

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

% **Date of decision: 31st May, 2018**

+ **IA No.7259/2016 (of the plaintiffs under Order XXXIX Rules 1&2 CPC) in CS(COMM) No.707/2016**

H&M HENNES & MAURITZ AB & ANR. Plaintiffs

Through: Mr. Sandeep Sethi, Sr. Adv. with Mr. C.A. Brijesh, Ms. V. Mohini & Ms. Shreyasi Pal, Advs.

Versus


HM MEGABRANDS PVT. LTD. & ORS. Defendants



Through: Mrs. Pratibha M. Singh, Sr. Adv. with Mr. Adheesh Nargolkar, Mr. Ankur Sangal & Ms. Sucheta Roy, Advs.

CORAM:





HON'BLE MR. JUSTICE RAJIV SAHAI ENDLAW


IA No.7259/2016 (of the plaintiffs under Order XXXIX Rules 1&2 CPC)


1. The two plaintiffs viz. a) H & M Hennes & Mauritz AB, Sweden and b) H & M Hennes & Mauritz Retail Pvt. Ltd., New Delhi have sued the defendants no.1 to 4 viz. i) HM Megabrands Pvt. Ltd., ii) Mr. Arif Merchant, iii) Mr. Hamza Arif Merchant and iv) Mr. Hashim Arif Merchant, *inter alia* for injunction restraining passing off / infringement of trade mark  /









 of the plaintiffs, by use of the trade mark  and for ancillary reliefs.

2. The suit along with the application for interim relief came up before this Court first on 2nd June, 2016 when the defendants being on caveat appeared and the hearing of the application for interim relief was deferred to the after notice stage. Pleadings were completed and the senior counsel for the plaintiffs and the senior counsel for the defendants were heard on 22nd August, 2016 and 23rd August, 2016 and order reserved.








3. It is the case of the plaintiffs i) that plaintiff no.1 H & M Hennes & Mauritz AB, Sweden is the proprietor of the trade marks H&M,  /  and the plaintiff no.2 H & M Hennes & Mauritz Retail Pvt. Ltd., New Delhi is a subsidiary of plaintiff no.1 in India and carries on business under the trade / service mark / name H&M,  /  on behalf of the plaintiff no.1; ii) that plaintiff nos.1&2 form part of the H&M Group of companies which are designers / marketers / sellers of wide and varied fashionable clothing collection and ancillary products / services for women, men, teenagers and children; iii) that plaintiff no.1 has more than 4000 stores / outlets in 61 markets worldwide and provides goods through online shopping in 21 countries; iv) that plaintiff no.1 adopted the trade mark / name 'H&M' in early 1970 and secured earliest registration for the mark









H&M in the year 1985 in the United Kingdom; v) that the defendant no.1 HM Megabrands Pvt. Ltd. of which defendants no.2 to 4 are officers / Directors are engaged in the business of marketing, supplying, selling of garments and ancillary products under the mark / name HM/  since the year 2011 and applied for registration thereof on 11th April, 2014; vi) that a comparative analysis of the plaintiffs' and defendants' marks / artworks is as under:




S. No.	Plaintiffs	Defendants
1.	<p style="text-align: center;">H&M (word mark) Adoption: 1972 United Kingdom : August 01, 1985 India: October 21, 2005</p>	<p style="text-align: center;">HM (word mark) Alleged adoption: 2011 Application filed on April 11, 2014</p>
2.	<p style="text-align: center;"><i>H&M</i> (artwork / logo)</p>	<p style="text-align: center;"> (logo)</p>



3.	 <p>(artwork/logo)</p>	 <p>(logo)</p>
4.	 <p>(logo on the store)</p>	 <p>(logo on the store)</p>
5.	 <p>(logo on the store)</p>	 <p>(logo on the store)</p>
7.	 <p>(logo on the store)</p>	 <p>(logo on the store)</p>

7.	www.hm.com (website)	www.hmmegabrands.com (website)
8.	Hm.com (domain name)	hmmegabrands.com (domain name)

vii) that the logo ,  /  of the plaintiffs is an artwork within the definition of Copyright Act, 1957 and the use of the mark / logo  by the defendants is in violation of the plaintiffs' copyright as well; viii) that in India, the trade mark  /  of the plaintiffs is registered under No.1393619 in Classes 25 and 35 since October, 2005; ix) that apart from being a well known trade mark,  /  forms a prominent part of the corporate name of the plaintiffs; x) that plaintiffs have also registered domain names comprising the mark / name 'HM'/ 'HM.com' which was registered in the year 1998; xi) that the website www.hm.com contains information on the plaintiffs and their business and is used / accessed extensively by customers all over the world; xii) that information / news pertaining to plaintiffs and the mark / name 'H&M' is readily available and frequently accessed through search engines such as www.google.com,

www.yahoo.com and www.msn.com; xiii) that plaintiffs have been manufacturing clothes / garments bearing the trade / service mark / name H&M/ /  for the purpose of export since 1972; xiv) that plaintiff no.2 was incorporated on 16th December, 2013 to formally and firmly establish plaintiff no.1's presence in India; xv) that plaintiff no.2's foray into the Indian market as a retailer was in the year October, 2015 when its first store was launched in a very prominent mall in Saket, New Delhi; xvi) that plaintiffs' product / service / business bearing the trade mark H&M/ /  are extensively marketed and promoted in India with the result that the said mark has achieved extensive recognition amongst members of trade and customers; xvii) that the representatives of the plaintiff no.2 came across the goods of the defendants bearing the mark 'HM'/ along with use of  and  and on making enquiries it was learnt that the defendants have registered a domain name comprising 'HM' viz. 'hmmegabrands.com' and are operating website www.hmmegabrands.com and offering products / goods / services similar to that of the plaintiffs under the mark 'HM'/ through the said website; defendants were also

offering goods bearing the mark 'HM' /  through other online shopping portals such as www.jabong.com, www.amazon.com, www.mynta.com etc. and the defendants have retail stores in Mumbai and various other cities in India; xviii) that the defendants have also incorporated the alphabets 'H' and 'M' in their corporate name and have filed applications seeking registration of the marks 'HM' /  / **HM MEGA BRANDS** and logo  in Classes 16, 18, 25 and 35; xix) that the defendants, in order to come close to plaintiffs' business, are also representing the alphabets 'H' and 'M' in an informal and asymmetrical italicized manner similar to that of the plaintiffs' artwork as well as is using the colour combination of red and white identical to that of the plaintiffs'; xx) that the defendants are also found to be marketing their product under other brands such as 'Femme' and 'Bonjour' which are popular French words showing further intent to pass off their goods as those; xxi) that the cease and desist notice got issued by the plaintiffs to the defendants resulted in the caveat in this suit and in a suit in the High Court of Bombay to prevent the plaintiffs from meting out the threats of infringement to the defendants; xxii) that the defendants being in the same line of business as the plaintiffs, cannot deny

knowledge of the trade mark / name / artwork  /  of the plaintiffs; xxiii) that the trade mark of the defendants is confusingly similar to the registered trade mark of the plaintiffs; and, xxiv) that plaintiffs' trade mark is a well known trade mark and entitled to receive the highest level of protection.

4. The defendants have contested the suit by filing written statement pleading i) that in or about 2011, defendant no.4 Mr. Hashim Merchant started his proprietorship concern 'HM Enterprise' utilizing the first two alphabets of his name 'Hashim Merchant', to carry on business of selling / trading of various Fast Moving Consumer Goods (FMCG) on commission basis; ii) that in 2011, 'H&M' had no recognition in India; iii) that later on as business grew, in or about May, 2012 the defendant no.4 Mr. Hashim Merchant along with his brother defendant no.3 Mr. Hamza Merchant, considering the initials of both of them, honestly and *bona fide*ly conceived




and adopted the trade marks 'HM MEGABRANDS'



to carry on business *inter alia* in relation to manufacture,

distribution and trading of various kinds of footwears, leather bags, designer bags, belt, clutches, readymade garments, imitation jewellery and other accessories; iv) that the defendant no.1 HM Megabrands Pvt. Ltd. was incorporated in September, 2012 and made applications for registration of the trade marks 'HM MEGABRANDS' in Classes 16,18,25 and 35 and of



'HM. MEGABRANDS' in Class 25 and which applications are pending registration; v) that 'HM' has always been an integral part of defendants, their sister concern's business, corporate name / trade name, trading style and trade mark since the year 2011; vi) that this Court does not have territorial jurisdiction to entertain the suit as the defendants have no stores in Delhi and the suit has been instituted in this Court with *mala fide* intention; vii) that the present suit is liable to be stayed owing to the pendency of previously instituted suit filed by the defendant no.1 against the plaintiff at Bombay; viii) that no person can claim exclusive rights to the acronym / two letter mark 'HM' or 'H & M' or ; ix) that the alphabets 'H' and 'M' do not have any trade mark significance; x) that a search of the online records of the Trade Marks Registry or Registrar of Companies shows the alphabets 'H' and 'M' and / or the term 'HM' is used

by several manufacturers / companies including as their trade name, trading style and trade mark; xi) that the mark 'H&M' being a two letter mark is not registrable under the Trade Marks Act, 1999 and is inherently not distinctive or capable of distinguishing the goods / services of the plaintiffs from those of others; xii) that the plaintiffs have not used the mark in India for five years from the date of registration and the question of the same having acquired any distinctiveness does not arise; xiii) that the plaintiffs' mark is not similar to the defendants' and there is no scope of confusion or deception; xiv) that the defendants have challenged the validity of the plaintiffs' registration; xv) that the defendants have independently and honestly conceived and adopted the trade marks comprising of 'H' and 'M' and have been continuously, extensively and uninterruptedly using the same since the year 2012; xvi) that the trade mark of the defendant no.1 has been derived from the initials of defendants no.3 and 4; and, xvii) that the plaintiffs are not entitled to any relief on the ground of laches, acquiescence and waiver.







5. No replication is found to have been filed by the plaintiffs. Rather both counsels, upon the conclusion of hearing stated that the proceedings in the suit, after disposal of the application for interim relief, are liable to be stayed under Section 124 of the Trade Marks Act, 1999.

6. Though the senior counsels addressed extensive oral arguments as well but having filed written submissions also, need to record the oral arguments is not felt and summary is given hereunder of the written submissions besides the pleadings recorded above.

7. Written submissions on behalf of the senior counsel for the plaintiffs:



- i) that the defendants, in the plaint in the suit filed by them in Bombay, have pleaded that they are carrying on business all over the world and their products are sold via interactive e-commerce website www.hmmegabrands.com all over the country; the defendants are also carrying on business in Delhi and selling products in Delhi through online portals like www.jabong.com, www.mynta.com and www.amazon.com and thus the objection to the territorial jurisdiction is misconceived; reliance is placed on *Banyan Tree Holding (P) Ltd. Vs. A. Murali Krishna Reddy* 2009 SCC OnLine Del 3780 (DB) and *World Wrestling Entertainment, Inc. Vs. Reshma Collection* 2014 SCC OnLine Del 2031 (DB).
- ii) that Section 10 of the CPC does not bar passing of interlocutory order and identification of the matter in issue is the determining

test; reliance is placed on *Indian Bank Vs. Maharashtra State Cooperative Marketing Federation Ltd.* (1998) 5 SCC 69 and *Arjies Aluminium Udyog Vs. Sudhir Batra, New Delhi* AIR 1997 Del 232 (DB).

- iii) that though the plaintiffs opened their first store in India in 2015 but have been manufacturing clothes, garments bearing the trade / service mark / name H&M/ /  in India for the purpose of export since 1972.
- iv) that per Section 56 of the Trade Marks Act, use of trade marks in respect of export outside India constitutes use of trade mark in India;
- v) that first in the world market is a test of prior rights and plaintiffs' use of mark / name / logo H&M/ /  is way prior to that of defendants;
- vi) that members of the trade and public are even otherwise very well aware of the reputation and goodwill vesting in the mark H&M/ /  on account of media, television,



newspaper etc.; reliance is placed on *Milmet Oftho Industries Vs. Allergan Inc.* (2004) 12 SCC 624.

vii) that on account of extensive use and promotion, a secondary meaning stands attached in respect of the mark / name / artwork

H&M/ /  and the same is exclusively associated by members of the trade and public with plaintiffs and plaintiffs products; reliance is placed on *B.K. Engineering Company Vs. Ubhi Enterprises* 1986 (6) PTC 291 (Del), *Larsen & Toubro Ltd. Vs. Lachmi Narain Traders* (2008) 149 DLT 46 (DB) and *Laxmikant V. Patel Vs. Chetanbhai Shah* (2002) 3 SCC 65.

viii) that the defendants having applied for registration of the marks

 and , cannot contend the marks

H&M/ /  to be non-distinctive; Megabrands is descriptive of the service of the defendants and in effect the mark of which registration is applied is 'HM'; the defendants having tried to claim exclusivity over the letters 'H' and 'M' cannot contend the same to be non-distinctive; reliance is placed on *Automatic Electric Ltd. Vs. P.K. Dhawan* (1999) 77 DLT

292 and *Procter & Gamble Manufacturing (Tianjin) Co. Ltd. Vs. Anchor Health & Beauty Care Pvt. Ltd.* (2014) 211 DLT 466 (DB).

- ix) that the stay of suit under Section 124(5) of the Trade Marks Act does not preclude the Court from making interlocutory orders;
- x) that it is only in exceptional circumstances such as the registration being *ex facie* illegal, fraudulent and which shocks the conscience of the Court that the Court will refuse the interim injunction in favour of registered proprietor of the trade mark; reliance is placed on *Lupin Limited Vs. Johnson & Johnson* AIR 2015 Bom 50 (FB).
- xi) that use by third parties cannot be a defence; reliance is placed on *Prakash Roadline Ltd. Vs. Prakash Parcel Service (P) Ltd.* (1992) 48 DLT 390 and *Pankaj Goel Vs. Dabur India Ltd.* MANU/DE/2271/2008 (DB).

8. Written submissions of the senior counsel for the defendants:

- a) that the defendants have till date made substantial sales of their products and in the financial year 2015-16 generated a revenue

of over Rs.12 crores and also generated extensive online sales through websites;

- b) that the documents filed by plaintiffs do not show use of the trade mark in India in the course of trade; the documents filed only show that certain entities have supplied the products to the plaintiff no.1;
- c) that the plaintiffs have neither pleaded nor have filed any documents to show that they had any trans-border reputation in India before the adoption of the mark 'HM Megabrands' by the defendants;
- d) that the plaintiffs trade mark 'H&M' has not been declared as a well known trade mark by the Trade Marks Registry or by any Court and the plaintiffs of their own cannot declare their trade mark as well known;
- e) that there is no similarity between plaintiffs trade mark 'H&M' and the defendants trade mark 'HM Megabrands';
- f) that the plaintiffs, before the Trade Marks Registry, while differentiating their mark from the marks 'HMT', 'HMTV', 'HMTW', 'H.M. Tex Kamal' and 'H.M.C.', pleaded that the

comparison of the two marks should be done in entirety and not in separate components; reliance is placed on *S.K. Sachdeva Vs. Shri Educare Ltd.* 2016 SCC OnLine Del 473;

- g) reference is made to para 12.2.5 of the Draft Manual of Trademarks to contend that the plaintiffs' mark being a two letter mark is inherently not distinctive and not capable of registration;
- h) that the plaintiffs' mark having not been used in India for a period of five years, is liable to be rectified; reliance is placed on *Cluett Peabody & Co. Inc. Vs. Arrow Apparals* 1997 SCC OnLine Bom 574 and *Veerumal Praveen Kumar Vs. Needle Industries (India) Ltd.* (2001) 93 DLT 600 (DB);
- i) that the Court can look into the validity of the registered trade mark at the stage of grant of injunction; reliance is placed on *Lupin Ltd.* supra;
- j) that the defendants have established a parallel reputation to the plaintiffs for their products in India; the plaintiffs had no reputation and goodwill in India at the time of adoption of the mark by the defendants; reliance is placed on *Alkem*

Laboratories Ltd. Vs. Mega International (P) Ltd. ILR (2007) I
Delhi 811;

- k) that merely because the plaintiffs are a registered proprietor and have international reputation does not necessarily mean that a temporary injunction must follow; reliance is placed on ***ROCA Sanitario S.A. Vs. Naresh Kumar Gupta*** 2010 SCC OnLine Del 1135;
- l) on the aspect of delay and laches, reliance is placed on ***B.L. & Co. Vs. Pfizer Products Inc.*** 2001 SCC OnLine Del 637 (DB);
- m) that several parties are using alphabets 'H' and 'M' as an abbreviation for their name; there are numerous companies having name comprising of alphabets 'H' & 'M'; on the Registrar of Companies records; the plaintiffs' mark has become *publici juris* in India and the plaintiffs cannot claim any exclusive right over the same; reliance is placed on ***Skyline Education Institute (India) Pvt. Ltd. Vs. S.L. Vaswani*** (2010) 2 SCC 142.

9. I have considered the rival contentions.

10. The objection in the written statement to the territorial jurisdiction of this Court to entertain the suit, on the plea of the defendants not having any stores in Delhi, not only has not been pressed in the written submissions, though generally taken during the course of arguments but on the admission of the defendants, of the defendants having generated revenue over Rs.12 crores in the financial year 2015-2016 including through extensive online sales through websites, nullifies the said objection. As long as the effect of the infringement or passing off, if any by the defendants of the trade mark of the plaintiffs and/or of the goods of the defendants as the goods of the plaintiffs can be felt in Delhi, this Court would have cause of action to entertain the suit. Even under Section 134 of the Trade Marks Act, though as per the dicta of Division Bench of this Court in *P.K. Sen Vs. Exxon Mobile Corporation* (2017) 236 DLT 333 (DB), this Court would have no territorial jurisdiction but I have subsequently in *Zenner International GMBH & Co. KG Vs. Anand Zenner Company Pvt. Ltd.* 2018 SCC OnLine Del 7011 given reasons as to why the said judgment needs reconsideration.

11. Similarly, the challenge made by the defendants to the validity of the plaintiffs' registration does not come in the way of consideration of the application for interim relief. I have in *Clinique Laboratories LLC Vs.*

Gufic Limited 2009 SCC OnLine Delhi 751 dealt with the said aspect (and which has not been interfered in appeal, though on merits setting aside the said judgment) and the need to reiterate the same herein is not felt.

12. Yet another objection of the defendants, of the proceedings in the present suit being liable to be stayed on account of pendency of the previously instituted suit filed by the defendant No.1 against the plaintiff at Bombay, also has no merit. The said suit is stated to be to prevent the plaintiffs from meting out threats of infringement to the defendants i.e. under Section 142 of the Trade Marks Act and per Section 142(2) would not lie, once the plaintiffs have commenced and/or are prosecuting this suit for infringement of their trade mark. Even otherwise, a suit for infringement is a substantial suit in which claims of both parties can be adjudicated and the adjudication of claims of plaintiffs cannot be kept pending decision of a suit under Section 142.

13. That brings me to the meat of the controversy qua which the following questions arise:

(I) Whether the mark of the defendants infringes the mark of the plaintiffs and/or whether the defendants by adopting the impugned mark are passing off their goods as that of the plaintiffs?

(II) Whether the mark of the plaintiffs had no recognition in India at the time when the defendants started using their mark and if so, to what effect?

(III) What is the effect, if any of the mark of the defendants representing the first two alphabets of the name and surname of the defendants No.3&4?

(IV) Whether the adoption by the defendants of their mark is *bona fide* and if so to what effect?

(V) Whether the plaintiffs are not entitled to claim exclusive rights to the two letters 'HM' or 'H&M' and whether the said letters do not have any trade mark significance?

(VI) What is the effect, if any of other manufacturers/companies using the alphabets 'HM' in their trade name, trading style and trade mark?

(VII) Whether the plaintiffs have not used the mark in India for five years from the date of registration and if so, the effect thereof?

Needless to say, only for the purpose of consideration of application for interim relief.

14. Qua question (VI) above, this Court in *Express Bottlers Services Pvt. Ltd. Vs. Pepsico Inc.* 1989 (9) PTC 14 and *Century Traders Vs. Roshan Lal Duggar & Co.* AIR 1978 Delhi 250 (DB), besides in *Prakash Roadline Ltd.* and *Pankaj Goel* supra cited by the plaintiffs, held that mere presence of mark in register (or of a name on the records of Registrar of Companies) does not prove use and a proprietor of a trade mark is not expected to pursue each and every insignificant infringer. It thus follows that use, even if any by others of the alphabets 'HM' or 'H&M' as part of their trade mark/ trade name, cannot deprive the plaintiffs, if otherwise found entitled to interim injunction against the defendants of such injunction. Reference may also be made to *P.M. Diesels Vs. S. M. Diesels* AIR 1994 Delhi 264 holding that in a suit for infringement, it is the right of the two parties before the Court only which are to be examined and not qua others.

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 & HMV 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.

16. I will take up the other questions together. At the outset, I may state that the names of the defendants No.3&4 are Hashim Merchant and Hamza Merchant. The defendants however did not choose to set up or carry on business in their own names but claim to have chosen the first alphabets of their name and surname as mark under which they set up business. It is also not as if the defendants initially set up business under their full names of Hashim and/or Hamza Merchant and which businesses over a period of time came to be known as 'HM'. On the contrary, it is the plea of the defendants themselves that defendant No.4 Hashim Merchant in the year 2011 started his proprietorship concern 'HM Enterprises' using the first two alphabets of

his name to carry on business. The defendants having done so, cannot claim that those transacting business with the defendant No.1 HM Megabrands Pvt. Ltd. or with the brand/mark 'HM Megabrands' would know that they are transacting business with Hashim Merchant and / or Hamza Merchant. The adoption could have been said to be *bona fide* if to attract customers by disclosing the identity of the proprietor who was well known to the customers or commanded a goodwill, unless adoption of name itself in childhood was *mala fide*. Even otherwise, Supreme Court in ***Laxmikant V. Patel*** supra cited by the plaintiffs, dealing with such a plea held that law does not permit anyone 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 and that it does not matter whether the latter person does so fraudulently or otherwise. It was reasoned that honesty and fair play are, and ought to be, the basic policy in the world of business and that 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. Reliance was placed on Kerly *on the Law of Trade Marks and Trade*

Names (12th Edn) opining that fraud is not a necessary element of the right of action and the absence of an intention to deceive is not a defence, though proof of fraudulent intention may materially assist a plaintiff in establishing probability of deception. Reliance was also placed on Christopher Wadlow in *Law of Passing Off* (1995 Edition) opining that the defendant's state of mind is wholly irrelevant to the existence of the cause of action for passing off. It was thus held that where a defendant is found to have imitated or adopted the plaintiff's distinctive trade mark or business name, injunction has to follow. Mention may also be made of ***Mahendra & Mahendra Paper Mills Ltd. Vs. Mahindra & Mahindra Ltd.*** (2002) 2 SCC 147 holding that since the plaintiff in that case had been using the word "Mahindra" and "Mahindra & Mahindra" for its business/business concerns for a long span of time and since the name had acquired a distinctiveness and a secondary meaning in the business or trade circles and people had come to associate the name "Mahindra" with the plaintiff, the attempt by the defendant in that case to use the name and business in trade circles was likely to create an impression of a connection of the defendant with the plaintiff and was likely to prejudicially affect the plaintiff. Accordingly, inspite of the surname of the defendant also being "Mahendra", the defendant was restrained from

using the same. Reference in this context may also be made to *Dr. Reddy's Laboratories Ltd. Vs. Reddy Pharmaceuticals Limited* 2004 (29) PTC 435 Delhi.

17. Before proceeding further, the crux of the matter i.e. similarity and likelihood of deception between the two marks may be dealt with at this stage. The main argument of the senior counsel for the defendants in this regard was that though the alphabets 'H' and 'M' in the two marks are the same, the addition of the word "Megabrands" distinguishes the mark of the defendants from that of the plaintiffs. The need to cite any authorities on the said aspect is not felt, inasmuch as no broad statement can be made, whether the addition of a prefix or suffix always creates distinctiveness or never creates distinctiveness. It depends upon the nature of the prefix and suffix and the nature of the business carried on under the mark as well as on a host of other factors. Mention may only be made of *Ahmed Oomerbhoy Vs. Gautam Tank* (2008) 146 DLT 774 where the defendant added prefix 'Super' to the trade mark 'Postman' of plaintiffs. It was held that considering the fact that the goods to which the defendant applied the mark were the same as under mark of plaintiffs and the trade areas were same and colour

combination of two marks was the same / similar and the shape of container was same / similar, addition of prefix 'Super' was immaterial.

18. The business of the plaintiffs herein under their mark 'H&M' is of manufacturing and marketing fashionable clothing collection and ancillary products / services for women, men, teenagers and children, with the plaintiffs having stores / outlets under the mark. The business of the defendants is also of manufacture, marketing, supplying and selling garments and ancillary products including through its own stores / outlets under the impugned mark. The business of the two is thus the same and/or alike and the trade circles and patrons / customers of the two are also the same.

19. 'Brand' is a name given to a product and/or service such that it takes on an identity by itself. 'Mega' means very big or huge or excellent. Thus, the word 'Megabrands' would mean a brand which is very big or huge or which is excellent. Thus, the addition of suffix 'Megabrands' to the alphabets 'HM', which are the same as in the mark of the plaintiffs, only connotes that 'HM' is a megabrand.

20. The defendants, in their written statement claim to have christened themselves 'HM Megabrands' from the very inception of their business in the year 2011 / 2012 i.e. the defendants stepped into the market by claiming

their brand to be a megabrand. It is significant that the word 'Megabrands' is a descriptive and a generic word and is used generally to describe any big or successful brand and use of the word 'Megabrand' cannot be associated only with the defendants. The only inference from the defendants launching themselves in the market under the name 'HM Megabrands' is that the defendants from inception of their business portrayed their brand to be a megabrand. The brand of the defendants was none other than 'HM'. However the said brand, on the date of launch, could not be a megabrand. Now applying the test, as to how a purchaser with an average mind of ordinary intelligence will look upon or react to the mark of the defendants and what association he will form by looking at it and in what respect he would connect the mark to the goods he was purchasing, the only answer is that a purchaser familiar with the plaintiffs and their brand H&M, seeing the brand HM of the defendants and seeing it described as a megabrand, is likely to associate the goods of the defendants as those of the plaintiffs. It is not disputed by the defendants that the plaintiffs were in the market from at least over two decades prior to the defendants coming into the market. Anyone familiar with the mark 'H&M' of the plaintiffs on seeing the mark 'HM Megabrands' thus is unlikely to differentiate the defendants from the

plaintiffs. The suffix 'Megabrands' to the alphabets 'HM', rather than distinguishing, reinforces the impression in the mind of the consumer that the business of the defendants is the business of the plaintiffs which *vis-a-vis* the defendants at least was a megabrand on the date when the defendants commenced business.

21. The only other distinguishing feature is the symbol '&' between the alphabets 'H&M' in the mark of the plaintiffs and which is absent in the use of the same alphabets by the defendants. Not only is the symbol '&' in the mark of the plaintiff written in a much smaller font than the font in which the alphabets 'H&M' are written but even otherwise a mere presence of the said symbol, in my view, is unlikely to distinguish the said alphabets in the mark of the plaintiffs and in the mark of the defendants. The patrons of the plaintiffs as well as the defendants are only likely to remember and recollect the alphabets 'H&M' in the mark of the plaintiff and not the symbol '&' between the said two alphabets.

22. That brings me to exclusivity if any of H&M and / or HM and registrability thereof.

23. A Division Bench of this Court in *S.B.L. Limited Vs. The Himalaya Drug Co.* ILR 1997 (2) Delhi 168 was concerned with the question whether

'LIV-T' is deceptively similar with the mark 'Liv.52'. After discussing a large number of judgments, it was held that though nobody can claim exclusive right to use any word, abbreviation, or acronym which becomes *publici juris* and the question whether such feature is *publici juris* or generic is a question of fact but if the two trade marks by two competing traders use a generic word or an expression *publici juris* common to both the trade marks, it has to be seen if the customers who purchase the goods would be guided by the use of such word / expression or would ignore it and give emphasis to prefixes or suffixes or words used in association therewith. It was further held that the primary question to be asked is, what would remain in the memory of customers. On facts, however, it was held that the defendant's trade mark was neither deceptive nor confusingly similar to the plaintiff's trade mark for grant of injunction. Interestingly, though the suit, post trial also was dismissed but the Division Bench of this Court in ***The Himalaya Drug Company Vs. S.B.L. Limited*** 194 (2012) DLT 536 allowed the appeal and held that if the word has attained distinctiveness as mark of a particular party, the distinctiveness is entitled to recognition unless distinctiveness is lost due to a volume of common user which destroys distinctiveness. On facts, it was found that LIV-52 was distinctive and not a

generic word common to the trade. It was further held that if the presence of the word 'LIV' is considered for the purposes of deceptive resemblance, the mere existence of '52' or 'T' was inconsequential for the purposes of arriving at the finding as to infringement.

24. 'H&M' or 'HM' however are not generic or *publici juris* to the trade or business for which they are being used by the plaintiffs and the defendants. The said alphabets are alien to the trade / business of clothing / garments / accessories and were applied thereto by the plaintiffs, admittedly much prior to the defendants, merely on account of being first alphabets of the originators of business of the plaintiffs. As distinct therefrom, LIV 52 & LIV-T were at interim stage found being used for medicinal preparations for treatment of Liver and were thus held to be generic and / or *publici juris*. That is not so here. A word, even if generic, if applied to a business with which the word is unrelated, is indeed to be protected. Merely because it is alphabets or acronym, is immaterial. Moreover, this Court has to be wiser from the experience of LIV-52 case aforesaid, where ultimately injunction sought against use of 'LIV-T' was granted. It is not even the case of the defendants that 'H' and 'M' or 'HM' are generic to the trade in which the plaintiffs and defendants are.

25. Supreme Court, also in *Laxmikant V. Patel* supra, held that a mark includes amongst other things a name or a word also and name would include any abbreviation of a name.

26. Mention may also be made of *NRB Bearings Ltd. Vs. Windsor Export* 2014 SCC OnLine Del 1672 where the trade mark of the plaintiff was NRB and the defendant had created the domain name nrbearing.com. Relying on the principle that a person is not entitled to carry on his business in a dishonest manner, an injunction followed.

27. Yet another Judge of this Court in *KSB Aktiengesellschaft Vs. KSB Global Limited* 2011 (45) PTC 103(Del) was concerned with a claim for injunction of use of the mark 'KSB'. It was held that the defendant could not be permitted to use the mark 'KSB' as it created confusion in the mind of the trading community and customers. RFA (OS) 107/2010 preferred thereagainst was dismissed.

28. Protection by the Division Bench was also granted in *DPS World Foundation Vs. Delhi Public School Society* 2017 SCC OnLine Del 7794 of the mark 'DPS' in relation to schools.

29. I will next take up the plea of the defendants, of the plaintiffs having not used the mark in India for five years from the date of registration and of

the plaintiffs having not acquired any distinctiveness in India and/or of the plaintiffs having no reputation in India.

30. I have in *Sun Pharmaceutical Industries Limited Vs. Cipla Limited* 2009 (39) PTC 347, relying *inter alia* on *Americal Home Products Corporation Vs. Mac Laboratories Pvt. Ltd.* AIR 1986 SC 137 held, that a defendant in a suit for infringement, without seeking remedies under Section 47 of the Trade Marks Act before the Registrar of Trademarks, cannot set up pleas of non-use and the same if permitted, will undermine the efficacy of registration and the presumption of validity of registration under Section 31 of the Act and an action for infringement of trade mark cannot be defeated for disuse. In *Ahmed Oomerbhoy* supra also, it was held that whether the mark has not been used is to be adjudicated and the defendant on its own cannot decide that the mark has not been used by the plaintiff and the defendant is thus entitled to use the same. It was further held that even pendency of rectification petition was immaterial and the defendant, in the same business was deemed to be aware of mark of the plaintiff.

31. The present admittedly is not a case of non-use of the mark. The plea of the defendants also is only of the plaintiffs having no sales in India and which the defendants also admit the plaintiffs have since 2015 i.e. since prior

to the institution of the present suit. It is the plea of the plaintiffs that the plaintiffs were having their goods under the subject mark fabricated/manufactured in India and / or procuring their goods from India and exporting them for sale outside India. The senior counsel for the plaintiffs has already, as aforesaid, invoked Section 56.

32. The opening up of the Indian Economy in the year 1991 and the increased travels of Indians outside the country and the increased interaction of Indians with foreigners has changed the dynamics of reputation and goodwill. For a mark/brand to have a reputation or goodwill in India, setting up a shop in India or sale in India is no longer a necessity. The introduction of web based sales which enables Indians to shop for whatever brands/goods available wheresoever, has further increased the familiarity in India with the marks and brands essentially sold/marketed outside. Supreme Court comparative recently in *Neon Laboratories Limited Vs. Medical Technologies Limited* (2016) 2 SCC 672 reiterated that “first in the market test” has always enjoyed pre-eminence and referred to *N.R. Dongre Vs. Whirlpool Corpn.* (1996) 5 SCC 714 and *Milmet Oftho Industries* supra to hold that worldwide prior user is given preference nay predominance over the registered trade mark in India. It was reasoned that as the world shrinks

almost to a global village, the relevance of the transnational nature of a trade mark will progressively diminish into insignificance and the attainment of valuable goodwill will have ever increasing importance. This Court in *Cadbury Uk Ltd. Vs. Lotte India Corporation Ltd.* 2014 SCC OnLine Del 367 has again held that for the purpose of establishing reputation, visibility in India of webpages displaying the product is sufficient to show that buyers or Indians travelling abroad are aware of the product and are likely to associate it with plaintiffs.

33. It is not in dispute here that the plaintiffs are the prior user and thus at this stage, the argument of the plaintiffs being not entitled to injunction for the reason of having no sales in India prior to 2015 will not enure to the benefit of the defendants.

34. I am therefore of the opinion that the plaintiffs have a *prima facie* case. The defendants, though have commenced their business in the year 2011 but if permitted to continue their business during the pendency of the suit, are likely to develop further goodwill / mark under the impugned mark and once a *prima facie* case is found in favour of the plaintiffs, it is not deemed appropriate to allow the defendants to gather further goodwill and business in the mark. The injury and loss to the plaintiffs, if the defendants

during the pendency of the suit are permitted to continue using the mark, is implicit and no order of keeping an account can compensate the plaintiff sufficiently. It is also quite evident that owing to the pendency of the proceedings initiated by the defendants for cancellation of the mark of the plaintiff, the proceedings in the present suit have to be stayed and thus the disposal of the suit also cannot be expedited. Rather, I am of the view that in the aforesaid facts and circumstances, no trial even is required in the present suit and the suit itself can be disposed of on the basis of material on record. However, since the parties did not consent thereto and both the counsels agreed that the proceedings in the suit have to be stayed, the said course of action is not open.



35. The plaintiff is thus found entitled to an order of interim injunction as claimed.

36. There has been an unusual delay in pronouncing this order. I have wondered whether owing thereto I should refrain from now passing an interim order. However, on deliberation, I am of the opinion that once the plaintiff is found entitled to the interim relief, owing to my delay, the plaintiff should not be deprived therefrom. It is also not as if in the interregnum, any rights have accrued to the defendants.

37. However, since the summer vacation of this Court is on the anvil and to give time to the defendants to stop use of the impugned mark and commence business under an alternative mark, it is deemed appropriate to make the order of interim injunction operative with effect from 9th July, 2018.

38. IA No.7259/2016 of the plaintiffs is thus allowed.

39. The defendants, with effect from 9th July, 2018, are restrained from using in any manner whatsoever the trade / service mark / trade name

‘HM/  / HM MEGA BRANDS/  or any deceptive variation/s thereof, singularly or in conjunction with any other word or monogram/logo or label in relation to their products/services/business whether as a trade mark, service mark, trade name, corporate name, trading style or as website, domain name and e-mail address.

40. In accordance with the aforesaid, the proceedings in the suit are adjourned *sine die* with liberty to the parties to apply for revival as and when need arises.

RAJIV SAHAI ENDLAW, J

MAY 31, 2018
‘gsr/bs’