is most respectfully prayed that this Hon’ble court may be pleased to:

- i. Pass a decree of permanent injunction restraining the Defendants, their partners, principal officers, servants, agents and representatives from selling, agents and*

representatives from selling, offering and advertising for sale mobile phones and/or mobile accessories and/or any other goods whatsoever under the trademark “ZENFONE” and/or any other trademark identical and/or deceptively similar to the trademark “ZEN” and “ZEN MOBILE” which amounts to infringement of the Plaintiff’s aforesaid marks ZEN and ZEN MOBILE.

- ii. Pass a decree of permanent injunction restraining the defendants, their partners, principal officers, servants, agents and representatives from selling, offering and advertising for sale the mobile phones or mobile accessories under the trademark “ZENFONE” or any other trademark identical and/or deceptively similar to the trademark “ZEN” and “ZEN MOBILE” amounting to passing off of the goods and business of the Defendants as and for those of the Plaintiff Company.*
- iii. Pass a decree against the Defendants, their partners or affiliates, as the case may be, their officers, servants, agents, representatives, distributors or assigns be ordered to withdraw all the mobile phones and/or mobile accessories from all the markets under the trademark “ZENFONE”.*
- iv. Pass a decree towards damages caused to the Plaintiffs by the Defendants to the tune of Rs.1,00,00,000/- jointly and/or severally.*
- v. Costs of the suit be awarded to the Plaintiff and*
- vi. Any other relief which the Hon’ble Court thinks fit and proper in the circumstances in favour of the Plaintiff and against the Defendant.”*

2. IAs. 969/2015 and 5129/2018 have been filed for ad interim injunction by the plaintiff.

PLAINTIFF'S ARGUMENTS

3. Mr. Mudit Sharma, learned counsel for the plaintiff stated that the present suit is a suit for infringement of registered trade mark as well as for passing off.

4. He contended that as on 13th June, 2016, the plaintiff's TM Applications Nos. 1733503, 2738947, 2738949, 2746230 and 2746229 were allowed and the plaintiff became the registered proprietor of the marks ZEN and ZENMOBILE under Classes 09, 21 and 36 of the Trade Marks Act, 1999. He submitted that the trademarks ZEN and ZEN MOBILE are arbitrary and coined words which have no relation to the business of mobile phones and accordingly are not descriptive marks.

5. Learned counsel for the plaintiff further stated that the plaintiff was prior user and had been continuously and extensively using the marks ZEN and ZEN MOBILE for feature phones, smart phones, tablets and accessories since 2008. He contended that the defendants had subsequently adopted an identical trade mark ZENFONE to that of the plaintiff's mark ZEN and ZENMOBILE for selling identical goods i.e. mobile phones. He pointed out that the essential feature of the defendants' trademark was ZEN and the addition of the word FONE as a suffix was immaterial.

6. Learned counsel for the plaintiff stated that the sale turnover of the plaintiff in 2015-2016 was Rs.6,17,35,00,000/- and the plaintiff incurred an advertisement expenditure of Rs. 10,19,00,000/- in 2016-2017. He pointed out that while Mr. Amitabh Bachchan had been the plaintiff's brand ambassador since 27th May, 2010, the defendants' first advertisement had been published four years later in the newspapers on 10th July, 2014. A

pictorial representation of the plaintiff's and defendants' advertisements is reproduced hereinbelow:-

Plaintiff's Advertisement



Defendants' Advertisement



7. Learned counsel for the plaintiff further contended that while the price range of the plaintiff's products was approximately Rs.900/- to Rs.12,000/-, the price of the defendants' products began from Rs. 2,000/-. He therefore stated that the defendants had launched their products under the impugned identical mark ZENPHONE within a similar price range and were targeting the same class of customers as the plaintiff. He contended that defendants' mark was likely to cause confusion in the minds of the public that the defendants' goods were somehow associated with the plaintiff's. In support of his submission, learned counsel for plaintiff relied upon the judgment of the Supreme Court in **Heinz Italia &Anr. Vs. Dabur India Ltd., (2007) 6 SCC 1**. The relevant portion of the said judgment is reproduced hereinbelow:-

“15. We have also considered the arguments with regard to the prior user of the trade mark “Glucon-D” and the specific packaging. It is the admitted case that the term “Glucose-D” has been used by the respondent from the year 1989 and that the packaging which is the subject-matter of dispute in the present suit has been in use from the year 2000. In Century Traders [AIR 1978 Del 250] it has been held that in an action for passing off, the plaintiff has to establish prior user to secure an injunction and that the registration of the mark or similar mark in point of time, is irrelevant. This Court in Cadila Health Care case [(2001) 5 SCC 73 : 2001 PTC 300] also laid down the tests in the case of passing off and observed as under: (SCC p. 80, para 10)

“In other words in the case of unregistered trade marks, a passing-off action is maintainable. 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 [1979 AC 731 : (1979) 3 WLR 68 : (1979) 2 All ER 927] 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.”

16. Likewise, it has been repeatedly held that before the use of a particular mark can be appropriated it is for the plaintiff to prove that the product that he is representing had earned a reputation in the market and that this reputation had been sought to be violated by the opposite party. In Corn Products case [AIR 1960 SC 142] it was observed that the principle of similarity could not to be very rigidly applied and that if it could be prima facie shown that there was a dishonest intention on the part of the defendant in passing off goods, an injunction should ordinarily follow and the mere delay in bringing the matter to court was not a ground to defeat the case of the plaintiff. It bears reiteration that the word “Glucon-D” and its packaging had been used by Glaxo since 1940 whereas the word “Glucose-D” had been used for the first time in the year 1989.

17. In Cadila Health Care case it has also been held that in the case of a passing-off action the similarities rather than the dissimilarities have to be taken note of by the court and the principle of phonetic “similarity” cannot be ignored and the test is as to whether a particular mark has obtained acceptability in the market so as to confuse a buyer as to the nature of product he was purchasing. We observe that both Glucon-D and Glucose-D are items containing glucose and to us it appears that there is remarkable phonetic similarity in these two words.”

8. Learned counsel for the plaintiff lastly stated that in view of the aforesaid facts, the defendants’ adoption of the mark ZEN was with *mala fide* intent to ride upon the goodwill and reputation of the plaintiff.

DEFENDANTS' ARGUMENTS

9. Mr. Sandeep Sethi, learned senior counsel for the defendants stated that the defendant no. 2 corporation was spearheaded by Mr. Jonney Shih who was a staunch believer of the ancient "Zen Philosophy". He further stated that the defendant no. 2 had been using the Zen Design Concept, namely the concentric circles (giving the effect of ripples in water) on its gadgets outer surfaces since long. He contended that in 2011, the defendant no. 2 launched the Ultra thin laptops named as ZENBOOK to reflect its belief in Zen Philosophy. He also contended that the success of the Zenbook led to the launch of ASUS Zenpad tablets, ASUS ZenUI (user interface system), Asus ZenAiO (a home entertainment system), Asus Zenear (for earphone kits), Asus ZenPower (for batteries, power chargers), Asus ZenFlash (camera flash lights).

10. Learned senior counsel for the defendants contended that the defendants have already filed an application for cancellation of the plaintiff's registered trademark under Application no. 733503 in Class 09 under the Trade Marks Act, 1999 before the Intellectual Property Appellate Board, New Delhi and the same is pending adjudication.

11. Learned senior counsel for the defendants submitted that the plaintiff had deliberately and *mala fide*ly made an incorrect statement that it had applied for registration of the mark ZEN under applications no. 2943137 and 3052532. He submitted that the perusal of the records of the Trade Marks Registry clearly reflected that the marks registered in favour of the plaintiff were not word marks but device/label marks.

12. Learned senior counsel for the defendants submitted that in view of Section 17(2) of the Trade Marks Act, 1999, the plaintiff was disentitled

from claiming exclusivity/monopoly over a part of the label/device. In support of his submission he relied upon the judgment of the Division Bench of this Court in ***Bhole Baba Milk Food Industries Ltd. vs. Parul Food Specialties Pvt. Ltd. (2012) 186 DLT 234 (DB)*** wherein it has been held as under:-

“18. Since the stage is of forming a prima facie view, we refrain from delving deep into the matter as evidence has yet to be led, but would simply highlight that the registration obtained by the appellant is not per-se to the word ‘KRISHNA’ but is to the word ‘KRISHNA’ written in a distinctive form: akin to a label. The distinctiveness in which the word ‘KRISHNA’ is written by the appellant is as noted by us in para 2 above.

19. The distinctiveness to which the appellant can lay a claim is to what it has got registered as a whole and such registration cannot possibly give an exclusive statutory right to the appellant qua a particular word of common origin. The ratio of law in the decision reported as AIR 1955 SC 558 The Registrar of Trade Marks v. Ashok Chandra Rakhit Ltd. is squarely attracted.”

13. Learned senior counsel for the defendants further contended that the mark ZEN was common to trade and generic in nature and there were various third-party manufacturers who had got the mark ZEN registered. He pointed out that a search report conducted on the Trade Marks Registry’s website revealed that there were more than 100 ZEN/ZEN formative marks registered by third parties under Class 9 of the Trade Marks Act, 1999 for mobile phones, mobile handsets etc. and there were numerous other marks registered in various other Classes. In support of his statement, learned senior counsel for the defendants pointed out the registration of the mark ZENTA McCoy under Class 09 of the Trade Marks in favour of Zenta McCoy Techno International. In support of the submission that the mark

was generic, learned senior counsel for defendants relied upon the judgments in *Skyline Education Institute (Pvt.) Ltd. vs. S. L. Vaswani & Ors.* AIR 2010 SC3221 and *Novelty Emporium vs. Novelty Creation Private Limited*, 96 (2002) DLT 68. The relevant portion of the aforesaid judgments is reproduced hereinbelow:-

A) *Skyline Education Institute (Pvt.) Ltd.* (supra) :

“18. In our opinion, the findings recorded by the learned Single Judge and the Division Bench on the crucial factors like prima facie case, balance of convenience and equity are based on a correct and balanced consideration of various facets of the case and it is not possible to find any fault with the conclusions recorded by them that it is not a fit case for restraining the respondents from using the word “Skyline” in the name of the institute established by them. It has not been disputed on behalf of the appellant that the word “Skyline” is being used as trade name by various companies/organisations/business concerns and also for describing different types of institutes/institutions. The voluminous record produced by the respondents before this Court shows that in India as many as 117 companies including computer and software companies and institutions are operating by using the word “Skyline” as part of their name/nomenclature. In the United States of America, at least 10 educational/training institutions are operating with different names using “Skyline” as the first word. In the United Kingdom also two such institutions are operating. In view of this, it is not possible to agree with the learned counsel for the appellant that Skyline is not a generic word but is a specific word and his client has right to use that word to the exclusion of others.”

B) *Novelty Emporium* (supra) :

“15. In the present case the word Novelty must be taken to be a generic name. It is not a name coined by the plaintiff, so that it could take advantage of the decision in the case of Montari Industries Ltd. (supra). Once it is a generic name, necessarily, the Court has to travel to find out as to whether an ordinary customer by virtue of the name, adopted by the defendant, would

be mistaken and could take it to be the business of the plaintiff or its extension. Herein the plaintiff is using the name M/s. Novelty Emporium. The defendant is using the name and carrying on the business under the name and style of M/s. Novelty Creations Private Limited. Merely use of the word "Novelty" by itself will not indeed imply that action for passing off would be maintainable. Because the added words "Creations Private Limited" clearly distinguish its goods from those of the plaintiff. This is for the reason that the defendant has specifically pleaded that there are many other Saree Shops, using the word "NOVELTY" within the city of Delhi. In addition to that, the cartons, labels and wrappers of the defendant have also been stated to be different than that of the plaintiff. Once the word Novelty, which is a generic name is being used widely in the city and the further words that have been added to the word Novelty, makes it clear that the goods of the plaintiff can be distinguished from that of the plaintiff. It must follow that the plaintiff cannot be termed to have a prima-facie case."

14. Learned senior counsel for defendants pointed out that in fact, the plaintiff in its response to the examination report dated 01st May, 2010 for Application No.1733503 had categorically admitted that the word ZEN was generic in nature and no one party could claim exclusivity over the same. The relevant portion of the examination report of the plaintiff's trade mark as well as the plaintiff's reply to the examination report is reproduced hereinbelow:-

A) Examination Report :

"...1. The trade marks which are devoid of any distinctive character, that is to say, not capable of distinguishing the goods or services of the one person from those of another person. "ZEN" is an approach to religion, arising from Buddhism.

2. The Trade Mark application is open to objection on relative grounds of refusal under Section 11 of the Act because the same/similar mark(s) is/are already on record.....

B) Reply to Examination Report :

“The Trade Mark’s Law is based on the premise that one goods can have only one origin just as one man has one mother. The Trademark serves as an identification of origin and distinguishes the product from those of competitors. The product of the applicant herein has used the mark in conjunction with the logo in a distinct and invented manner and hence the objection raised under Section 9(1) of the Trade Mark Act, 1999 is not substantial. In reply to the objection in regards to the religions sentiments, it is stated that the Word ZEN is a common general word denoting a person practicing meditation in spite of any religious reading or writing.

Further in reply to the objection for relative grounds it is stated that your good self has granted registration to many different proprietors. The mark has become generic making applicant to obtain registration in it.”

15. He contended that the said admission had been deliberately suppressed and concealed by the plaintiff from this Court, thereby disentitling it from claiming any relief/injunction. Learned senior counsel for defendants relied upon the judgments of Division Benches of this Court in *S.K. Sachdeva &Anr. Vs. Shri Educare Ltd. &Anr., FAO(OS) 531/2014* and *Rhizome Distilleries P. Ltd &Ors. Vs. Pernod Ricard S.A. France &Ors. 2009 SCC OnLine Del 3346*, wherein it has been held as under: -

A) S.K. Sachdeva(supra)

“18. We are of the view that the interim injunction is liable to be vacated in view of various factors. First of all, the respondents themselves have taken a categorical stand that the word ‘SHRI RAM’ is the name of a popular figure and deity in Hinduism and no one proprietor can claim exclusive rights on the mark ‘SHRI RAM’. Secondly, their stand that the mark ‘SHRI RAM’ is common to trade and several ‘SHRI RAM’ formulative marks are

peacefully co-existing on the register of trademark. Thirdly, the appellants have prima facie shown that there were several schools in existence using the name 'SHRI RAM' in existence even prior to the adoption of the mark by the respondents. Fourthly, the respondents are guilty of concealment and misrepresentation and, lastly, discretion should not be exercised in favour of a person who approaches the court with unclean hands.

19. Prima facie, we are of the view that the respondents are not entitled to the grant of an injunction at this stage. The respondents would have to establish that the word 'SHRI RAM' by extensive use in respect of schools is only associated with the respondents and none else. This can only be done at trial."

B) *Rhizome Distilleries* (supra)

"27. Finally, so far as prayer of passing off is concerned, we reiterate that the similarity of label/trade dress was with respect to the Plaintiffs' ROYAL STAG and the Defendants' Imperial Gold. Substantial changes have been agreed upon by the Appellants which upon implementation removes any likelihood of deception even concerning the cognitive faculties of an average customer, if not in an inebriated stupor. It may still be pleaded by the Plaintiffs that the Defendants are guilty of passing off because of the adoption of the word IMPERIAL. To this we may clarify that neither party has any exclusive right for the use of the word IMPERIAL. The two labels, that is IMPERIAL BLUE and RHIZOME Imperial Gold are totally dissimilar and if a flat amber bottle is used by the Defendants/Appellants, no deception is likely to arise. It is also relevant to mention that the word IMPERIAL is used by several other manufacturers of alcohol such as IMPERIAL TRIBUTE, IMPERIAL FAMOUS, TETLEY'S IMPERIAL, IMPERIAL'S HERO FIVE WHISKY, CAREW'S IMPERIAL WHINE WHISKY, OLD IMPERIAL, SUMMERHILL IMPERIAL, XO IMPERIAL, DON FULANO IMPERIAL, RON BARCELO IMPERIAL ETC. All these parties will have to co-exist. In view of the widespread use of the word IMPERIAL, especially in the alcohol business, it is not possible to accept the contention of Mr. Chandra that the word IMPERIAL has attained a secondary meaning which would justify exclusivity. Moreover,

secondary meaning would evolve over a number of years; in the present case, the Plaintiffs started marketing its product in 1997 and that is too short a period to make such an extreme claim. In this regard, it is also relevant that both the parties have received registration under the TM Act for their competing brands.”

16. Learned senior counsel for the defendants further contended that the mark of the plaintiff had not acquired any secondary significance. In support of his submission, he relied upon the judgment of ***Bigtree Entertainment Pvt. Ltd. Vs. Brain Seed Sportainment Pvt. Ltd &Anr., 2018 (73)PTC 115 [Del]*** wherein it has been held as under:-

“16. In the present case defendant has placed on record examples of numerous other companies that operate with the same domain prefix, and the plaintiff has yet to put on record any evidence suggesting that the prefix “BOOKMY” is only associated in the minds of the public with the plaintiff’s business and nobody else, thus has acquired a secondary meaning and distinctiveness. Considering the fact that the words “BOOKMY” are descriptive in nature and plaintiff’s trademark “BOOKMYSHOW” has not acquired a distinctive meaning no case for grant of injunction pending hearing of the suit is made out.”

17. Learned senior counsel for the defendants stated that there was no scope of confusion or deception in the minds of the consumers as the defendants’ use of the mark ZENFONE was coupled with its well-known registered house mark ASUS, thereby identifying the source and origin of the defendants’ products.

REJOINDER ARGUMENTS OF PLAINTIFF

18. Learned counsel for the plaintiff stated that plaintiff’s registered label/device mark vide application TM No. 2943137 only contained the word ZEN. He stated that the dominant/essential part of all the registered

marks of the plaintiff was ZEN. In support of his submission, he relied upon the judgment of *Sunil Mittal &Anr. Vs. Darzi On Call, (2017) 242 DLT 62*, wherein it has been held as under:-

“26. In this context, no merit is also found in the contention of the defendant of the mark being label marks and not word marks. The essential feature of both marks is the word ‘DARZI’ and there is barely anything else on the labels to serve the purpose of a trade mark i.e. of recall. A consumer of tailoring services would remember the service availed of on an earlier occasion, whether it be of the plaintiffs or of defendant as ‘DARZI’ only and would not remember the defendant as different from the plaintiffs owing to the words “ON CALL” in the label of the defendant. Conversely, a customer of the plaintiffs, on coming across the defendant is likely to understand the service of the defendant, as an extension of the service of plaintiffs ‘ON CALL’. Also, the goodwill of a business as of tailoring is by word of mouth. A person for whom either the plaintiffs or the defendant have customised or tailored, when asked of the reference of his tailor is unlikely to mention the defendant as ‘DARZI ON CALL’ as distinct from plaintiffs as ‘THE DARZI’; even if he were to so mention, the person seeking reference is unlikely to remember the words “ON CALL” and what is likely to stick to his memory is the word ‘DARZI’

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32. That brings me to the most important and guiding light in the law of intellectual property which is found to be the ultimate reason which prevailed with the Courts in granting injunction i.e. of dishonesty and an attempt on the part of the defendant to ride on the goodwill of the plaintiffs, to steal the market created by the plaintiffs, to have a headstart from the place to which the plaintiffs have built the business, to pass off his/her/its goods or services as that of the plaintiffs, all obviously to the prejudice of the plaintiffs and amounting to cheating the patrons/consumers/customers of the plaintiffs and the public at large. No society governed by law will permit a defendant to do so. The message which this Court will be sending out if refuses

injunction in a case as this is that it, embroiled in its legalese and technicalities of law as the defendant here has raised, is encouraging such deception in society and allowing hijacking of businesses which another has toiled to build. Such a message going out from the Court will kill entrepreneurship in the country, thereby spelling the doom for development. Even laws relating to tangible properties, as distinct from intellectual property have, have been interpreted to protect titles in property, as long as acquired honestly and for consideration, even if imperfect.

33. The entire argument of the defendant of 'generic' and 'publici juris' and of the word 'DARZI' being descriptive is nothing but an argument of technicality. The defendant itself has used the word 'DARZI', not as descriptive of its trade identified by another name but as distinctive of it amongst the class of businesses which the defendant is carrying i.e. of tailoring. Such an argument would have been understandable if Md. Ali Raza, Ms. Nazia Nabi and Sh. Avinash Kumar who set up the business of defendant had commenced business of tailoring, say in the name of 'M/s Raza, Nabi & Kumar' and described the business carried on under the said name as "Darzis on Call". It could then have been said that the plaintiff No. 1 Sunil Mittal, by adopting the name of his tailoring business as 'THE DARZI' is not entitled to restrain other tailors, catering to section of society not familiar with the word 'TAILOR', is not entitled to restrain 'M/s Raza, Nabi & Kumar' from informing their prospective customers the services of 'DARZI' provided by them. The act of the defendant of having itself chosen the word 'DARZI', not as descriptive of its business but as a trade name, as the plaintiffs had done two decades before the defendant, is nothing but an act of dishonesty with which the Court is not only required to but bound to interdict. It is also not as if the defendant is writing the word 'DARZI' in Urdu or Hindi language, to cater to the section of the society which is unfamiliar with the word 'TAILOR'. The defendant also, as the plaintiffs, has chosen to write the word 'DARZI' in English script. The defendant is targeting the same customer base as the plaintiffs. I may in this regard also notice a shift in the society in the last few decades. Earlier, owing to limited availability of readymade garments in the country, only

the rich were buying the same from foreign markets with the economically weak section of the society buying cloth and getting it tailored. Now, readymade garments are tailored in factories, mechanically with limited human skills and are available in volumes at much less price than the cost, if the cloth was to be purchased and tailoring charges given. Today, customised/bespoke tailoring, which both, plaintiffs and defendant are providing, is affordable only by the rich and high-heeled, who are generally literate and understand the word 'TAILOR' and find the word 'DARZI' 'exotic' and hence with high recall value, thereby serving very well the purpose of a trademark.

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39. The plaintiffs thus have made out a prima facie case. The balance of convenience also is in favour of the plaintiffs and against the defendant in as much as use by the plaintiffs of the trademark according to the defendant also is for at least 20 years prior to that by the defendant. The defendant already since the last about six months has been using a different trademark and I am of the view that the prejudice from the interim injunction to the defendant will be negligible in comparison to that to the plaintiffs from non-grant thereof. Needless to state that a prima facie case having been found in favour of the plaintiffs, the plaintiffs will suffer irreparable injury from continued use by the defendant of the mark. A customer of a tailor, once lost, is unlikely to come back."

19. Learned counsel for the plaintiff further stated that none of the third party companies/manufacturers named by the defendants who had registrations for the mark ZEN, were actually using the mark with respect to mobile phones.

20. He pointed out that the plaintiff's applications for registration of the word mark ZEN were pending vide T.M. No. 3052532 and TM No. 2943137.

COURT'S REASONING

A TRADEMARK IS A SOURCE IDENTIFIER

21. Having heard learned counsel for the parties, this Court is of the view that it is necessary to first appreciate that the rationale behind grant of recognition and protection of trademarks and trade names is to ensure that people don't get confused about the source of goods and services. To put it tersely, a trademark is a source identifier. In fact, a Coordinate Bench of this Court in *Mattel, Inc. & Ors. vs. Mr. Jayant Agarwala & Ors., 2008 SCC OnLine Del 1059* has held as under:-

"II The Trademark claim

32. The object of trademark law is to prevent an injury to the goodwill and reputation of the enterprise which owns the trademark; as well as ensuring that consumers are not misled as to the product, services or their sources. Marks help buyers to identify their source, and assure them of the constancy of quality from a particular producer. The essence of a trade mark has always been that it is "a badge of origin" (Ref Scandecor Developments AB v. Scandecor Marketing AB 4 April 2001, UK.HL 21 of 2001). It indicates trade source: a connection in the course of trade between the goods and the proprietor of the mark. Trademarks are thus, a valuable medium of advertisement, vital for marketing of products. If the consumers understand the trademark in the context of its source, the manufacturer is inseparably associated with it. The drawback here could be that trademarks are misused if they serve to limit competition in the manufacture and sales of a product."

THERE ARE VARIOUS TYPES OF TRADEMARKS. 'GENERIC' MARKS ARE THOSE WHICH REFER TO THE 'GENUS' TO WHICH A PARTICULAR PRODUCT OR SERVICE IS A SPECIES OF. THOUGH ZEN IS A GENERIC WORD QUA A SCHOOL OF BUDDHISM, YET IT IS NOT A GENERIC MARK WITH REGARD TO MOBILE PHONES.

22. There are various types of trademarks. Initially four categories of trademarks i.e. (1) generic, (2) descriptive, (3) suggestive, and (4) arbitrary

or fanciful were set out in *Abercrombie & Fitch Co. vs. Hunting World, Inc.*, 537F.2d4, 9 (2nd Cir. 1976). Subsequently in *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 US 763, it was held that there are five categories of trademarks. The relevant portion of the said judgment is reproduced hereinbelow:-

“... Marks are often classified in categories of generally increasing distinctiveness; following the classic formulation set out by Judge Friendly, they may be (1) generic; (2) descriptive; (3) suggestive; (4) arbitrary; or (5) fanciful. ...The latter three categories of marks, because their intrinsic nature serves to identify a particular source of a product, are deemed inherently distinctive and are entitled to protection. In contrast, generic marks-those that “refe[r] to the genus of which the particular product is a species,” Park ‘N Fly, Inc. v. Dollar Park & Fly, Inc., 469 U.S 189, 194 (1985), citing Abercrombie & Fitch, supra, at 9-are not registrable as trademarks. Park ‘N Fly, supra, at 194.

Marks which are merely descriptive of a product are not inherently distinctive. When used to describe a product, they do not inherently identify a particular source, and hence cannot be protected. However, descriptive marks may acquire the distinctiveness which will allow them to be protected under the Act. Section 2 of the Lanham Act provides that a descriptive mark that otherwise could not be registered under the Act may be registered if it “has become distinctive of the applicant's goods in commerce.”. ...

The general rule regarding distinctiveness is clear: An identifying mark is distinctive and capable of being protected if it either (1) is inherently distinctive or (2) has acquired distinctiveness through secondary meaning. ...”

22. The said categorisation of trademarks has been accepted by a Coordinate Bench of this Court in *Evergreen Sweet House v. Ever Green*, 2008 (38) PTC 325 (Del) (paragraph 14), wherein it was held that the mark ‘Evergreen’ in its application to sweets and confections is an arbitrary one and accordingly is entitled to protection.

23. The term 'generic' refers to the 'genus' to which a particular product or service is a species of.
24. The term 'descriptive' refers to a word/mark which describes an article/service, its qualities, ingredients or characteristics.
25. However, often the lines differentiating different categories of marks are blurred. Often, distinctions between suggestive, fanciful and arbitrary marks may seem artificial.
26. For instance, in *Abercrombie & Fitch Co.* (supra) it was explained that "Deep Bowl" when used for an article which is a deep bowl, does not only describe the article, but also identifies it. Therefore, "Deep Bowl" is generic when used for a deep bowl. Similarly the term "spoon" is not merely descriptive of the article i.e. spoon, but identifies the article and therefore, is generic.
27. However, the mark "Deep Bowl Spoon" for a spoon merely describes the significant characteristic of being able to reach deep in a bowl. It is not descriptive of the article i.e. spoon, since the article is not a deep bowl, but a spoon.
28. In common law, neither the generic nor merely descriptive terms are valid trademarks and the exclusive use of such terms is not entitled to legal protection. However, protection is awarded to descriptive marks which have acquired secondary significance.
29. The category of suggestive marks refers to those marks which are neither exactly descriptive on the one hand, nor truly fanciful on the other. A term is suggestive if it requires imagination, thought and perception to reach a conclusion as to the nature of the goods. If a term is suggestive, it is entitled to registration without proof of secondary meaning. For instance, as pointed out in *Abercrombie & Fitch Co.* (supra) the word "Ideal" when used

for hair brushes, is in no sense indicative or descriptive of the qualities or characteristics or merits of a brush. It is therefore not descriptive. However, the word “Ideal” for hairbrushes does suggest that the product meets the very highest ideal mental conception of what a hair brush should be and is therefore suggestive.

30. The term ‘fanciful’ refers to a mark which is an invented word solely for use as trademarks. When a common word is applied in an unfamiliar way, it is called an ‘arbitrary’ mark. For instance, “Ivory” would be generic when used to describe a product made from the tusks of elephants but would be arbitrary when applied to a soap.

31. Fanciful and arbitrary terms enjoy all rights accorded to suggestive marks and are also entitled to registration without proof of secondary meanings.

32. Keeping in view the aforesaid mandate of law, this Court is of the view that a word may be generic *qua* a specific business or trade or industry but not across the board for all business or trades or industries. For instance, the word “Arrow” is a generic word *qua* archery business, but is an arbitrary word *qua* shoes.

33. Consequently, though ZEN is a generic word *qua* a school of Buddhism, yet it is not a generic mark with regard to mobile phones and tablets as the said word has no connection or correlation with mobile phones or tablets.

34. In *Kirorimal Kashiram Mktg. & Agencies Pvt. Ltd. v. Shree Sita Chawal Udyog Mill TollyVill, 2010 (44) PTC 293 (Del.) (DB)* the Court after considering the judgment of *Goenka Institute of Education and Research v. Anjani Kumar Goenka MANU/DE/2229/2009* has observed as under:-

“5. In our opinion, the learned Single Judge has fallen into an error in declining the grant of interim injunction to the appellant. The overriding aspect in a case such as the present is that deer is a prominent part of the trademark of the appellant. Copying of a prominent part of a trademark leads to deceptive similarity especially when the product of both the parties is the same. The expression “Deer” was arbitrarily adopted by the appellant with respect to its product being rice. A deer has no connection or co-relation with the product namely rice. Such arbitrary adoption of a word mark with respect to a product with which it has no co-relation, is entitled to a very high degree of protection, more so, as the appellant's trademark is a registered trademark. The use by the respondent of its trademark is admittedly subsequent to that of the appellant. The first registration of the appellant is of the year 1985 and then of 1990. The respondent claims the first user only from the year 1999, and, as the later discussion will show, that is also not a correct fact because the user of the respondent is prima facie only from around the year 2003.”

(emphasis supplied)

35. Consequently, the adoption of the mark ZEN by the plaintiff with respect to mobile phones and tablets, with which it has no correlation, is arbitrary and is entitled to protection without proof of it having acquired secondary significance.

MERE FILING OF A SEARCH REPORT FROM THE TRADE MARK OFFICE DOES NOT PROVE THAT THE MARK MENTIONED IN THE SEARCH REPORT IS ACTUALLY BEING USED BY THIRD PARTIES. FURTHER, THE DEFENDANTS HAVING THEMSELVES APPLIED FOR REGISTRATION OF THE MARK ZENPHONE ON 12th MARCH, 2014, ON A PROPOSED TO BE USED BASIS, CANNOT NOW BE PERMITTED TO APPROBATE AND REPORBATE

36. This Court is further of the view that mere filing of a search report from the Trade Mark Office does not prove that the mark mentioned in the search report is actually being used by third parties. To prove the defence of common to trade, it is imperative on the part of the party who relies upon the

mark of third parties to produce cogent and clear evidence of use of the said mark. In *Novartis AG. V. Crest Pharma Pvt. Ltd., 2009 (41) PTC 57 (Del.)* it has been held as under:-

“32. The next contention of the defendant is that there are number of other companies who are using the similar trade mark as that of the plaintiff, those are CEFF, SIMCEF, CEF, BECEF, SYCEF, CEACEF, SYCEF, SICEF and C-CEF. The contention of the defendant has no force as the defendants have failed to produce any evidence of the actual user of the said marks referred by the defendants. In order to take the said defence, the party has to give cogent evidence before this court as to since when these trade marks are being used and what is the goodwill and reputation of the said trade marks. The defendant in the present case has not produced the samples of the third parties in order to show as to whether the said marks are being used and goods are available in the market or not. The similar defence raised in various cases has been dealt by the courts from time to time in the cases of Century Traders (supra), Corn Products refining Co. Vs. Shangrila Food Products Ltd., AIR 1960 SUPREME COURT 142 and Pankaj Goel vs. Dabur India Ltd., 2008(38) PTC 49 (Del). Relevant part of the decision of Corn product(supra) is reproduced hereinbelow:-

“17. The series of marks containing the common element or elements therefore only assist the applicant when those marks are in extensive use in the market. The onus of proving such user is of course on the applicant, who wants to rely on those marks. Now in the present case the applicant, the respondent before us, led no evidence as to the user of marks with the common element. What had happened was that Deputy Registrar looked into his register and found there a large number of marks which had either 'Gluko' or 'Vita' as prefix or suffix in it. Now of course the presence of a mark in the register does not prove its user all. It is possible that the mark may have been registered but not used. It is not permissible to draw any inference as to their user from the presence of the marks on the register.”

(emphasis supplied)

37. Though the present suit is a commercial suit, yet the defendants have not placed on record any instance of use of the mark ZEN by third parties.

38. This Court is of the opinion that the defendants having themselves applied for registration of the mark ZENFONE on 12th March, 2014, on a proposed to be used basis, cannot now be permitted to approbate and reprobate. Accordingly, they are estopped from contending that the mark ZEN is common to trade or generic.

39. Further, just because defendants' application for cancellation of plaintiff's registered trade mark is pending consideration, does not mean that this Court is denuded of the power either to decide this application or grant an injunction. (See: *Patel Field Marshal Agencies Vs. P.M. Diesels Limited &Ors*, (2018) 2 SCC 112).

POST GRANT OF REGISTRATION OF THE MARK NEITHER THE EXAMINATION REPORT NOR THE REPLY TO THE SAME ARE RELEVANT DOCUMENTS. FURTHER THERE IS NO ESTOPPEL AGAINST STATUTE

40. Once a mark is registered, the certificate of registration has to be seen as it is. Post grant of registration of the mark ZEN, neither the Examination Report dated 01st May, 2010 nor the plaintiff's reply are relevant documents. In *H&M Hennes & Mauritz AB &Anr. Vs. HM Megabrands Pvt. Ltd &Ors*. (2018) 251 DLT 651 it has been held as under:-

"15. The plea of the defendants, of the plaintiffs, at the time of seeking registration and when confronted with 'HMT', 'HMTV', 'HMTW', 'H.M. Tex Kamal' and 'H.M.C.', having taken a stand that the mark has to be considered in entirety, may be considered at this stage. The question to be adjudicated is, whether the plaintiffs, having taken such a stand, is estopped from suing for infringement. The question, in my opinion, cannot be answered in abstract and has to be answered on facts. None of the businesses, marks whereof as aforesaid the plaintiffs were confronted with,

were in any business even remotely connected to business of the plaintiffs. In fact the marks HMT & HMTV were abbreviations of their earlier names Hindustan Machine Tools and His Masters Voice respectively and which businesses, over the years had come to be referred by their abbreviation. Merely because the plaintiffs at the stage of seeking registration took a stand as aforesaid, cannot stop the plaintiff from exercising its statutory and natural rights. There is no estoppel against statute.”

(emphasis supplied)

41. In any event, as there is no estoppel against statute, the stand taken by plaintiff in reply to the examination report is not relevant.

THERE IS NO SUPPRESSION OR MISREPRESENTATION THAT REGISTERED MARKS ZEN AND ZENMOBILE ARE WORD MARKS AS THE PLAINTIFFS HAD PLACED ON RECORD THE REGISTRATION CERTIFICATES. FURTHERMORE, THE PLAINTIFF HAD NOT SUPPRESSED ITS REPLY TO THE EXAMINATION REPORT DATED 01ST MAY, 2010 AS THE SAME IS AVAILABLE IN THE PUBLIC DOMAIN.

42. This Court is also of the view that there is no misrepresentation or suppression that the plaintiffs’ registered marks ZEN and ZENMOBILE are word marks as it had placed on record the registration certificates for the same.

43. This Court is also of the view that the judgment of *S.K. Sachdeva* (supra) is of no relevance to the present case as the said judgment is regarding wilful and deliberate concealment, which is absent in the present case.

44. Furthermore, the plaintiff had not suppressed its reply to the examination report dated 01st May, 2010 as the same is available in the public domain.

A SUBSEQUENT USER CANNOT TAKE SHELTER UNDER SECTION 17(2) AND ARGUE THAT THE STATUTE PERMITS IT TO COMMIT PASSING OFF. PLAINTIFF IS THE PRIOR USER OF THE MARK ZEN, SINCE 2008.

45. This Court is also of the opinion that Section 17(2) of the Trade Marks Act, 1999 relates to a composite registered trademark and the circumstances under which exclusive rights can be claimed in part of a registered mark. The Supreme Court in *Registrar of Trademarks Vs. Ashok Chandra Rakhit Ltd.*, AIR 1955 SC 558 and *Bhole Baba Milk Food Industries Ltd. vs. Parul Food Specialties Pvt. Ltd.* (supra) has held that registration of a label mark does not entitle a proprietor to protection of a specific part of the label.

46. However, this Court is of the view that a party can overcome the bar under Section 17(2) of the Trade Marks Act, 1999, by filing an action for passing off to claim exclusivity of a part or whole of the registered trademark. Section 17(2) of the Trade Marks Act, 1999 cannot be used as a license to commit an act of passing off. A subsequent dishonest user cannot take shelter under Section 17(2) and argue that the statute permits it to commit passing off.

47. Consequently, the present suit for the purpose of the present application is treated as a suit for passing off and not for infringement.

PLAINTIFF IS THE PRIOR USER OF THE MARK ZEN, SINCE 2008. INGREDIENTS OF PASSING OFF ARE SATISFIED IN THE PRESENT CASE.

48. In the present case, the plaintiff has placed on record documents showing that the plaintiff is the prior user since 2008 of the mark ZEN in comparison to the defendant who began using an identical/deceptively similar mark ZENFONE in 2014.

49. The plaintiff's annual sales figures of Rs.6,17,35,00,000/- for the year 2015-16 and advertisement expenses of Rs.10,19,00,000/- for the year 2016-17 show that the plaintiff has expended large sums of money in promotion of its products. Furthermore, Mr. Amitabh Bachchan being the brand ambassador of the plaintiff vide agreement dated 27th May, 2010, while the defendants' first advertisement was in 2014 shows that the plaintiff had acquired significant goodwill and reputation with regard to its products sold under the mark ZEN prior to the defendants entering the market.

50. This Court is of the view that the defendants' adoption of the mark ZEN is in bad faith as it applied for the plaintiff's mark subsequently in 2014. Further, in the opinion of this Court, the triple identity test is satisfied as the defendants have made use of a deceptively similar/identical trademark (ZENFONE) in relation to identical goods (mobile phones) having identical trade channels.

51. Consequently, the defendants having adopted a deceptively similar mark wherein the dominant part of the defendants' mark ZENFONE is the plaintiff's mark ZEN, for the same product i.e. mobile phones, shows prima facie that there is a likelihood of confusion and damage to the plaintiff's goodwill. The test of passing off as stipulated in *Heinz* (supra) is satisfied.

52. Accordingly, after eight weeks, the defendants, their partners, principal officers, servants, agents and representatives shall stand restrained from directly or indirectly selling, offering and advertising for sale mobile phones and/or mobile accessories and/or any other related products or any other goods under the trademark ZEN, ZENFONE and/or any other trademark identical and/or deceptively similar to the trademark ZEN and ZEN Mobile, in any manner whatsoever.

53. I.As.969/2015 and 5129/2018 stand disposed of.

CS(COMM) No.731/2017

List before the regular Roster Bench on 10th July, 2019.

MANMOHAN, J

MAY 28, 2019

js/KA/mn

