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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**
+ CS(COMM) 820/2022 & I.A. 19757/2022

Reserved on: 11 April 2023
Pronounced on: 25 September 2023

VBM MEDIZINTECHNIK GMBH Plaintiff
Through: Mr. Chander M Lall, Sr. Adv.
with Ms. Nancy Roy, Ms. Tia Malik, Ms. J.
Sharanya and Ms. Ananya Chugh, Advs.

versus

GEETAN LUTHRA Defendant
Through: Ms. Bitika Sharma, Mr.
Lakshay Kaushik, Mr. Utsav Mukherjee and
Ms. Aadya Chawla, Advs.

CORAM:
HON'BLE MR. JUSTICE C.HARI SHANKAR

J U D G M E N T

25.09.2023

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1. The defendant has, in the present case, invoked none less than the holy Trinity of Hindu gods, Brahma, Vishnu and Mahesh, albeit not in that order, to justify the use, by him, of what is perceived, by the plaintiff, to be a mark which infringes the plaintiff's mark "VBM".

2. "VBM", claims the plaintiff, represents the initials of the founder of the mark, Mr. Volker Bertram Medical. The defendant, per contra, claims to have coined the "VBM" mark on the basis of the holy Trinity in the Hindu pantheon of Gods, "Vishnu Brahma Mahesh".



3. The defendant disputes the plaintiff's claim on the ground that "Medical" is not part of the name of the plaintiff's founder. The plaintiff disputes the defendant's claim on the ground that the holy Trinity is not "Vishnu Brahma Mahesh" but "Brahma Vishnu Mahesh". The names of the Creator, Preserver and Destroyer are always cited in that order, submits Mr. Lall, learned Counsel for the plaintiff, and not in any random sequence.

4. With that prefatory introduction, I proceed to set out the rival contentions, before analyzing them.

Rival Contentions

5. Submissions of Mr. Chander Lall on behalf of plaintiff

5.1 The case that Mr. Lall seeks to canvass is as follows.

5.2 The plaintiff-Company was founded in Germany in 1981 by Mr. Volker Bertram. It was engaged in the manufacture and marketing of medical equipment, under the mark "VBM". The plaintiff expanded its activities to India in 1992 by executing an agreement dated 23 April 1992 with International Surgico Industries (ISI), the sole proprietorship of Mr. S. K. Luthra, the father of the defendant. Under the said agreement, ISI was authorised to distribute the plaintiff's equipment in India under the "VBM" Mark. By subsequent agreements dated 26 October 1994 and 15 May 2007, ISI was made the sole distributor of the plaintiff's equipment in India.



5.3 On 13 January 2013, a fresh Distributor Agreement was executed between the plaintiff and VBM India Co (“VBMIC”), owned by the defendant, whereby VBMIC was made the sole distributor of the plaintiff’s goods in India, bearing the “VBM” Mark. Articles 1, 2, 3, 4, 6, 6.01, 6.02, 10, 11 and 13 of the said distributor agreement dated 13 January 2013 read thus:

“1 Definitions

The following terms as used in this Agreement shall have the meaning set forth in this Article:

1.01 “PRODUCT” shall mean the *VBM product range*.

2 Preliminary Statement

2.01 DISTRIBUTION PARTNER and SUPPLIER entered into an Agreement on 15 May 2007. The relationship between the parties evolved significantly, necessitating the termination of the 2007 Agreement, and the replacement with this new Agreement.

3 Grant of Distribution Rights

3.01 SUPPLIER hereby grants to DISTRIBUTION PARTNER and exclusive right in the TERRITORY to distribute the PRODUCTS in the TERRITORY.

4 Appointment

4.01 DISTRIBUTION PARTNER hereby accepts the exclusive appointment and agrees to promote and distribute the PRODUCT under the name agreed upon by both parties that is appropriate for the TERRITORY, and clear recognition of the PRODUCT’S origin. DISTRIBUTION PARTNER shall not enter into any contracts or commitments in the name or on behalf of SUPPLIER any respect whatsoever.

6 Ownership of the PRODUCT

6.01 The PRODUCT remains the property of SUPPLIER until DISTRIBUTION PARTNER has made full payment into SUPPLIER’S bank account.



6.02 SUPPLIER retains title and ownership of all intellectual property, such as trademarks and know-how, for the PRODUCT and of information and material made available to DISTRIBUTION PARTNER.

10 Trademarks

10.01 The Product will be promoted and distributed under the agreed upon trademark unique to the DISTRIBUTION PARTNER and the TERRITORY.

11 Competing Products

11.01 During the term of this Agreement, the DISTRIBUTION PARTNER will not manufacture, distribute or otherwise participate in the marketing and sale of a product that competes with the PRODUCT of the SUPPLIER.”

13 Minimum Quantity and Forecast

13.01 SUPPLIER shall deliver and DISTRIBUTION PARTNER shall purchase an annual minimum volume of the PRODUCT as specified in Appendix I. If DISTRIBUTION PARTNER does not reach the agreed upon annual minimum turnover in a respective year and is unable to compensate the balance within the first three (3) months of the following year, SUPPLIER is entitled to terminate this Agreement.

13.02 In the event DISTRIBUTION PARTNER is not able to reach an annual minimum of the PRODUCT due to circumstances beyond the DISTRIBUTION PARTNER'S control and unforeseeable (i.e., supply shortages, regulatory actions) the annual minimum purchase obligation of DISTRIBUTION PARTNER will not apply for the PRODUCT”

5.4 This was followed by another Distributor Agreement dated 16 April 2020, between the plaintiff and VBMIC, which commenced with the recital that it constituted the entire understanding between the parties with respect to its subject matter and superseded all prior agreements, negotiations and discussions between the parties for the product, which continued to be defined as “the VBM product range”. Mr. Lall emphasizes on clause 13 of the Distributor Agreement dated 16 April 2020, which read as under:



“13 Intellectual Property and Trademarks

13.1 The Product will be promoted and distributed under the agreed upon trademark unique to the DISTRIBUTION PARTNER and the TERRITORY.

13.2 SUPPLIER retains title and ownership of all intellectual property, such as trademark and know-how, for the PRODUCT and of Information and material made available to DISTRIBUTION PARTNER.”

13.3. Neither Party shall in any way infringe the other Party's trademarks or trade names and will notify the other Party of any conflicting claims.”

Thus, submits Mr. Lall, the plaintiff's rights in the VBM Mark were consistently recognised by the defendant.

5.5 On 8 October 2015, the defendant applied to the Trade Marks Registry for registration of the  device mark. Registration was granted on 31 December 2016, *vide* Certificate No 1431138 in Class 10, for “Medical Equipments”. Mr. Lall contends that the securing of this registration was in the teeth of the Distributor Agreement dated 13 January 2013.

5.6 On 14 April 2021, the plaintiff terminated the Distributor Agreement dated 16 April 2020, under Clauses 18.1 and 18.2 thereof, alleging violation of the terms of the agreement by the defendant “as well as your unjustified and repeated refusal to transfer the non-authorized national trademark registration no. 1431138 “VBM”.”

5.7 The plaintiff also initiated rectification proceedings against the defendant under Section 57 of the Trade Marks Act, for cancellation



of the registration granted to the defendant in respect of the impugned  mark. In its response thereto, the defendant has pleaded that it is the *bona fide* prior user of the impugned  mark, and that the initials “VBM” refers to “Vishnu Brahma Mahesh”. The plaintiff alleges, *per contra*, that it is the prior user of the VBM Mark, which it has been using globally since 1981 and in India since 1992. The plaintiff also claims to have devised the VBM mark on the basis of the name of its founder, Volker Bertram Medical. The said proceedings are presently pending.

5.8 The defendant is also operating the domain name www.vbmmedical.com, which was registered in its name on 23 December 2008. Mr. Lall submits that the plaintiff allowed the defendant to use the said domain name only because the defendant was the plaintiff’s authorised distributor. Post termination of the Distributor Agreement on 14 April 2021, Mr. Lall alleges that continued use of the said domain name by the defendant violates the plaintiff’s intellectual property, especially as the name is being used for providing services, and selling goods, identical to those provided by the plaintiff under its “VBM” mark.

5.9 Mr. Lall submits that the defendant cannot seek to dissociate himself from the Distributor Agreements executed between his father S.K. Luthra, as the proprietor of ISI, with the plaintiff. In this context, he specifically draws attention to Article 2.01 of the Distributor Agreement dated 13 January 2013, which acknowledges that the agreement dated 15 May 2007 was also between the “Distribution



Partner” (i.e. VBMIC) and the plaintiff. The defendant cannot, therefore, he contends, seek to adopt a stand that he was acting independently after 2002. The creation of VBMIC, submits Mr. Lall, was itself was an act of violation of the plaintiff’s intellectual property rights in its “VBM” mark and, thereafter, the defendant was surreptitiously selling products which were not manufactured by the plaintiff through VBMIC, using the domain name vbmmedical.com. Even by using “VBM” as a part of his corporate name “VBMIC”, and as part of the domain name and website ID used by it, Mr. Lall submits that the defendant is consciously seeking to pass off the goods, sold by it, as those of the plaintiff. Mr. Lall submits that the likeness between the  mark which the defendant had registered in its name and the plaintiff’s mark is stark. He points out that, from the 1980s till late 1990, the plaintiff was using the mark  and, from 1990 till 2004, it was using the mark . The defendant’s  mark, he submits, is deceptively similar to both the marks which the plaintiff had been using. The obtaining of a registration by the defendant of the  mark without any permission from the plaintiff is, therefore, a clear violation of the Distributor Agreement dated 13 January 2013 between the plaintiff and the defendant.

5.10 Mr. Lall has taken me to the present website of the defendant, still using the domain name vbmmedical.com. The defendant now uses the mark . On the website, the following recital is to be found:



“Welcome to VBM India Co.

VBM India Co. Established in India since 2002 has been serving medical fraternity for over 15 years now. VBM India has been actively involved in Education, Training by supporting Workshops for Airway Management, Ventilation and Life Support. VBM India is distributor of VBM Medizintechnik GmbH in India, for complete product range of VBM Medizintechnik GmbH, please visit www.vbm-medical.de.”

The products advertised below the aforementioned recital, points out Mr. Lall, are critical medical equipment. He has particularly invited my attention to the following image, from the defendant’s website, immediately below the afore-extracted recital:



The instrument in the above image, points out Mr. Lall, is manufactured by his client, as is apparent from the mark “**VBM Tourniquet**” on its surface. He has then taken me to the following recital, on the LinkedIn page of the defendant:

“About us

VBM India Co. is distributor of VBM Medizintechnik GmbH, Germany (Principal manufacturer) in India. *The company is a renowned name in offering Difficult Airway Products, Anesthesia, Tourniquet systems and Military Products since 1981.* VBM Medizintechnik, Germany is involved in developing and manufacturing high quality medical products that offer solutions for different applications. Our product range includes Laryngeal tube, Endoscopy mask, Pressure infusion cuffs, Jet ventilator,



Tourniquet systems, Tube exchangers, Manual suction pumps, Respiration tubing, Pelvic sling, Face masks and many more.

Since 2003, the products manufactured by VBM Medizintechnik GmbH have been marketed in India by VBM India. VBM India has also tie-ups with Metrax GmbH of Germany for Defibrillators and AEDs. We are working through various distributors in India and more and more are joining us. Extensive service support is also available in various parts of India.”

This recital, submits Mr. Lall, constitutes acknowledgement of both the fact of the plaintiff having transborder reputation as well as of its spillover into India.

5.11 Mr. Lall submits that the essential grievance of the plaintiff is with the defendant continuing to represent itself as a distributor of the plaintiff even after the termination of the Distributor Agreement on 14 April 2021. Post termination of the Distributor Agreement, submits Mr. Lall, the defendant is free to sell third-party products, but cannot use “VBM” in any form or manner, including as part of its domain name or website ID, or claim to be a distributor of the plaintiff, or deal in the plaintiff’s products.

5.12 Mr. Lall submits that, as the defendant, on its website, has admitted that it was established in India in 2002, and as the plaintiff has been using the VBM mark in India since 1992, priority of user by the plaintiff, as compared to the defendant, stands established. At the time when the present suit was filed, he submits that the defendant was promoting itself as the plaintiff’s distributor, as is apparent from the recital on the defendant’s website, reproduced in para 5.10 *supra*. He, however, takes exception to what he perceives to be a representation, by the defendant, that it has been the distributor of the



plaintiff's products since 2002. In fact, he submits, the defendant has been the plaintiff's distributor since 1981, and the 13 January 2013 agreement between the plaintiff and the distributor merely carried the baton forward from the 2002 agreement between the plaintiff and ISI. Any right to the mark "VBM", exercised between 2002 and 2013, thus stood subsumed by the acknowledgement, in the 13 January 2013 agreement of the intellectual property rights of the plaintiff continuing to remain vested with it.

5.13 Adverting to the "Whois" data relating to the domain name vbm-medical.com, Mr. Lall submits that the domain name was registered in the name of the plaintiff on 1 March 2001. As against this, the "Whois" details of the defendant's domain name vbmmedical.com revealed that it was created on 23 December 2008. Clearly, submits Mr. Lall, in doing so, the defendant was poaching on the plaintiff's intellectual property.

5.14 Mr. Lall proceeded, thereafter, to take me through the various e-mails exchanged between the plaintiff and the defendant. These e-mails may be said to be in two tranches; one tranche in 2016 (with one communication of 2018) and the other in 2021-2022.

5.15 The communications between the plaintiff and defendant, in 2016, were as under:

- (i) On 29 February 2016, the plaintiff asked the defendant why the **VBMINDIA** mark was appearing on video laryngoscopes not manufactured by the plaintiff.



- (ii) The defendant responded, on 29 February 2016, that
- (a) said video laryngoscopes were manufactured for VBMIC and were marked in India under the **VBMINDIA** mark which belonged to VBMIC, and
 - (b) VBMIC was a separate legal entity, which also dealt in products not manufactured by the plaintiff.
- (iii) On 3 March 2016, the plaintiff responded that the use of “VBM India”, by the defendant, was resulting in confusion, but agreeing to use, by the defendant, of the domain name www.vbmmedical.com.
- (iv) On 8 March 2016, the defendant responded, stating that
- (a) the defendant was dealing with equipment not manufactured by plaintiff only as it intended to provide a complete solution to its customers,
 - (b) the defendant was planning to introduce, on its website www.vbmmedical.com, not only the plaintiff’s products but also other products marketed by the defendant,
 - (c) the defendant would, however, clearly indicate the products which were being marketed by the defendant as “VBM India” and attach its logo thereon.
- (v) On 9 March 2016, the plaintiff responded, not objecting to the defendant distributing products of other manufacturers,



but stating that such distribution had to be under the original brand of the manufacturer, and further stipulating that no product, not manufactured by the plaintiff, could carry the VBM name on it. The use, by the defendant, of www.vbmmedical.com was also stated to be awkward, as the plaintiff's ID was www.vbm-medical.com.

(vi) On 12 July 2016, the plaintiff wrote to the defendant, requiring the defendant to remove, from its website, reference to VBM Medizintechnik GmbH and directing the defendant not to market any product, not manufactured by the plaintiff, with the name "VBM". However, the plaintiff stated that it had no objection to the defendant dealing in products, not manufactured by the plaintiff, provided they did not use the mark "VBM".

(vii) On 6 September 2016, the plaintiff wrote to the defendant, enclosing an e-mail from a customer, Karl Storz, complaining that the defendant was dealing in cheap Chinese products using the "VBM" logo. The defendant was, accordingly, directed immediately to change its website and to stop using "VBM" on goods not manufactured by the plaintiff.

(viii) On 6 September 2016 itself, defendant responded to the plaintiff, questioning the *bonafides* of Karl Storz, as he was a competitor, and ensuring the plaintiff that the defendant was changing its website on top priority. The e-mail also enclosed



the catalogue for Video Laryngoscopes, not manufactured by the plaintiff, and bearing the mark .

(ix) The plaintiff respondent on the same day, objecting to  as not acceptable to plaintiff as it was similar to plaintiff's  mark. Additionally, the plaintiff called upon the defendant not to use blue as the colour of its mark or a font similar to that of the plaintiff for "VBM".

(x) At 14:35 hours on 7 September 2016, the plaintiff wrote to the defendant, suddenly tightening its stance, completely prohibiting the sale by VBMIC of products not manufactured by the plaintiff and stipulating that any such products, if sold, had to be under another company.

(xi) The defendant responded at 16:47 hours on the same day, stating that it could not discontinue the VBM India product range and forwarding its new logo .

(xii) Within an hour, at 17:14 hours on the same day, the plaintiff replied, stating that while it did not "mind about the logo", it was worried about misuse of the name "VBM". While expressing the opinion that the plaintiff ought to have used www.vbmindia.com for its website and e-mail ID, the plaintiff reiterated its demand that distribution of equipment manufactured by others had to be via another company.



(xiii) At 16:20 hours on 9 September 2016, plaintiff wrote to defendant, once again relaxing its position, by agreeing to the sale of products, not manufactured by the plaintiff, through VBMIC, only requiring that the products had to bear the manufacturer's name and the mark "distributed by VBM India". However, the plaintiff objected to the revised **VBM** logo of the defendant.

(xiv) The position regarding the **VBM** logo of defendant was reiterated, by the plaintiff, in its next e-mail dated 12 September 2016, in which it was stipulated that the defendant's logo could not use a font similar to that of the plaintiff's, or use cyan, blue or dark blue colour, or include carry horizontal lines at the beginning and end, i.e. at the upper end of the initial "V" and lower end of the terminal "M". Additionally, it was stipulated that the defendant had to use "VBM India" as its logo, and not "VBM" alone. The plaintiff also queried regarding the use, by the defendant, of the ® symbol above its logo.

(xv) At 21:14 hours on 15 September 2016, the defendant responded stating that "VBM", as used by it, stood for "Vishnu Brahma Mahesh", and that the decision to register "VBM" instead of "VBM India" was a professional decision. It was further stated that there was no question of changing "VBM India" as used on any of the equipment marketed by



the defendant, whether manufactured by the plaintiff or anyone else.

(xvi) At 13:31 hours on 20 September 2016, the plaintiff responded to defendant, reiterating that the defendant had to represent itself as “VBM India”, and not as “VBM”, and to use a logo which was acceptable to the plaintiff. Additionally, any products distributed by the defendant, if not manufactured by the plaintiff, had to bear the mark “distributed by VBM India”.

(xvii) At 13:47 hours on 20 September 2016, the defendant responded, accepting all suggestions of plaintiff and stating that, in future, the defendant’s software would mention the respective model instead of “VBM” or “VBM India”.

(xviii) The plaintiff replied later the same day, requesting the defendant to show its new revised logo to the plaintiff for prior approval. Apropos the defendant’s website and e-mail ID, the plaintiff suggested vbm-india.com, vbmindia.in or vbm-india.in. The plaintiff further insisted that the defendant not to use “medical” as part of its domain name without also using “India”.

(xix) The defendant responded the next day, stating that it was impossible to change its website ID vbmmedical.com, as several of its clients and customers used the said ID and contacted the defendant on his e-mail ID which also was based on the same website ID.



(xx) The plaintiff, thereupon, *vide* reply of the next day i.e. 22 September 2016, abandoned its insistence on change of the website and e-mail ids of the defendant but reiterated that the revised logo of the defendant to be forwarded to it for approval.

5.16 On 31 December 2016, the defendant obtained registration of  mark, for which it had applied on 8 October 2015.

5.17 On 31 August 2018, the plaintiff wrote to the defendant, seeking to know the status of its request for updating of the defendant's website, and pointing out that the VBM logo was still blue in colour.

5.18 On 16 April 2020, the second Distributor Agreement between the plaintiff and defendant was executed.

5.19 The second tranche of communications between the plaintiff and the defendant, which took place between 2021 and 2022, were as follows:

- (i) On 15 March 2021, the plaintiff wrote to the defendant, stating that it had come across defendant's trade mark registration for , obtained without knowledge and approval of the plaintiff and calling on defendant to assign the said registration to the plaintiff.



(ii) On 16 March 2021, the defendant responded, clarifying that the registration of mark , obtained by defendant, was only applicable to India.

(iii) On 17 March 2021, the plaintiff (through its founder Volker Bertram), responded to the defendant, clarifying that “VBM” was an abbreviation of “Volker Bertram Medical” and desiring that the “VBM” trademark be registered in his name.

(iv) The defendant respondent on 23 March 2021, asserting its right to register the  mark in its name in India without requiring any prior approval from anyone else and that “VBM”, as used by the defendant, was an acronym for “Vishnu Brahma Mahesh”.

(v) The plaintiff replied on 24 March 2021, asserting that, worldwide, the only company which the mark “VBM”, manufacturing medical devices, was the plaintiff and that, therefore, it would have been better if the plaintiff had applied for registration of “VBM” instead of defendant.

(vi) Thereafter, it appears that a meeting took place between the plaintiff and the defendant, during which the plaintiff alleged that the defendant had, in acting as it did, violated the Distributor Agreement between the plaintiff and the defendant.

(vii) On 4 April 2021, the defendant wrote to plaintiff, denying all allegations of violation of the Distributor



Agreement between them and seeking documents in that regard.

(viii) On 14 April 2021, the plaintiff wrote to the defendant, cancelling the Distributor Agreement dated 16 April 2020, invoking, for the purpose Clauses 18.1 and 18.2 thereof.

(ix) On 12 May 2021, plaintiff issued a legal notice to the defendant, alleging that

- (a) obtaining of registration, by the defendant, for the  mark was contrary to Clauses 2.2, 13.1 and 13.2 of the Distributor Agreement dated 16 April 2020,
- (b) the defendant was also guilty of passing off and
- (c) calling on the defendant to immediately cancel or assign the registration of the  mark to the plaintiff.

(x) On 23 June 2021, the plaintiff sent a second cease and desist notice to the defendant in same terms. Reminders, to the cease and desist notices were sent by the plaintiff to the defendant on 8 July 2021 and 9 August 2021.

(xi) On 22 October 2021, the defendant wrote to the plaintiff, stating that the defendant had changed its logo to  in deference to the request of the plaintiff and requesting for permission to continue to distribute the plaintiff's products in India.



(xii) Once again tightening its stance, the plaintiff responded to the defendant on 3 November 2021, stating that the only solution to the imbroglio was assignment of the registration for the mark “VBM”, obtained by the defendant in India, to the plaintiff.

5.20 Mr. Lall submits that, even after termination of the Distributor Agreement dated 16 April 2020 between the plaintiff and the defendant, the defendant was continuing to portray itself as the plaintiff’s authorised distributor. He has invited my attention to certain communications from the plaintiff’s clients, which seem to suggest this.

5.21 Mr. Lall took me, thereafter, through the written statement filed by the defendant, in which the defendant has pleaded acquiescence, within the meaning of Section 33¹ of the Trade Marks Act, as a defence to the suit. It has been pleaded, in the written statement, that, having been aware of the use, by the defendant, of the VBM mark since 2002, the present suit is hit by the principle of acquiescence. E-mail communications between the plaintiff and the defendant also date back to 2016. The written statement has placed especial reliance on

¹ 33. **Effect of acquiescence.** –

(1) Where the proprietor of an earlier trade mark has acquiesced for a continuous period of five years in the use of a registered trade mark, being aware of that use, he shall no longer be entitled on the basis of that earlier trade mark—

(a) to apply for a declaration that the registration of the later trade mark is invalid, or

(b) to oppose the use of the later trade mark in relation to the goods or services in relation to which it has been so used,

unless the registration of the later trade mark was not applied in good faith.

(2) Where sub-section (1) applies, the proprietor of the later trade mark is not entitled to oppose the use of the earlier trade mark, or as the case may be, the exploitation of the earlier right, notwithstanding that the earlier trade mark may no longer be invoked against his later trade mark.



an e-mail dated 12 September 2016, in which the plaintiff has specifically questioned the defendant as to why it was using the ® sign above its logo. Thus, contends the written statement, the plaintiff was aware, from September 2016 at least, that the defendant's logo was registered. The written statement further contends that, as against the registration of the impugned trademark in favour of the defendant, the plaintiff has no direct presence in India, and only sold its products through the defendant as one of its distributors.

5.22 Mr. Lall has taken particular exception to the attempt of the defendant to completely dissociate himself with the agreement between the plaintiff and ISI, in para-22 of the written statement, which reads as under:

“22. That the contents of para 5 are wrong and denied. It is admitted that in the year 2013, the Plaintiff appointed the firm, VBM India Co., of which the Defendant, Mr. Geetan Luthra is the owner, as the distributor for the Plaintiffs products bearing the VBM mark in India vide non-assignable agreement dated 13.01.2013. That such an agreement was to replace any other prior agreement is wrong and hence denied. It is admitted that the Defendant, Mr. Geetan Luthra, is the son of Mr. S.K. Luthra, owner of International Surgico Industries, however, International Surgico Industries being the first distributor of the Plaintiff in India, is denied for want of knowledge as such subject matter relates to a third party. It is denied that the Defendant was an active part of the firm International Surgico Industries and used to assist his father in the day-to-day activities of the firm. It is denied that the Defendant was aware of the Plaintiff or its alleged rights in the VBM Mark.”

Mr. Lall submits that the defendant's plea of ignorance regarding the Distributor Agreement between the plaintiff and ISI is completely false. He has drawn my attention to a Certificate of Exclusive Distribution issued by the plaintiff to ISI, valid till 30 June 2004, addressed to “International Surgico Industries, ATTN: Geetan



Luthra”, and to a similar fax message dated 30 January 2003 from the plaintiff to ISI, also marked “Attn: Mr. Geetan Luthra”, stated to be by way of response to the defendant’s “e-mail of today”. Perhaps most significantly, Mr. Lall as referred to the following e-mail dated 20 August 2004 from ISI to the plaintiff:

“AUTHORISATION LETTER

M/s VBM MEDIZINTECHNIK, GmbH

Dear Mr. Haegele,

We require urgently Authorization Letter of Exclusive Distribution for North India valid for two years to submit with tenders.

Please fax the same to us at our fax no. +91-11-22040521 & send the original by Air Mail.

Best regards,

Geetan Luthra,
International Surgico Industries,
Delhi.”

5.23 To support his submission that, in such circumstances, the plaintiff is entitled to interlocutory relief is sought, Mr. Lall has placed reliance on various passages of the judgment of a learned Single Judge of this Court in *Baker Hughes Ltd v. Hiroo Khushalani*², which stands affirmed by the Supreme Court in *Baker Hughes Ltd v. Hiroo Khushalani*³.

6. Submissions of Ms. Bitika Sharma on behalf of the defendant

² 74 (1998) DLT 715

³ (2004) 12 SCC 628



6.1 Responding to Mr. Lall’s submissions, Ms. Bitika Sharma, learned Counsel for the defendant, submits that VBMIC was created by the defendant in 2002, and was completely independent of ISI. She submits that VBMIC was selling equipment of various third parties since the time of its creation in 2002 and refers, in this context, to various invoices that the defendant has placed on record. She submits that the plaintiff was always aware of these facts, as also of the fact that, on 23 December 2008, the defendant got the domain name www.vbmmedical.com registered in its name. Despite being aware of these facts, she submits that the plaintiff did nothing towards preventing the activities of the defendant. Rather, she submits that the plaintiff was overtly appreciating and encouraging the defendant’s activities. She cites, in this context, the following e-mail addressed by the plaintiff to the defendant, at the defendant’s vbmmedical@gmail.com e-mail ID on 20 December 2012:

“Dear Geetan,

Thank you again for your hospitality. It was a great experience for me to know more about VBM and your Team. You have a very nice, professional and motivated team.

I had the opportunity to learn more about your daily work, the investments and efforts you do every day.

I am sure this was not our last visit in India.

Today for the latest tomorrow I will send Ricon an e-mail regarding future supplies. I hope you will find a good solution for both.

Best regards,

Paulino Gomez
VBM Medizintechnik GmbH”



Till the time when the above letter was issued by the plaintiff to the defendant, therefore, there was no objection by the plaintiff to the defendant's activities; rather, the plaintiff was complimenting the defendant and referring to it as "VBM".

6.2 Adverting, next, to the Distributor Agreement dated 13 January 2013 between the plaintiff and the defendant, Ms. Sharma submits that Article 10.01 of the Agreement envisaged an "agreed-upon trademark unique to the Distribution Partner and the Territory". The words "unique to the Distribution Partner", she submits, indicated that the defendant would decide on the trademark to be adopted.

6.3 Ms. Sharma disputed the construction that Mr. Lall was seeking to place on the communications between the plaintiff and the defendant. She submits, on the basis of the communications dated 29 February 2016, 3 March 2016 and 9 March 2016 from the plaintiff to her client that the plaintiff's grievance, all through was, essentially, that the defendant was using "VBM" as a mark on goods which were not manufactured by the plaintiff. A reading of the correspondence between the plaintiff and the defendant, she submits, would indicate that the plaintiff had no inherent objection to the defendant is using "VBM", as its mark, provided it was not used on goods which the plaintiff had not manufactured.

6.4 In particular, Ms. Sharma has relied on

- (i) e-mail dated 9 September 2016 from the plaintiff to the defendant, permitting the defendant to distribute third-party



products, not manufactured by the plaintiff, but with the mark “Distributed by VBM India”,

(ii) e-mail dated 12 September 2016 from the plaintiff to the defendant, which contained a positive encouragement to the defendant to continue to use the mark “VBM India”, even for products manufactured by third parties,

(iii) e-mail dated 15 September 2016 from the plaintiff, which evidenced knowledge, by the plaintiff, of the registration of the “VBM” Mark in favour of the defendant,

(iv) e-mail dated 20 September 2016, whereby the plaintiff completely waived all objections with respect to the use, by the defendant, of the mark “VBM India”, permitting distribution of third party products by the defendant under the said Mark, and merely asserting that the mark required to incorporate “India”, and could not be merely “VBM”,

(v) a further e-mail of the same date, from the plaintiff, positively encouraging the defendant to use “VBM India” in its domain name and e-mail ID,

(vi) e-mail dated 22 September 2016, whereby the plaintiff waived its earlier objection against use of “VBM”, in the defendant’s website and e-mail ID,

(vii) e-mail dated 16 December 2016, whereby the defendant informed the plaintiff of the change of its website and its logo to suit the suggestions of the plaintiff and

(viii) e-mail dated 14 February 2017, whereby the plaintiff approved and appreciated, and granted complete positive acquiescence with respect to the use, by the defendant, of the new logo.



From the aforementioned correspondence, as well as other correspondence between the parties, Ms. Sharma submits that it is clear that the plaintiff was actually encouraging the defendant to deal with products of other manufacturers as well, through its VBM India portal, using the VBM India mark. She submits that, in the circumstances, the plaintiff is completely unjustified in insisting, now, after almost six years, on change of the defendant's domain name, and on objecting to the present  logo of the defendant.

6.5 Ms. Sharma points out that it was in the new Distributor Agreement which came to be executed between the plaintiff and the defendant on 16 April 2020, that the following Article 13.3 was introduced:

“13.3 Neither Party shall in any way infringe the other Party's trademarks or tradenames and will notify the other Party of any conflicting claims.”

Ms. Sharma points out that this newly added clause operated both ways; in other words, each party was proscribed from infringing the other parties trademarks or tradenames.

6.6 Ms. Sharma maintains that her client had *bona fide* adopted and coined the mark “VBM”, as an acronym for “Vishnu Brahma Mahesh”. She disputes Mr. Lall's contention that “VBM” stood for “Volker Bertram Medical”, pointing out that “Medical” was not part of the name of the founder of the plaintiff. Moreover, the plaintiff was bound by its admission that, in 2013, it had concluded the fresh Distributor Agreement with VBMIC.



6.7 Ms. Sharma submits, further, that, at huge expense, the defendant had adopted the new  logo, in a neutral font and using red and white as the colours, along with the “India” component as desired by the plaintiff. Since then, she submits that her client is using the said logo.

6.8 Ms. Sharma further submits that the goods manufactured by the plaintiff constituted a very small component (2.1% in 2021-2022 and 2.38% in 2022-2023, as against 25.27% in 2018-2019 and 12.74% in 2019-2020) of the goods in which the defendant dealt.

6.9 Ms. Sharma take strong exception to what she terms a misstatement, in para IV of the replication filed by the plaintiff in the present case, that the plaintiff had come to know of the registration obtained by the defendant of the VBM mark on 8 October 2015 only in March 2021. This claim, she submits, is contrary to the e-mail correspondence between the parties. In connection with this contention, Ms. Sharma relies on paras 5, 9, 22 and 36 of *Khoday Distilleries Ltd v. Scotch Whisky Association*⁴, para-30 of *Warner Bros Entertainment v. Harinder Kohli*⁵ and paras 38 to 40 of *Chairman, SBI v. M.J. James*⁶.

6.10 Ms. Sharma also disputes Mr. Lall’s contention that his client possesses the requisite transborder reputation to maintain a claim for passing off. She submits that the existence, or nonexistence, of transborder reputation would have to be examined as in 2002, when

⁴ (2008) 10 SCC 723

⁵ ILR (2009) I Del 722

⁶ (2022) 2 SCC 301



VBMIC came into existence and started using the “VBM” Mark. There is no evidence, she submits, of the existence of any such transborder reputation at least at that point of time.

6.11 Ms. Sharma further submits that there is no chance of confusion, either, as a result of the use, by the defendant, of the impugned mark, as the product portfolio of the defendant is much larger than that of the plaintiff. Besides, the goods in question are not over-the-counter items. They are goods for which tenders are placed and bids invited. As such, there is no chance of any confusion between the goods of the defendant and the goods of the plaintiff.

6.12 Ergo, it is Ms. Bitika Sharma’s contention that the plaintiff is entitled to no relief, both on account of the plaintiff having acquiesced to the activities of the defendant which were well within his knowledge and on merits.

7. Mr. Lall’s submissions in rejoinder

7.1 Arguing in rejoinder, Mr. Lall once again undertook a chronological excursion through the events in the present case, chiefly the correspondence between the parties. The VBM mark was birthed, in India, *vide* the first Distributor Agreement dated 23 April 1992 between the plaintiff and ISI. It was, in a manner of speaking, reborn by the second Distributor Agreement dated 26 October 1994, also between the plaintiff and ISI. On 1 March 2001, the plaintiff’s domain name vbm-medical.com was registered. The fax message dated 30 January 2003 and the Certificate of Exclusive Distribution,



issued by the plaintiff to the defendant on 30 June 2004 were both marked “Attn. Geetan Luthra”. On 20 August 2004, Geetan Luthra personally addressed an e-mail, on behalf of ISI, to the plaintiff, requiring the plaintiff to issue an Authorisation Letter of exclusive distributorship of ISI for the plaintiff products in India, valid for two years. On 15 May 2007, a third Distributor Agreement was executed between the plaintiff and ISI, appointing ISI is the sole distributor, in India and Bhutan, for the plaintiff’s complete product range. The defendant’s domain name vbmmedical.com was registered on 23 December 2008, and it is from this point, according to Mr. Lall, that the mischief commenced.

7.2 On 13 January 2013, the first Distributor Agreement between the plaintiff and VBMIC, replacing the earlier Distributor Agreement dated 15 May 2007 between the plaintiff and ISI, was executed. Clause 2.01 clearly noted the fact of the earlier Distributor Agreement dated 15 May 2007 between the plaintiff and “the Distribution Partner” – meaning the defendant – and that the Distributor Agreement dated 13 January 2013 was a replacement of the said earlier agreement. Article 6.02 retained title or ownership of all intellectual property, including trademark, with the plaintiff. On 8 October 2015, during the currency of the Distributor Agreement dated 13 January 2013, the defendant had applied for registration of the mark , with a user claim of 1 January 2010. The mark was registered on 31 December 2016, w.e.f. 8 October 2015.

7.3 On 29 February 2016, the plaintiff sought to know, from the defendant, as to why the VBM name was appearing on a video



laryngoscope, made available on the defendant's website, which was not manufactured by the plaintiff. The defendant responded on the same day, that the video laryngoscope was not being promoted by the defendant as the plaintiff's product, but had been produced for the defendant's own firm VBM India, and was being marketed in India under the VBM India brand, using the VBM India logo and the VBM India name. VBM India, it was contended, was an independent entity, which dealt in independent medical equipment which was not part of the plaintiff's portfolio. The plaintiff, in its response dated 3 March 2016, pointed out that the use, by the defendant, of the VBM India Mark for selling all its products, which the VBM logo being identical to that of the plaintiff, was creating confusion amongst customers. The defendant replied on 8 March 2016, stating that people had started recognising VBM in India since about a decade and a half earlier and that the defendant was also dealing in video laryngoscopes and bronchoscopes only because they were a part of its airway product range so as to provide a complete solution to its customers. Even so, the defendant undertook to clearly mention the items which were from VBM India. On 9 March 2016, the plaintiff replied, stating that, while VBMIC could distribute products other than those manufactured by the plaintiff, such products would have to be distributed under the manufacturer's original brand. It was not correct to deal in a product not manufactured by the plaintiff using the VBM mark. Other products, it was stated, would have to be distributed under some other brand, under the "VBM India" umbrella. Products such as video laryngoscopes, which were not part of the plaintiff's portfolio, could be distributed through VBMIC, but without using the "VBM" mark. This demand was reiterated in the subsequent e-mail dated 12 July



2016 from the plaintiff to the defendant, which called upon the defendant to remove, from its website, the reference to the plaintiff and also to undertake not to mark any products not manufactured by the plaintiff with the name VBM, even if the defendant desired to market the said products under the VBMIC umbrella. On 6 September 2016, the defendant communicated, to the plaintiff, its new **VBM INDIA Co.** logo which, too, was not acceptable to the plaintiff, as communicated by return mail of the same day. Thereafter, on the very next day, the plaintiff informed the defendant that the only possible solution was that the defendant restrict itself to promoting, marketing and distributing original VBM products from the plaintiff, under the VBMIC canopy. In case the defendant desired to deal with products made by any other manufacturer, it would have to be through another Company. The defendant was informed that the plaintiff had taken a policy decision not to allow any of its distributors to market non-VBM products under the VBM tagline. The defendant responded, on the very same day, acknowledging the fact that it had commenced business in 2002 only by marketing and dealing in the products manufactured by the plaintiff. However, as there was insufficient market exposure, the defendant had developed its own brand VBM India over a period of 15 years, through which it was selling products of other manufacturers, but which did not compete with any of the products of the plaintiff. The defendant expressed difficulty in sacrificing the goodwill that it had earned over a period of 15 years in the VBM India Mark. A follow-up e-mail dated 9 September 2016 clearly asserted that the VBM mark in India belonged to the defendant. On 12 September 2016, the plaintiff communicated, to the defendant, the specifications of the logo which the defendant



could use, and also queried, of the defendant, why it was using the ® symbol next to its VBM logo. The plaintiff also objected, categorically, to the defendant using “VBM” alone, and called upon the defendant to ensure that “VBM”, as used by the defendant, was always used in conjunction with “India”. In a subsequent e-mail dated 15 September 2016, the plaintiff voiced, in one clear terms, its objection to the defendant having obtained registration of the mark “VBM”, rather than “VBM India” in India. The defendant responded on 15 September 2016, stating that its aspiration was to be India’s foremost company in airway management and ventilation equipment, and that the decision to register “VBM”, rather than “VBM India”, in India, was a professional decision. The plaintiff responded on 20 September 2016, reiterated its demand that the defendant not reflect itself as “VBM”, but only as “VBM India”. The plaintiff also insisted that the mark “VBM India” be removed from equipment which was not manufactured by the plaintiff, such as defibrillators, monitors and ventilators, which, if distributed, had to bear the slogan “distributed by VBM India”. On the same day, the defendant wrote to the plaintiff, agreeing to modify its software to refer, thereafter, to iVIEW or iSCOPE, or the respective model, rather than “VBM” or “VBM India”, to avoid confusion. The plaintiff, in its reply, asserted that, besides the change in software, the plaintiff also desired to see the new logo, so that it could accord approval thereto. Certain suggestions, regarding the alternate website ID and e-mail ID of the defendant were also provided. To this, however, the defendant responded, on 21 September 2016, stating that, as it had been using the vbmmedical.com address for its website since several years, and its customers also addressed e-mail at the same address, it was



impossible for the defendant to change it. The plaintiff, in its response of 22 September 2016, expressed its agreement to the defendant retaining its website and e-mail address, even while criticising the defendant's actions as "suspicious".

7.4 On 16 April 2020, the second Distributor Agreement between the plaintiff and defendant came to be executed.

7.5 Following the execution of the Distributor Agreement dated 16 April 2020, there is a pronounced change in the character of the correspondence between the plaintiff and the defendant. On 15 March 2021, the plaintiff informed the defendant that it was centralising all its trademarks, and expressing its objection to the defendant having obtained registration for the mark "VBM" on 8 October 2015, without the plaintiff's knowledge and approval. The defendant was, therefore, requested to assign its registration, of the said mark, to the plaintiff. The defendant, however, responded on 16 March 2021, stating that its trademark was India specific, and stating that it had no objection to the plaintiff registering its mark in other zones. The plaintiff responded the very next day, i.e. on 17 March 2021, stating that, worldwide, VBM was the only company which produced medical equipment and that, as a trademark was a source identifier, and "VBM" stood for the initials of the plaintiff's founder "Volker Bertram Medical", the plaintiff desired that the VBM trademark be registered in the plaintiff's name. The intent of the plaintiff to centralise all VBM trademarks, worldwide, under one roof, was also reiterated. The defendant, in response on 23 March 2021, asserted, *per contra*, that VBMIC was a separate legal entity, which was



entitled to register the VBM mark in its name and that “VBM”, as adopted by VBMIC, stood for “Vishnu Brahma Mahesh”. By subsequent e-mail dated 12 April 2021, the plaintiff denied having violated any agreement with the defendant and sought for documentary material to substantiate the said allegation. Following this, *vide* e-mail dated 14 April 2021, the plaintiff cancelled the Distributor Agreement dated 16 April 2020, invoking, for the purpose, Clauses 18.1 and 18.2 thereof. Subsequent correspondence also issued between the plaintiff and the defendant, in which the plaintiff adhered to its stand that the only solution to the imbroglio was if the defendant assigned the registration of the “VBM” Mark, obtained by it, to the plaintiff.

7.6 Thus, submits Mr. Lall, the defendant has consistently acknowledged the ownership of the plaintiff over the “VBM” Mark. The defendant cannot, therefore, justifiably seek to continue to use the VBM mark even in respect of products which are not manufactured by the plaintiff.

7.7 Based on the above, the plaintiff is seeking an interim injunction restraining the defendant, pending the suit, from using the mark “VBM” either as such or in the form of the , or any other confusingly or deceptively similar mark in relation to any goods or services. Additionally, the plaintiff also seeks a mandatory injunction directing the defendant to delete the domain name <https://vbmmedical.com/index.php>, remove all references of the impugned marks “VBM” and  from all physical and



virtual sites and from representing, to any third party, that the defendant is the distributor of the plaintiff.

Analysis

8. No case of infringement

The plaintiff does not hold any registration, in India, of any trademark. The plaintiff cannot, therefore, sue the defendant for infringement.

9. Rival contentions re. passing off

9.1 Mr. Lall has predicated the case of the plaintiff on the principle of passing off. His contention is that, in full awareness of the fact that the mark , from 1980s till late 1990 and  from 1990 till 2004, were being used exclusively by the plaintiff, the defendant was using "VBM" as part of its trade name and had also secured registration of the deceptively similar  mark.

9.2 Mr. Lall's case is that the goodwill and reputation of his client is so formidable that the use, by the defendant, of "VBM", in any form or manner, is likely to lead a customer to identify the product on which the said mark is used as one manufactured by the plaintiff. Use of the said mark on goods which are not manufactured by the plaintiff would, therefore, amount to the defendant passing off the product on which the mark is used as a product manufactured by the plaintiff. A customer would, needless to say, be misled in the bargain.



9.3 Ms. Bitika Sharma, *per contra*, would seek to contend that VBMIC is an independent corporate entity which came into existence in 2002 and which is entitled to use its own independent mark “VBM India”.

10. Re. defendant’s contention that ISI was a “third party” and that Distributor Agreements between plaintiff and ISI could not concern defendant:

10.1 The first issue to be examined is the connect, if any, between the defendant Mr. Geetan Luthra and ISI. The defendant seeks to make it appear as though its first interaction with the plaintiff was in 2013 when the Distributor Agreement dated 13 January 2013 was executed between them. It has been contended both orally at the bar as well as in the pleadings and written submissions tendered by the defendant that ISI is a “third party”, of which the defendant was unaware and that the defendant cannot, therefore, be bound down by any covenant of any agreement between the plaintiff and ISI.

10.2 This submission is *prima facie* unacceptable on facts and in law, for a variety of reasons. Clause 2.01 of the Distributor Agreement dated 13 January 2013 specifically states that the earlier Distributor Agreement dated 15 May 2007 was executed between the “Distribution Partner” and the supplier, and that, as the relationship between *the parties* evolved significantly, the termination of the 2007 agreement and its replacement by the 2013 Distributor Agreement was necessitated. “Distribution Partner” is specifically defined, in Clause 1.03 of the 2013 Distributor Agreement as VBMIC. Clause 2.01 of the 2013 Distributor Agreement, therefore, candidly acknowledges



that the earlier agreement dated 15 May 2007 was in fact between the VBMIC and the plaintiff. Given the fact that VBMIC was admittedly owned by the defendant Geetan Luthra and ISI was owned by S. K. Luthra, who was his father, this fact cannot be ignored.

10.3 Even more conclusive, of the involvement of the defendant Mr. Geetan Luthra in the affairs of ISI and, specifically, in the Distributor Agreements which had been executed between the plaintiff and ISI, are the fax messages dated 30 January 2003 from the plaintiff to the defendant Mr. Geetan Luthra and e-mail dated 20 August 2004 from Geetan Luthra to the plaintiff. The fax message dated 30 January 2003 is specifically in response to an e-mail, of the defendant Geetan Luthra, of the same day, addressed to the plaintiff. *The e-mail dated 20 August 2004 is specifically addressed by Geetan Luthra on behalf of ISI to the plaintiff.* It is obvious, therefore, that the defendant Geetan Luthra cannot plead ignorance of the Distributor Agreements executed between the plaintiff and ISI.

10.4 No substantial explanation, for the defendant thus acting on behalf of ISI during the currency of the Distributor Agreements between the plaintiff and ISI, is forthcoming.

10.5 There is, therefore, *prima facie* substance in Mr. Lall's contention that Mr. Geetan Luthra was in fact acting on behalf of ISI during the currency of the said Distributor Agreements. In any event, the contention of the defendant that ISI was merely a third party and that the defendant was unaware of the Distributor Agreements between the plaintiff and ISI which had no bearing on the relationship between the plaintiff and the defendant is clearly misleading as well as



unacceptable.

11. Section 33 of the Trade Marks Act and the principle of acquiescence:

11.1 Ms. Bitika Sharma's defence was largely premised on the principle of acquiescence, and on Section 33 of the Trade Marks Act, which recognises it. We are concerned only with sub-section (1). One may as well, therefore, before proceeding further, familiarise oneself with the provision.

11.2 Pared down to its essentials, Section 33(1) applies where the following ingredients are satisfied:

- (i) Acquiescence, by the proprietor of the earlier trademark must have continued, uninterrupted, for a period of 5 years.
- (ii) The acquiescence must be to the use of the later, registered trade mark.
- (iii) The proprietor of the earlier trademark must be aware of the said use.
- (iv) The application for registration of the later trademark must have been made in good faith.
- (v) If these ingredients are satisfied, then, the proprietor of the earlier trademark is not entitled either
 - (a) to seek a declaration that the registration of the later trademark is invalid, or



- (b) to oppose its use, in relation to the goods or services in respect of which it has been so used.

For Section 33(1) to apply, therefore, there must be an earlier trademark; a later registered trademark, obtained in good faith; knowledge, by the proprietor of the earlier trademark, regarding the use of the later trademark, and acquiescence, by the proprietor of the earlier trademark, to such use. Needless to say, “use”, of the later trademark is to be understood as defined in Section 2(2)(b) and (c)⁷.

11.3 Though, unfortunately, the Trade Marks Act does not define, or explain, “acquiescence”, there are binding judicial precedents on the issue. A somewhat recent judgment of the Division Bench of this Court in *H.S. Sahni v. Mukul Singhal*⁸ observed as under, apropos “acquiescence” in the context of Section 33:

“57. The next question, to be addressed, is whether H.S. Sahni is entitled to the benefit of Section 33 of the Trade Marks Act, 1999. It is contended on behalf of H.S. Sahni that the Appellants were aware of the trademarks registered in his favour as one of the constituent partners of Appellant no. 2 had applied for registration of the trademark “MGX” under Class 12, by Trademark application no. 1653480 dated 13.02.2008. The said application had been opposed by H.S. Sahni [through M.K. Auto Sales Corporation] on 24.03.2009. Thus, the Appellants were aware of the trademarks “M.G” and “M.G.I”, registered in favour H.S. Sahni but had taken no steps to challenge the same.

58. In view of the *prima facie* findings that H.S. Sahni has been unable to show any usage of the trademark “M.G”/“M.G.I” prior

⁷(2) In this Act, unless the context otherwise requires, any reference—

- (b) to the use of a mark shall be construed as a reference to the use of printed or other visual representation of the mark;
- (c) to the use of a mark,—
- (i) in relation to goods, shall be construed as a reference to the use of the mark upon, or in any physical or in any other relation whatsoever, to such goods;
- (ii) in relation to services, shall be construed as a reference to the use of the mark as or as part of any statement about the availability, provision or performance of such services;

⁸ 298 (2023) DLT 390 (DB)



to the year 2017, the question of any acquiescence on the part of the Appellants in such use does not arise. Further, it is settled law that *acquiescence cannot be inferred by mere inaction on the part of the proprietor of a registered trademark. It must be established that the proprietor's conduct had, either tacitly or by positive acts, encouraged the use of the allegedly infringing trademark.*

59. In the case of ***Power Control Appliances v. Sumeet Machines Private Limited***⁹, the Supreme Court held as under:—

“26. Acquiescence is sitting by, when another is invading the rights and spending money on it. It is a course of conduct inconsistent with the claim for exclusive rights in a trade mark, trade name etc. It implies positive acts; not merely silence or inaction such as is involved in laches...”

60. In ***Ramdev Food Products (P) Ltd. v. Arvindbhai Rambhai Patel***¹⁰, the Supreme Court observed that:—

“106. The defence of acquiescence, thus, would be satisfied *when the plaintiff assents to or lays by in relation to the acts of another person* and in view of that assent or laying by and consequent acts it would be unjust in all the circumstances to grant the specific relief”.

(Emphasis supplied)

11.4 The same Division Bench held, sometime earlier, thus, in ***Sanjay Chadha Trading v. U.O.I.***¹¹, thus, on the aspect of acquiescence:

“51. The next question to be addressed is whether there has been any acquiescence on the part of Respondent 3 in the use of the trade mark by the appellant (or the predecessor), which disentitled Respondent 3 from seeking a declaration as to the invalidity of the said registration.

53. The principal question to be addressed is whether there is any acquiescence on the part of Respondent 3, which disentitled it to challenge the validity of the trade mark registered in favour of the appellant. The learned IPAB had rejected the aforesaid

⁹(1994) 2 SCC 448

¹⁰(2006) 8 SCC 726

¹¹ 295 (2022) DLT 217 (DB)



contention for three reasons. First, it observed that the defence of acquiescence is not available against the proprietor of a registered trade mark. The learned IPAB had referred to an order dated 31-10-2019, passed in the interim application in ***GSK Consumer Healthcare SA v. EG Pharmaceuticals***¹².

54. Second, the learned IPAB found that at the time when the rectification petition was filed (that is, in the year 2009), the registration of the trade mark, in favour of the appellant-predecessor, had elapsed.

55. Third, that the use of the trade mark “EVEREADY” by the appellant was not *bona fide* and the protection under the provisions of Section 33 of the Trade Marks Act is not available.

56. In ***Power Control Appliances***⁹, the Supreme Court held as under : (SCC p. 457, para 26)

“26. Acquiescence is sitting by, when another is invading the rights and spending money on it. It is a course of conduct inconsistent with the claim for exclusive rights in a trade mark, trade name, etc. *It implies positive acts; not merely silence or inaction such as is involved in laches....*”

57. In ***Ramdev Food Products***¹⁰, the Supreme Court observed that : (SCC p. 770, para 106)

“106. The defence of acquiescence, thus, would be satisfied when the plaintiff assents to or lay by in relation to the acts of another person and *in view of that assent or laying by and consequent acts it would be unjust in all the circumstances to grant the specific relief.*”

58. In ***Khoday Distilleries Ltd.***⁴, the Supreme Court had, inter alia, referred to the decision in ***Ramdev Food Products***¹⁰ and observed as under: (***Khoday Distilleries Ltd.***⁴ Case, SCC p. 752, para 53)

“53. A contention is sought to be raised that the purported wrong committed by the appellant being a continuing one would not attract the doctrine of laches, acquiescence or waiver. The doctrine of continuing wrong has nothing to do with the refusal on the part of a statutory authority or a court of law to exercise its discretionary jurisdiction on the ground of laches, acquiescence or waiver.”

¹²2019 SCC OnLine Del 10796



59. Further, in the case of, *Hindustan Pencils (P) Ltd. v. India Stationary Products Co*¹³, this Court held as under :

“18. ... ‘Inordinate delay’ would, therefore, be delay of such a long duration that the defendant could have come to the conclusion that the plaintiff has, possibly, abandoned his right to seek relief or to object to the defendant using the trade mark.

19. ... It would follow, logically, that delay by itself is not a sufficient defence to an action for interim injunction, but delay coupled with prejudice caused to the defendant would amount to ‘laches’....

30. ... the equitable relief will be afforded only to that party who is not guilty of a fraud and whose conduct shows that there had been, on his part, an honest concurrent user of the mark in question. *If a party, for no apparent or a valid reason, adopts, with or without modifications, a mark belonging to another, whether registered or not, it will be difficult for that party to avoid an order of injunction because the court may rightly assume that such adoption of the mark by the party was not an honest one. The court would be justified in concluding that the defendant, in such an action, wanted to cash in on the plaintiff's name and reputation and that was the sole, primary or the real motive of the defendant adopting such a mark.* Even if, in such a case, there may be an inordinate delay on the part of the plaintiff in bringing a suit for injunction, the application of the plaintiff for an interim injunction cannot be dismissed on the ground that the defendant has been using the marks for a number of years....

31. ... there is an honest concurrent user by the defendant then inordinate delay or laches may defeat the claim of damages or rendition of accounts but the relief of injunction should not be refused. This is so because it is the interest of the general public, which is the third party in such cases, which has to be kept in mind. *In the case of inordinate delay or laches, as distinguished from the case of an acquiescence, the main prejudice which may be caused to the defendant is that by reason of the plaintiff not acting at an earlier point of time the defendant has been able to establish his business by using the infringing mark. Inordinate delay or laches may be there because the plaintiff may not be aware of the infringement by the*

¹³1989 SCC OnLine Del 34



defendant of the plaintiff may consider such infringement by the defendant as not being serious enough to hurt the plaintiff's business. Nevertheless, if the court comes to the general public who may be misled into buying the goods manufactured by the defendant thinking them to be goods of the plaintiff then an injunction must be issued. The court may, in appropriate cases, allow some time to the defendant to sell off their existing stock but an injunction should not be denied.”

60. In *BCH Electric Ltd. v. Eaton Corpn.*¹⁴, this Court held as under :

“81. ... in order to make good the defence of acquiescence, the defendant must have acted bona fide and in an honest belief that it was not treading on anyone else's rights. Clearly, a person who knowingly usurps a trade mark of another and carries on his trade with the intention of benefiting from the goodwill of another cannot be heard to take the defence of acquiescence.”

61. We do not agree that the defence of acquiescence under Section 33 of the Trade Marks Act is not available against the proprietor of a registered trade mark. This view is contrary to the plain language of Section 33 of the Trade Marks Act. However, in the given facts, it is apparent that Respondent 3 had not acquiesced in the appellant's (or the predecessor's) use of the trade mark. *We are unable to find any positive or tacit act on the part of Respondent 3 that would indicate that it had encouraged the use of the trade mark by the predecessor, either actively or tacitly.”*

11.5 These two decisions, both of which are rendered by a Division Bench of this Court and are, therefore, binding on me, are sufficiently explanatory of the concept of “acquiescence” within the meaning of Section 33 of the Trade Marks Act.

12. The occasion to examine whether the facts before me make out a case of acquiescence would, however, arise only if the adoption of the mark “VBM” by the defendant is found to be *bona fide*. If the

¹⁴2016 SCC OnLine Del 3639



adoption of the mark is itself clouded by bad faith, no defence of acquiescence would be available to the defendant.

13. Adoption by defendant of “VBM”

13.1 In view of the findings already returned by me hereinabove, there can be little doubt of the fact that the adoption, by the plaintiff, of “VBM”, even as a part of the name “VBMIC”, was not *bona fide*. The defendant was, at the time when VBMIC was purportedly created in 2002, actively representing ISI even in official communications with the plaintiff – *contrary to what the defendant has stated on oath in the written statement and pleaded before this Court*. In full knowledge of the fact that “VBM” was the name of the plaintiff, of which ISI was the sole distributor in India, the defendant went ahead and, without even a notice to the plaintiff, applied for registration of the  mark. The lettering, font, colour and overall appearance of the  mark were obviously lifted from the plaintiff’s pre-existing  and  marks, of which the latter was in use by the plaintiff at the time of creation of VBMIC by the defendant as well as at the time of application, by the defendant, for registration of the  mark. In that view of the matter, the creation, by the defendant, of VBMIC in 2002, does not, *prima facie*, appear to have been *bona fide*. The defendant, *prima facie*, was seeking to capitalise on the reputation of the VBM mark of the plaintiff, of which the defendant was the distributor.

13.2 That the intention of the defendant was never, at any point of time, wholesome, is further manifest from Application No. 3072611,



FORM TM-1

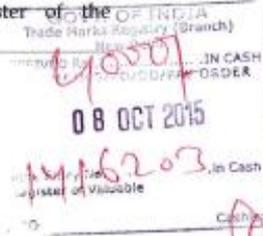
3072611
03072611

THE TRADE MARKS ACT, 1999

Application for the registration of a trade mark for services (other than a collective mark or a certification trade mark) in the Register.

[Section 18(1); Rule 25(2)]

Application is hereby made for registration in the register of the accompanying



TRADE MARK IN CLASS : 10 (TEN).

IN RESPECT OF GOODS : "MEDICAL EQUIPMENTS"

NAME OF PROPRIETOR : MR GEETAN LUTHRA.

WORK MARK : VBM .

TRADE DESCRIPTION : MANUFACTURER AND TRADER

TRADING AS M/S : VBM INDIA CO.

WHOSE ADDRESS : 6/201, ADITYA COMPLEX, PREET VIHAR, DELHI-110092.

who claims to be the proprietor thereof and by whom the said trademark/service mark is being used since 01/01/2010 in respect of the said services.

All communications relating to this application may be sent to the following address in India to the following address of the applicant :-
F-724, F Block, Karkardooma Court, Shahdara, delhi-110032

Dated this 08 day of OCT . 2015.

The Registrar,

Office of the Trade Marks Registry, NEW DELHI.

NCR LEGAL NEEDS
(A LAW FIRM)
Attorn Code:-15438
SIGNATURE

NCR LEGAL NEEDS
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The application is completely silent regarding the prior use, by the plaintiff, of the and marks, the relationship between ISI and the plaintiff, or the covenants of the Distributor Agreements executed between them. Rather, the defendant claimed proprietorial rights over the mark,



with the use of the claim of 1 January 2010. Even otherwise, the adoption, by the defendant, of a mark which bore such stark visual resemblance to the mark of the plaintiff cannot be treated as coincidental. It is obvious that, having been acting on behalf of ISI, which was the sole selling distributor of the plaintiff in India, and keeping in mind the acknowledged renown and repute of the plaintiff in the international arena, the defendant caught upon the idea of naming itself “VBM India Co”. Thereafter, the defendant proceeded to apply and secure registration, in its favour, of a logo which was clearly imitative of the logo of the plaintiff. Having thus created a situation in which, operating as “VBM India Co”, it was dealing in equipment manufactured by the plaintiff and manufactured by other third parties using deceptively similar logos, the defendant went a step further and, on being queried by the plaintiff in that regard, contended, ingeniously, that “VBM”, apropos the defendant, stood for “Vishnu Brahma Mahesh”. This assertion surfaced, for the first time, e-mail dated 15 September 2016. No document, supporting the contention that, at the time VBMIC was created in 2002, “VBM” was envisaged as an acronym for “Vishnu Brahma Mahesh”, is on record. While the defendant might, perchance, have exposed himself to divine retribution for having invoked the holy Trinity for unholy ends, this Court, on a more terrestrial plane, also finds itself also unable to accept this somewhat ingenious explanation for the acronym “VBM”. To my mind, it is clear that the defendant has, all along, been actuated by any intent of creating confusion, in the minds of the purchasing public, between the products manufactured by the plaintiff and other products which were also being sold by it under the “VBM” umbrella.



13.3 The hesitancy, of the defendant, even to add “India” to its  mark speaks for itself. Significantly, when called upon by the plaintiff in that regard, the defendant’s only answer was that the decision to apply for “VBM” instead of “VBM India” was a professional decision. This Court has no doubt, whatsoever, that the decision was indeed a professional one, but actuated by the intent of having unwary customers purchase expensive equipment which was not manufactured by the plaintiff, under the belief that it was. It is *prima facie* obvious, at a bare glance, that the device mark , of which registration was sought by the defendant *vide* the aforesaid application is almost indistinguishable from the mark which was being used by the plaintiff, to the knowledge of the defendant. The only difference between the two marks is that, over the elongated horizontal extension of the letter “M”, the plaintiff’s mark contains its name VBM “Medizintechnik”. Otherwise, the two marks are virtually indistinguishable, at least to the customer of average intelligence and imperfect recollection. The intent to copy the plaintiff’s mark is, to the mind of the Court, painfully apparent.

13.4 The application for registration of the  mark was submitted by the defendant after the execution of the Distributor Agreement, dated 13 January 2013, between the plaintiff and the defendant. Admittedly, the plaintiff was never made aware of the fact that the defendant was applying for registration of the said mark. The application for registration was in Class 10 for “medical equipments” which was the very same item in respect of which the plaintiff was using its mark. *Prima facie*, therefore, the Court is satisfied that the



defendant, in adopting the mark VBMIC as its corporate name and in applying for registration of the mark  in class 10 for medical equipments, was actuated by an intention to pass off the products in which it would deal, under the said mark, as the products of the plaintiff.

13.5 I am, therefore, of the opinion that the registration of the  mark, as obtained by the defendant, was lacking in good faith.

13.6 That being so, the defendant cannot be granted the benefit of Section 33 of the Trade Marks Act.

14. Passing off

14.1 Section 27(2) of the Trade Marks Act saves actions for passing off from the application of the Act. However, “passing off” finds no definition in the Trade Marks Act.

14.2 Passing off is a common law tort which is as old as the hills, and which means precisely what it connotes, which is the attempt, by one person, to pass off his goods or services as those of another. One mode of passing off is poaching on the intellectual property rights of the other.

14.3 There is considerable overlap between infringement and passing off, where the corpus of the misdemeanour is intellectual



property. Though passing off is classically a tort of deceit, deceit is, jurisprudentially, not an inalienable ingredient for passing off to be found to exist. The existence of deceit, or of *mens rea* is, however, a contributing factor while arriving at a conclusion that passing off has taken place. Inasmuch as passing off involves an attempt to capitalise on the goodwill of another, the existence of such goodwill is an indispensable *sine qua non*, for passing off. The indicia of passing off, as a tort, stand delineated in the following passages from *S. Syed Mohideen v. P. Sulochana Bai*¹⁵:

“30.1. From the reading of Section 27(2) of the Act, it is clear that the right of action of any person for passing off the goods/services of another person and remedies thereof are not affected by the provisions of the Act. Thus, the rights in passing off are emanating from the common law and not from the provisions of the Act and they are independent from the rights conferred by the Act. This is evident from the reading of the opening words of Section 27(2) which are “Nothing in this Act shall be deemed to affect rights...”

31. *Secondly*, there are other additional reasonings as to why the passing off rights are considered to be superior than that of registration rights.

31.1. *Traditionally, passing off in common law is considered to be a right for protection of goodwill in the business against misrepresentation caused in the course of trade and for prevention of resultant damage on account of the said misrepresentation. The three ingredients of passing off are goodwill, misrepresentation and damage. These ingredients are considered to be classical trinity under the law of passing off as per the speech of Lord Oliver laid down in Reckitt & Colman Products Ltd. v. Borden Inc*¹⁶, which is more popularly known as “Jif Lemon” case wherein Lord Oliver reduced the five guidelines laid out by Lord Diplock in *Erven Warnink Besloten Vennootschap v. J. Townsend & Sons (Hull) Ltd.*¹⁷ (“the Advocate case”) to three elements: (1) goodwill owned by a trader, (2) misrepresentation, and (3) damage to goodwill. Thus, the passing off action is essentially an action in deceit where the common law rule is that no person is entitled to carry on his or her business on pretext that the said business is of

¹⁵ (2016) 2 SCC 683

¹⁶ (1990) 1 WLR 491 : (1990) 1 All ER 873 (HL)

¹⁷ 1979 AC 731: (1979) 3 WLR 68 : (1979) 2 All ER 927 (HL)



that of another. This Court has given its imprimatur to the above principle in *Laxmikant V. Patel v. Chetanbhai Shah*¹⁸.

31.2. The applicability of the said principle can be seen as to which proprietor has generated the goodwill by way of use of the mark/name in the business. The use of the mark/carrying on business under the name confers the rights in favour of the person and generates goodwill in the market. Accordingly, the latter user of the mark/name or in the business cannot misrepresent his business as that of business of the prior right holder. That is the reason why essentially the prior user is considered to be superior than that of any other rights. Consequently, the examination of rights in common law which are based on goodwill, misrepresentation and damage are independent to that of registered rights. The mere fact that both prior user and subsequent user are registered proprietors are irrelevant for the purposes of examining who generated the goodwill first in the market and whether the latter user is causing misrepresentation in the course of trade and damaging the goodwill and reputation of the prior right holder/former user. That is the additional reasoning that the statutory rights must pave the way for common law rights of passing off.

32. *Thirdly*, it is also recognised principle in common law jurisdiction that passing off right is broader remedy than that of infringement. This is due to the reason that the passing off doctrine operates on the general principle that no person is entitled to represent his or her business as business of other person. The said action in deceit is maintainable for diverse reasons other than that of registered rights which are allocated rights under the Act. The authorities of other common law jurisdictions like England more specifically Kerly's Law of Trade Marks and Trade Names, 14th Edn., Thomson, Sweet & Maxwell South Asian Edition recognises the principle that where trade mark action fails, passing off action may still succeed on the same evidence. This has been explained by the learned author by observing the following:

“15-033. A claimant may fail to make out a case of infringement of a trade mark for various reasons and may yet show that by imitating the mark claimed as a trade mark, or otherwise, the defendant has done what is calculated to pass off his goods as those of the claimant. A claim in ‘passing off’ has generally been added as a second string to actions for infringement, and has on occasion succeeded where the claim for infringement has failed.”

¹⁸ (2002) 3 SCC 65



33.2. We uphold the said view which has been followed and relied upon by the courts in India over a long time. The said views emanating from the courts in India clearly speak in one voice, which is, that the rights in common law can be acquired by way of use and the registration rights were introduced later which made the rights granted under the law equivalent to the public user of such mark. *Thus, we hold that registration is merely a recognition of the rights pre-existing in common law and in case of conflict between the two registered proprietors, the evaluation of the better rights in common law is essential as the common law rights would enable the court to determine whose rights between the two registered proprietors are better and superior in common law which have been recognised in the form of the registration by the Act.*”

(Emphasis partly supplied)

14.4 Consequent on an analysis of the various authoritative pronouncements of the Supreme Court on the subject in *Khoday Distilleries Ltd.*⁴, *Satyam Infoway Ltd. v. Siffynet Solutions (P) Ltd.*¹⁹ and *Cadila Health Care Ltd. v. Cadila Pharmaceuticals Ltd.*²⁰, this Court, in its decision in *FDC Ltd v. Faraway Foods Pvt Ltd*²¹ identified the following principles as applicable to passing off actions:

(i) Passing off, though an action based on deceit, does not require the establishment of fraud as a necessary element to sustain the action. Imitation or adoption, by the defendant, of the plaintiff’s trade mark, in such manner as to cause confusion or deception in the mind of prospective customers, is sufficient.

(ii) The principles for grant of injunction, in passing off actions, are the same as those which govern the grant of injunctions in other cases, i.e. the existence of a *prima*

¹⁹ (2004) 6 SCC 145

²⁰ (2001) 5 SCC 73

²¹ 2021 SCC OnLine Del 1539



facie case, the balance of convenience, and the likelihood of irreparable loss in issuing to the plaintiff, were injunction not to be granted.

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

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

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

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

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



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

(c) The plaintiff is required to establish

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

(ii) likelihood of confusion in the minds of the public (the public being the potential customers/users of the product) that the goods of the defendant are those of the plaintiff, applying the test of a person of "imperfect recollection and ordinary memory",

(iii) loss, or likelihood of loss, and

(iv) goodwill of the plaintiff, as a prior user.

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

(vii) In cases of alleged passing off, the Court, while examining the likelihood of causing confusion, is required to consider, in conjunction, *inter alia*,



- (a) the nature of the market,
- (b) the class of customers dealing in the product,
- (c) the extent of reputation possessed by the plaintiff,
- (d) the trade channels through which the product is made available to the customer and
- (e) the existence of connection in the course of trade.

The Supreme Court has also held that, in passing off action on the basis of unregistered trade marks, the Court is required to assess the likelihood of deception or confusion by examining

- (i) the nature of the marks, i.e. whether there were demands/label marks/composite marks,
- (ii) the degree of similarity between the competing marks,
- (iii) the nature of the goods,
- (iv) the similarity in nature, character and performance of the goods of the rival parties,
- (v) the class of purchasers, and the degree of care which they would be expected to exercise while purchasing the goods, and
- (vi) the mode of purchasing the goods and placing orders.

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

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



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

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

14.5 Where intention to confuse, or deceive, is found to exist, Courts in this country, including the Supreme Court in *Khoday Distilleries*⁴ have also adopted, approvingly, the following exordium of Lord



Justice Lindley in *Slazenger & Sons v. Feltham & Co.*²²:

“One must exercise one's common sense, and, if you are driven to the conclusion that what is intended to be done is to deceive if possible, I do not think it is stretching the imagination very much to credit the man with occasional success or possible success. Why should we be astute to say that he cannot succeed in doing that which he is straining every nerve to do?”

At least at the *prima facie* stage, therefore, any attempt to deceive or confuse, if found to exist, is normally fatal to the case that the defence seeks to set up.

14.6 To my mind, in a passing off action, once conscious intent to imitate is seen to exist, the requirement of the plaintiff having to establish existence of prior goodwill in the market is also largely obviated. A defendant who consciously imitates the mark of the plaintiff, or resorts to other measures to pass off his goods or services as the goods of the plaintiff cannot seek to escape a charge of passing off on the ground that the plaintiff has failed to lead substantial evidence to establish existence of prior goodwill in the market. The very fact that the defendant is consciously imitating the plaintiff, in a manner as would deceive consumers into believing the goods or services of the defendant to be those of the plaintiff itself indicates that the defendant recognises the worth of the plaintiff in the market, and is seeking to capitalize on it.

14.7 Imitation is the best form of flattery. To hold that the defendant has consciously imitated the plaintiff, so as to deceive the public into confusing one with the other cannot, therefore, coexist with the finding that, for want of evidence of sufficient prior goodwill, the

²² (1889) 6 RPC 531



plaintiff has not been successful in establishing a case of passing off against the defendant. The two findings are contradictory in terms.

14.8 The facts in the present case speak for themselves. The defendant's documents on record indicate that the defendant was representing ISI during the currency of the Distributor Agreements dated 23 April 1992 and 26 October 1994. In full consciousness of the fact that ISI was the distributor of the plaintiff, the defendant proceeded to create VBMIC in 2002. The defendant also started using the mark which was consciously imitated the plaintiff's mark, in use by it since long. This user, by itself, was tainted by bad faith. Without any prior information to the plaintiff, the defendant proceeded to apply for registration of the  mark, which also replicated all essential features of the plaintiff's mark, including colour, font and format. The application for registration makes no disclosure of any of these facts. On the plaintiff joining issue with the defendant regarding erosion of its brand value, and market confusion which had been created by the defendant adopting a mark which was nearly identical to that of the plaintiff, the defendant, ingeniously, invoked divine assistance on 15 September 2016 for the first time, by seeking to contend that VBM, as used by it, stood for "Vishnu Brahma Mahesh". Needless to say, the defendant has not produced any document to support its stand that the holy Trinity was the inspiration behind "VBM", at a time when ISI, a unit of his father and which he expressly represented in the official communications to the plaintiff, was the plaintiff's sole distributor in India. There was, therefore, in the conduct of the defendant in first choosing "VBM India Co" as the



name of his firm, thereafter using “VBM”, in a style and lettering which was closely imitative of the plaintiff’s  and  marks; thereafter, applying for and securing registration, in favour of VBMIC, of the deceptively similar mark , using which the defendant was dealing in equipment and products not only manufactured by the plaintiff but also by other unrelated third parties, and, finally, on being repeatedly queried in that regard, having the temerity to contend that “VBM”, as envisioned by the defendant, stood for “Vishnu Brahma Mahesh”, clearly an element of deceit.

14.9 All the elements of passing off, therefore, coalesce in the present case. The “VBM” mark of the defendant – whether as  or even in the presently adopted  format – is bound to confuse prospective consumers into believing the product concerned to be manufactured by the plaintiff. (The *Slazenger*²² principle would also apply.) This is bound to result in detriment and dilution of the goodwill earned by the plaintiff. Having adopted “VBM” as the mark under which it was dealing in equipment not only of the plaintiff but also of other third parties which *prima facie* clear intent to capitalise on the plaintiff’s reputation and goodwill, the defendant proceeded, without even the courtesy of a notice to the plaintiff, to use the mark for dealing in goods which were not manufactured by the plaintiff. *Prima facie*, therefore, the defendant was seeking to pass off the goods, in which it dealt under the “VBM” mark, as the goods of the plaintiff.



14.10 In such circumstances, it can hardly lie in the mouth of the defendant to plead acquiescence against the plaintiff. Though, legally, the plea is not available to the defendant in the present case for the reasons already set out earlier, even on facts, it cannot be said that there was conscious acquiescence, by the plaintiff, to use, by the defendant, of the “VBM” mark, especially in respect of goods which were not manufactured by the plaintiff. The defendant cannot seek to capitalise on the difficulties which the plaintiff was facing on coming to learn, in the first instance, that the defendant was using “VBM” for goods not manufactured by the plaintiff, contrary to the governance of the Distributor Agreements executed between the plaintiff and ISI and, later, between the plaintiff and the defendant and, in the second, that the defendant had, surreptitiously and without even notice to the plaintiff, proceeded to register, in its favour, the  mark, which is clearly imitative of the style and structure of the plaintiff’s  and  marks. There is no candid, continuing and voluntary acquiescence, by the plaintiff, to the use, by the defendant, of the “VBM” mark.

14.11 What Ms. Sharma characterises as acquiescence are only the desperate attempts, by the plaintiff, to salvage its reputation and overcome the difficulties being faced by it, as a consequence of the nefarious attempt, by the defendant, to poach on the plaintiff’s intellectual property rights.

14.12 It is important to understand the reason why goodwill is regarded as a *sine qua non* to a passing off action. Passing off is, classically, a tort of deceit. It involves a deceitful attempt at making



unwary consumers believe the goods or services provided by one to actually be the goods or services of another. Absent any impetus, or the provocation to do so, however, there is no reason why anyone who resort to such a subterfuge. There is no reason to imitate one who has no market presence. Nor can the attempt at making people believe one's goods to be those of another serve any useful purpose, if that other has no goodwill or reputation. Ergo, proof of existence of goodwill and reputation of the plaintiff, in the market, is an indispensable prerequisite for a successful passing off challenge against the defendant.

14.13 Once, therefore, the fact of deceitful imitation is found to exist, the law may legitimately presume that the person being imitated commands goodwill and reputation. At the very least, the burden would heavily lie on the imitator to justify the imitation, if it is attributable to any other reason.

14.14 I have already found conscious imitation, by the defendant, of the “VBM” identity of the plaintiff, whether by way of incorporating “VBM” as part of its corporate identity “VBM India Co”, or, even more starkly, by adopting, using and securing registration of, the  mark, which was confusingly similar to the  and  marks of the plaintiff, to stand proved. It would be for the defendant, therefore, to explain the imitation, if it is not attributable to the pre-existing goodwill and reputation of the plaintiff. No believable explanation, in that regard, is forthcoming. The “Vishnu Brahma Mahesh” explanation is too



facile to pass legal muster, besides being unsupported by any corroborative documentary evidence. In the absence of any acceptable explanation, on the defendant's part, for having adopted "VBM" and the imitative  mark, the adoption may legitimately be presumed, by the Court, to be provoked by the pre-existing goodwill and reputation of the plaintiff in the international arena.

14.15 Besides, even on facts, the averments in the plaint, which have been contributed by Ms. Sharma on merits, also make out a case of existence of sufficient goodwill and reputation of the plaintiff. The laryngeal tube, admittedly, was developed by the plaintiff and introduced by it in Europe in 1999. The plaintiff claims to be the only manufacturer and supplier of laryngeal tubes worldwide, as well as in India. Documentary material to the effect has been filed with the plaint. The plaintiff also has an export share of almost 70%. The worldwide sales figures of the plaintiff have increased from € 43,98,644 to € 2,76,48,969 between 1997 and 2021. The plaintiff is a participant in international conferences held in various countries including India. Promotional activities, in respect of the plaintiff's mark have caused the plaintiff considerable amounts, which, in 2019, aggregated € 4,81,092. The plaintiff is the recipient of several international certificates, certifying to the quality of its products. The communications from the defendant to the plaintiff, to which I have already made reference, also recognise the goodwill and reputation of the plaintiff.



14.16 The intent of the defendant to ride on the goodwill of the plaintiff is also clear from the fact that, even after termination of the Distributor Agreement between the plaintiff and the defendant on 14 April 2021, the defendant continued to the present itself as an authorised agent of the plaintiff.

14.17 *In any case, the pre-existing goodwill and reputation of the plaintiff cannot be in controversy, in view of the specific recital, on the LinkedIn page of the defendant, apropos the plaintiff, that the plaintiff was “a renowned name in offering Difficult Airway Products, Anesthesia, Tourniquet systems and Military Products since 1981”. The renowned and repute of the plaintiff, therefore, stands admitted by the defendant.*

14.18 I am, therefore, *prima facie* convinced that, by adoption of “VBM” as part of its corporate as well as intellectual identity, the defendant was seeking to pass off the products, in which it dealt, as the products of the plaintiff, even where they were not actually manufactured by it.

15. Relief

15.1 Where the *prima facie* case of passing off is found to exist, the Supreme Court, in *Laxmikant V. Patel*¹⁸ postulated the determinative principles for grant of relief thus:

“8. It is common in trade and business for a trader or a businessman to adopt a name and/or mark under which he would carry on his trade or business. According to Kerly (Law of Trade Marks and Trade Names, 12th Edn., para 16.49), the name under which a business trades will almost always be a trade mark (or if



the business provides services, a service mark, or both). Independently of questions of trade or service mark, however, the name of a business (a trading business or any other) will normally have attached to it a goodwill that the courts will protect. *An action for passing-off will then lie wherever the defendant company's name, or its intended name, is calculated to deceive, and so to divert business from the plaintiff, or to occasion a confusion between the two businesses. If this is not made out there is no case.* The ground is not to be limited to the date of the proceedings; the court will have regard to the way in which the business may be carried on in the future, and to its not being carried on precisely as carried on at the date of the proceedings. *Where there is probability of confusion in business, an injunction will be granted even though the defendants adopted the name innocently.*

10. A person may sell his goods or deliver his services such as in case of a profession under a trading name or style. With the lapse of time such business or services associated with a person acquire a reputation or goodwill which becomes a property which is protected by courts. *A competitor initiating sale of goods or services in the same name or by imitating that name results in injury to the business of one who has the property in that name. The law does not permit any one to carry on his business in such a way as would persuade the customers or clients in believing that the goods or services belonging to someone else are his or are associated therewith. It does not matter whether the latter person does so fraudulently or otherwise.* The reasons are two. Firstly, *honesty and fair play are, and ought to be, the basic policies in the world of business.* Secondly, *when a person adopts or intends to adopt a name in connection with his business or services which already belongs to someone else it results in confusion and has propensity of diverting the customers and clients of someone else to himself and thereby resulting in injury.*

13. *In an action for passing-off it is usual, rather essential, to seek an injunction, temporary or ad interim. The principles for the grant of such injunction are the same as in the case of any other action against injury complained of. The plaintiff must prove a prima facie case, availability of balance of convenience in his favour and his suffering an irreparable injury in the absence of grant of injunction.* According to Kerly (*ibid*, para 16.16) passing-off cases are often cases of deliberate and intentional misrepresentation, but it is well settled 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. Christopher Wadlow in Law of Passing-Off (1995 Edn., at p. 3.06) states that the plaintiff does not have to prove actual damage in order to succeed in an action for passing-off. Likelihood of damage is sufficient. The same learned author states that the defendant's state of mind is wholly irrelevant to the existence of the cause of action for passing-off (*ibid*, paras 4.20 and 7.15). As to how the injunction granted by the court would shape depends on the facts and circumstances of each case. Where a defendant has imitated or adopted the plaintiff's distinctive trade mark or business name, the order may be an absolute injunction that he would not use or carry on business under that name (Kerly, *ibid*, para 16.97).

14. In the present case the plaintiff claims to have been running his business in the name and style of Muktajivan Colour Lab and Studio since 1982. He has produced material enabling a finding being arrived at in that regard. However, the trial court has found him using Muktajivan as part of his business name at least since 1995. The plaintiff is expanding his business and exploiting the reputation and goodwill associated with Muktajivan in the business of colour lab and photo by expanding the business through his wife and brother-in-law. On or about the date of the institution of the suit the defendant was about to commence or had just commenced an identical business by adopting the word Muktajivan as a part of his business name although till then his business was being run in the name and style of Gokul Studio. The intention of the defendant to make use of the business name of the plaintiff so as to divert his business or customers to himself is apparent. It is not the case of the defendant that he was not aware of the word Muktajivan being the property of the plaintiff or the plaintiff running his business in that name, though such a plea could only have indicated the innocence of the defendant and yet no difference would have resulted in the matter of grant of relief to the plaintiff because the likelihood of injury to the plaintiff was writ large. It is difficult to subscribe to the logic adopted by the trial court, as also the High Court, behind reasoning that the defendants' business was situated at a distance of 4 or 5 km from the plaintiff's business and therefore the plaintiff could not have sought for an injunction. In a city a difference of 4 or 5 km does not matter much. In the event of the plaintiff having acquired a goodwill as to the quality of services being rendered by him, a resident of Ahmedabad city would not mind travelling a distance of a few kilometres for the purpose of availing a better quality of services. Once a case of passing-off is made out the practice is generally to grant a prompt ex parte injunction followed by appointment of Local Commissioner, if necessary. In our opinion the trial court was fully justified in granting the ex parte injunction



to the plaintiff based on the material made available by him to the court. The trial court fell in error in vacating the injunction and similar error has crept in the order of the High Court. The reasons assigned by the trial court as also by the High Court for refusing the relief of injunction to the plaintiff are wholly unsustainable.

16. There was no delay in filing the suit by the plaintiff. The plaintiff filed the suit with an averment that the defendants were about to commit an injury to the plaintiff. The defendants took a plea that they had already commenced the business with the offending trade name without specifying actually since when they had commenced such business. This has to be seen in the background that the defendants' business earlier was admittedly being carried on in the name and style of Gokul Studio. The commencement of such business by the defendants could therefore have been subsequent to the institution of the suit by the plaintiff and before the filing of the written statement by the defendants. *In such a situation, on the plaintiff succeeding in making out a prima facie case, the court shall have to concentrate on the likelihood of injury which would be caused to the plaintiff in future and simply because the business under the offending name had already commenced before the filing of the written statement or even shortly before the institution of the suit would not make any difference and certainly not disentitle the plaintiff to the grant of ad interim injunction.*”

(Emphasis supplied)

15.2 The portions, in the above extract, which I have chosen to italicize and underscore apply to the present case not only in law but also on facts. The facts before the Supreme Court were similar to those before me in the present case. In that case, too, the defendant, which had been running its establishment under another name, commenced using the name “Muktajivan”, which was the trade name of the plaintiff on which it carried on its business. The business was identical. The Supreme Court found, in the circumstances, the considerations of balance of convenience and irreparable loss to have



been satisfied and the case deserving of an *ex parte ad interim* injunction.

15.3 In the present case, the defendant has not only adopted a trade name and a mark which were identical to those of the plaintiff, but also chose, under the said mark, to market goods which were not manufactured by the plaintiff by affixing, on the goods, a deceptively similar mark, so as to confuse consumers into believing the goods to be those of the plaintiff. It is no answer for the defendant to contend that it was not selling, under its registered “VBM” logo, any goods which overlapped with the plaintiff’s products. In either case, the defendant was dealing in medical equipment. The screenshot provided in para 5.10 *supra* is telling. Clearly, the intent of the defendant was, under the umbrella of the plaintiff’s mark, to deal not only in goods of the plaintiff but also in the goods of other manufacturers, affixing, on such latter goods, the deceptively similar mark of the defendant.

15.4 The facts of the case, therefore, eminently warrant grant of interlocutory injunction as sought by the plaintiff. The manner in which the defendant has acted completely tilt the scales of equity against him.

Conclusion

16. Resultantly, the application succeeds. Pending disposal of the suit, the defendant, as well as all others acting on its behalf, shall stand restrained from using “VBM” either as part of its corporate



name or as a trademark, whether as a word mark or as a device mark/logo, in any form or manner, including **VBM**^{INDIA}, in respect of medical equipment or any allied/cognate goods or services. The injunction shall extend to stock which may be lying in the premises of the defendant. However, the defendant shall not be restrained from releasing the said stock, or continuing to deal with equipment of other manufacturers, albeit without losing, thereon, the “VBM” mark or logo, in any form or manner. Any such equipment, if marketed by the defendant, has to be under the brand name of the original manufacturer thereof, and with no indication whatsoever to reflect any connection between the said equipment and VBM.

17. The application stands allowed accordingly.

C.HARI SHANKAR, J

SEPTEMBER 25, 2023

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