

## WHO HAS THE RIGHT OVER A MARK THE MANUFACTURER OR DISTRIBUTOR?

Delhi High Court in Double Coin Holdings Ltd. Vs. Trans Tyres (India) Pvt. Ltd. (CS(OS) No. 89/2011) has elaborately dealt with this issue and observed that the ownership of a trademark as a general rule vests in the person, who puts the mark on the product. If the manufacturer himself is putting a brand name on the goods, the ownership or goodwill in the trademark, would ordinarily belong to him and a distributor or an importer of such a product cannot claim ownership or goodwill in the trademark already put on the product imported and/or distributed by him. Thus, there is presumption of proprietorship of trademark in favour of the manufacturer when he himself is putting the mark on the product manufactured by him. The relevant consideration in this regard would be to "who invented the trademark", "who first affixed it on the product", "who maintains the quality of the product" and "with whom the relevant public identifies the goods", "to whom it looks for warranty and redressal of complaints" and "who possesses the goodwill associated with the product". Use of the mark by the importer/distributor of the product is deemed to be a use by the manufacturer of the product, who puts his mark on the product. This ownership and goodwill which the manufacturer of the product enjoys in respect of the trademark under which his goods are sold, is not displaced merely by marketing and promotion of the product by the distributor/importer, even if he uses the mark while advertising/promoting the product. Mere use of the expression "imported by/brought to you by/marketed by" on the promotion and advertisements carried out by the importer/distributor/marketer of the goods is not sufficient to displace the presumption of ownership and goodwill of the brand vesting in the manufacturer of the product. A statement to the customer that the product being purchased by him is an imported product, produced by a foreign manufacturer without anything on the product to connect the brand/work with the importer/distributor/marketer is an indication to the customer that the product as well as the trademark affixed on it belongs to the foreign manufacturer. The presumption of ownership of trademark vesting in the manufacturer may, however, in certain circumstances be rebutted by the importer/distributor of the product. If, for instance, the distributor/importer orders the manufacture of the good or controls their production or the goods or the trademark on the goods is for the first time affixed by an importer/distributor or before selling the product, the distributor/importer, uses his own packaging/label so as to convey a connection between him and the trademark affixed on the product, and the name of the manufacturer is not written on the product or otherwise known to the customer, it may be possible for the importer/distributor to claim ownership in the trademark provided he is the first user of that trademark in the concerned territory. What is essential in this regard is that the customer should come to identify the product and the trademark affixed on it with the distributor/importer and on seeing the product he should believe that the product being purchased by him was the product of that particular distributor/importer. While considering the claim of a distributor/importer, the Court needs to keep in mind that even a foreign manufacturer can acquire domestic goodwill in the trademark in addition to the goodwill which it enjoys in foreign market. If, however, the importer/distributor is able to establish that the customer has come to identify the trademark

with it rather than with the manufacturer, it may be able to claim that the ownership in the trademark in the domestic market belongs to him despite the fact that the goods were not manufactured by it. The most important test in this regard is as to whether customer identifies the trademark with the manufacturer or with the importer/distributor, the presumption of law being that the ownership of the trademark vests in the manufacturer, who puts the mark on the product, and the onus to displace this legal presumption, being on the importer/distributor. In case, there is a dispute between the manufacturer and the distributor/importer with respect to proprietorship of a trademark, the decision of the Court would depend on peculiar facts of each case, the guiding factor being that as a general rule, the brand belongs to the manufacturer and not to the importer/distributor.

It is not necessary that the public should be aware of the actual identity of the source of the good. What is material is that on seeing a product being sold under a brand name, the customer on seeing the product should connect it to a particular source and, therefore, the relevant consideration would be as to what that source is whether the manufacturer or the importer/distributor. If, say, the product has no reference to the foreign manufacturer and is sold by the importer/distributor in his own packaging and it is he alone, who is advertising and promoting the product as well as the brand name, the customer, on seeing the product is likely to identify importer/distributor as the source of the good. If, however, the brand name is affixed, marked or engraved by the manufacturer himself and the product is sold in the same condition without any added packaging by the importer/distributor so as to connect the product with him, it would be difficult to say that the customer is likely to identify the importer/distributor as the source of the good even if the advertisement and promotional expenditure is incurred by the distributor/importer alone. Whether, while selling the product, foreign origin of the product is concealed or not, is an important factor to be taken into consideration in this regard.

The brief facts of the case are: Double Coin Holdings Ltd. is a Chinese company that first invented the trademark Double Coin in 1930 in respect of tyres etc. and start producing tyres under said brand in the year 1935. It was earlier incorporated as Shanghai Tire & Rubber Co. Ltd. and in the year 2007 changed its name to Double Coin Holdings Ltd. to stress the fame and value of Double Coin brand name. Its products are being sold worldwide in as many as 90 countries and ZAFCO Trading LLC is its authorized agent in India claiming pan world presence covering more than 85 countries with a huge distributorship database. 40% of the production of the company is being exported to more than 60 countries including India. This mark is registered in its name in several countries including USA, China, Dubai, Brazil and various other countries.

It has been supplying tyres to various dealers in India including Trans Tyres (India) Private Ltd through ZAFCO since the year 2005 (Since 2005 Mr. Satish Kakkad, who was trading under the name and style of M/s. Trans India was purchasing these tyres from ZAFCO and he is the promoter of Trans Tyres India Pvt. Ltd. and since July 1, 2006, the company started purchasing these tyres). ZAFCO had appointed Trans Tyres (India) Pvt. Ltd. as its authorized representative and distributor vide agreement dated 1st July, 2006, which was valid till 30th

June, 2007 but was not renewed thereafter though sale of tyres by ZAFCO to Trans Tyres continued even after expiry of this agreement.

About 99% Double Coin tyres sold in India were imported by Trans Tyres alone. Trans Tyres has been advertising the tyres Double Coin Radial in the magazine TransTopics which cater mainly to the transporters and these advertisements had no reference either to Double Coin Holdings Ltd. or ZAFCO. No other advertisement of Double Coin by Trans Tyres was brought to the notice of the Court. Double Coin Holdings Ltd. has never advertised its tyres or tubes in India. Trans Tyres has been trading in tyres of a number of companies including, Dunlop Yartu, U-Va, Hankook Tyres, Chaoyang, Goodride, Gt Radials, Bellshinna, Linglong etc.

The website of Trans Tyres shows that it is the largest tyres and rim "trading" company in India. On opening the link Double Coin given on the website of Trans Tyres, the user is connected to the website of Double Coin Holdings Ltd., which shows that Double Coin Holdings is the 15th largest tyres manufacturer in the world, its heavy duty radial tyre factory was established in early 1990s and its output of all-steel radia truck is 1.3 million units per year.

Logo of Double Coin Holdings Ltd. as well as "Made in China" has been embossed on the tyres sold under the brand name Double Coin, though the words "Made in China" are quite small in size. The logo of Double Coin Holdings Ltd. as also some writing in Chinese language has been printed on the tubes which Trans Tyres is getting manufactured locally and selling under the brand name Double Coin and this was done on instructions from Trans Tyres, presumably to give an impression that it was a Chinese product.

Trans Tyres (India) Pvt. Ltd. applied and got registration for mark "Double Coin" in India in respect of tyres and tubes since 31st October, 2007 as well as in respect of all kind of industrial oils, greases and lubricants, automotive electric batteries and batteries for electric vehicles, all kinds of vehicle rims (steel & alloy wheel rims) falling under class 04, 09 and 12. In 2010 Double Coin applied for trademark registration for its mark. A cease and desist notice was issued to the Trans Tyre, who claimed having obtained the registration with the consent of the plaintiff and to its full knowledge. The Application in class 4, 9 and 12 was opposed by double coin and they simultaneously also filed petition for rectification of the registered trademark obtained by Trans Tyres before the IPAB.

Admittedly, the tyres and tubes, which Trans Tyres had imported from ZAFCO, had the mark Double Coin and logo of Double Coin Holdings Ltd. on them during the process of manufacture. Admittedly, there is an inscription engraved on the tyres, which would show that it is a product made in China. Admittedly, these products were sold in India by Trans Tyres in the same condition in which they were imported, without concealing the origin of the product. Not only the trademark Double Coin, which Trans Tyres got registered in its name, even the logo of Double Coin Holdings Ltd. in which no right is claimed by the Trans was visible to the customer, who bought these tyres and tubes. Though the inscription "Made in China" is engraved in very small words, that would not be material since the facts and

circumstances indicate that the customer knew it very well that they were purchasing a product manufactured in China. The customers purchasing these tyres, admittedly, are transporters and not casual customers, who happen to drop in the showrooms of tyre companies. The invoices issued by the Trans Tyres clearly stated that these were Chinese radials and were imported in India. As noted earlier, Trans Tyres has advertised the product primarily in the trade magazine TransTopics and it is the transporters, who are stated to be subscribing to this magazine.

Use of the expression "Brought to you in India by Trans Tyres" in some of the advertisements got published by Trans Tyres also identifies someone other than Trans Tyres as the source of the goods being sold under the brand Double Coin. The very fact that the link under the name Double Coin on the website of Trans Tyres takes the user to the website of Double Coin Holdings Ltd. China as a strong indicator that Trans Tyres has instead of promoting the Double Coin Holdings Ltd. at its own brand name seeking to encash on the worldwide reputation which Double Coin Holdings Ltd. enjoys in tyres and tubes.

Admittedly, Trans Tyres did not put the tyres in its own packaging before selling them to the customers. Admittedly, no label or sticker of Trans Tyres was put on the tyres before selling them in India. There is absolutely no indication on the product which would connect Trans Tyres either with the product or with the trademark affixed on it. It cannot be said that on seeing these tyres and tubes, the customer would identify Trans Tyres as the source of these goods. In fact, the customer would identify Double Coin Holdings Ltd. as the origin or the source of the goods not only on account of trademark Double Coin, logo of Double Coin and engraving of inscription "Made in China" but also on account of the publicity given by Trans Tyres itself to the Chinese origin of these goods and the manufacturing capacity of Double Coin Holdings Ltd. and quality of its products.

Trans Tyres was purchasing tyres from ZAFCO on principal to principal basis and presumably must be making profit on sale of these tyres. Any increase in the sale of the product was likely to result in higher profit for Trans Tyres and, therefore, mere advertising the product without anything more would not give rise to a right in the ownership of the brand and its goodwill. Advertising, promotion and opening of retail outlets would, in such circumstances, be only considered as marketing efforts so as to generate higher profit on account of higher sale due to higher visibility of the product as a result account of advertisements and retail outlets.

Goodwill in a brand does not come to be created only on account of its promotion and advertising. The primary reason for a trademark acquiring goodwill in the market is the quality of the product, which is sold under that name. If a product is of inferior quality, no amount of advertisement and promotion can build the brand under which the product is sold. Of course, the brand building and promotion supplements the efforts of the manufacturer, who is primarily responsible for maintaining quality of the product. Hence, it is difficult to say that goodwill in the brand has come to be vested in Trans Tyres merely on account of promotional activities undertaken by it. In fact, Trans Tyres itself had been emphasizing on

the quality of the Chinese product before the tyre dealers while taking them to a visit to Double Coin factory in China.

Though Trans Tyres has alleged that the warranty and after sale service is being provided by it, there is absolutely no material on record to indicate that it was providing any warranty or after sale service in respect of Double Coin tyres and tubes imported by it through ZAFCO and sold in India. Therefore, it cannot be said that in the event of any defect being found in the tyres, the customer would be looking towards Trans Tyres for its replacement or repair.

Section 18 of the Trade Marks Act, 1999, to the extent it is relevant, provides that any person claiming to be a proprietor of a trade mark used or proposed to be used by him, who is desirous of registering it, shall apply to the Registrar for registration of his trademark. Section 34 of the Trade Marks Act, 1999, to the extent it is relevant, provides that nothing in the Act shall entitle the proprietor or a registered user of registered trade mark to interfere with or restrain the use by any person of a trade mark identical with it, in relation to goods or services in relation to which that person has continuously used that mark from a date prior to use of the first-mentioned trade mark in relation to those goods or services by the said proprietor. In its application for registration, Trans Tyres claim user since 1st July, 2006. Though the case of Trans Tyres is that its promoter was importing these tyres prior to 1st July, 2006, the user, if any, by the director/promoter in his individual capacity cannot be said to be use by Trans Tyres India Pvt. Ltd. More importantly, no advertisement or promotional activity in respect of trademark Double Coin was undertaken by Mr. Kakkad prior to 1st July, 2006. Therefore, there can hardly be any dispute that it was Double Coin Holdings Ltd., China alone, which was using the trademark Double Coin in India prior to 1st July, 2006. Trans Tyres, therefore, has no legal right to seek injunction against use of the trademark Double Coin by Double Coin Holdings Ltd., China, which had been using this mark in India on account of sale in India through Mr. Kakkad and other importers. Moreover, since Trans Tyres was not using the trademark Double Coin at the time it applied for registration and it was only Double Coin Holdings Ltd., which was using this trademark in India and which owned the goodwill in the aforesaid mark in India, Trans Tyres had no legal basis to seek registration of the aforesaid mark in its favour.

Though the case of Trans Tyres is that it had obtained registration with the consent of Double Coin Holdings Ltd., there is absolutely no material on record from which such a consent may be inferred.

In the case of DIEHL (supra), the applicant Diehl K.G., a German Company, was engaged in the manufacture of various articles, including calculating machines. The respondent in that case was an English company which entered into an agreement with the German company. The respondent-company was incorporated with the express object of adopting that agreement and carrying it into effect. The respondent was appointed as the sole representative of the applicant in England, Scotland and Wales for sale of calculating machines, manufactured by them. The German company undertook not to offer or sell, directly or indirectly, such machines in those territories or to appoint any other representative there. The respondent undertook not to offer or sell in the territories any electrically operated keyboard

calculating machines of any other manufacture. The agreement was to remain in force for one year and thereafter from year to year. Clause 8 of the agreement provided that in case of termination of the agreement, the respondent was to eliminate the name Archimede Diehl from its trade name. The agreement made no reference to the trademarks. While the agreement remained in force, the respondent (British company) bought large number of machines from the applicant (German company) and promotion of these machines in these territories was undertaken by the respondent alone at its expense. It was the respondent which guaranteed and services the machines it sold. No one other than the respondent and its authorized distributors ever sold or serviced any such machines in England, Scotland and Wales. From 1956 onwards, the respondent attached to the back of every machine it sold, a metal plate which carried its name and address. The name and address of the respondent appeared on all the advertisement and promotional material. The name or address of the applicant, however, did not appear in any such advertisement or material. The respondent gave to the purchaser a twelve- month guarantee and offered a service maintenance agreement of every purchaser and nearly everyone accepted that agreement. Every machine needed service twice a year. The respondent trained and employed a large staff of skilled maintenance engineers. It was claimed by the respondent that its reputation in the field of calculating machines was very largely due to their efficient after-sales service. It was found that the purchaser knew that the respondent was the sole source of supply in England, Scotland and Wales as also of spare parts for them. From 1960 onwards, the respondent used writing paper, bill headings and other stationery having the legend "Diehl calculating machines", followed by the respondent's name, address and telephone number at their head. In 1956, the respondent applied for registration of the word DIEHL in the register of trademarks, but did not succeed since Diehl is a proper name in use in that country. In April, 1960, the applicant wrote to the respondent expressing intention to have the name DIEHL registered in Great Britain as a trademark. In its reply dated 8<sup>th</sup> July, 1960, the respondent informed the applicant that for many years they had been trying to register DIEHL as a trade name in connection with calculating machines, but, the Patent Office Rules prevented them from registering a proper name. The respondent further informed the applicant that recently they had file a new application since London Telephone director showed only two such names and it would inform the applicant regarding outcome of that application. In the meantime, the respondent on 29<sup>th</sup> June, 1960, made an application for registration of this trademark and the registration was granted on 3<sup>rd</sup> March, 1961, as of 29<sup>th</sup> June, 1960. The respondent informed the applicant in this regard vide letter dated 24<sup>th</sup> December, 1963 and also sent the copies of registration certificates of the applicant. No objection was taken by the applicant then and at any other time, to this registration nor did the applicant complained of delay in its being told of registration until disputes arose between the parties. The applicant never claimed any interest in the mark. It was in these circumstances that the claim of the respondent in respect of the trademark DIEHL was upheld so long as the mark was used in respect only of machines or parts made by the applicant. The Court felt that such use of the mark was not likely to deceive the public. During the course of judgment, the Court, inter alia, observed as under:- "It may be that, if the respondent were to use its registered mark in relation to goods dealt in by the respondent but not of the applicant's manufacture, such use would be held to be likely to deceive or cause confusion."

It would thus be seen that facts of DIEHL's case were altogether different from the facts of the present case. Trans Tyres is not the sole distributor/sole importer/sole selling agent of Double Coin tyres in India. It has come in evidence that these tyres were sold to other importers as well though in rather miniscule quantity. There is no evidence of Trans Tyres giving any guarantee/warranty for the Double Coin Holdings Ltd. sold by it. There is no evidence of any after sale service being provided by Trans Tyres in respect of the Double Coin tyres sold by it. As noted earlier, it is not as if the customers were unaware of these tyres being a Chinese product, manufactured by Double Coin Holdings Ltd. Trans Tyres, itself, has been aggressively promoting these tyres as a Chinese product and had also taken tyre dealers to the factory of Double Coin Holdings Ltd. in China. The advertisement released by Trans Tyres were only in one magazine and the interviews praising the factory manufacturing process and reputation of Double Coin Holdings Ltd. were published in the same magazine and, therefore, were read by the same persons, who came across these advertisements, got published by the Trans Tyres. In the case of DIEHL, the respondent was since 1956 putting its name and address on every machine used by it. Trans Tyres, however, has put no label, stamp, etc. on the tyres or on their packagings, which would connect them with the product or with the trademark Double Coin. The word "Trans Tyres", admittedly, was not written either on the tyres or their packagings. More importantly, in the case of DIEHL, the German company made no protest for six years from coming to know of the respondent applying for registration and three years after receiving the copy of registration certificate, in favour of the respondent. The conduct of the German company almost amounted to acquiescence in these circumstances. On the other hand, in the case before this Court, there is no material which would indicate an acquiescence on the part of Double Coin Holdings Ltd. Rather, it was Mr Harish Kakkad of Trans Tyres, who wrote to the Chinese company that the brand belonged to them and not to Trans Tyres and they were ready to submit any papers the company wanted at any point of time and they had no intention to use this brand for any mala fide interest.

In the case of Adrema Ltd. (supra), Adrema-Werke G.m.b.H., a German company, was engaged in manufacturing of addressing and listing machines and equipments, which were sold under the name "Adrema" in Germany and were exported to many other parts of the world. The plaintiff-company was incorporated in England at the instance of the German-company and the whole of the shares of English company until 1939 were held by the German company. The English company was importing the machines and equipments from the German company and selling them under the name and trade name "Adrema". The name of the German company did not appear on the machines though the words "Foreign" or "Made in Germany" was put on them. Another important feature of this case was that the plaintiff-company also made, in England, with the acquiescence of the German company, certain type of machinery similar to those manufactured in Germany and all the papers, stationery, etc. which were used for what was known as "Adrema system" in United Kingdom. As a result, the name "Adrema" and the goodwill associated with that name became attached to the plaintiff-company in England. In the year 1933, about one half of the goods comprised in plaintiff company's annual turnover were not made in Germany and after the formation of the plaintiff-company, no goods were sold in U.K. by the German company

otherwise than to the plaintiff-company. In the period before the war, the trade of the plaintiff-company increased considerably and the machines sold by it were no longer imported by it and they were all manufactured in United Kingdom. A perusal of the judgment would show that a number of admissions were made on behalf of the German company which was one of the defendants in the case. It admitted that the word "Adrema" had at all material time signified, in the United Kingdom, the plaintiff as the trade origin of the product so marked. It was further admitted that the goodwill attached to the "Adrema" in the United Kingdom had at all material times, belonged exclusively to the plaintiff. It was also admitted that use of the word "Adrema" in connection with addressing machines in the United Kingdom was likely to cause confusion for the plaintiff's goods and business, unless sufficiently distinguished therefrom. On the basis of these admissions, the defendants also offered to submit an injunction, restraining them from carrying on in United Kingdom any business of making or selling or servicing such machines and equipment under any name or sale comprising the word "Adrema" and from otherwise using the word "Adrema" in connection with any such business. They, however, wanted that they should not be prevented from trading and marketing their goods with their own name Adrema-Werke G.m.b.H, Berlin, provided they sufficiently distinguished their business and goods from the business and goods of the plaintiff-company. This, however, was not accepted by the plaintiff-company. It was noted by the Court that when the German company formed the plaintiff-company for the purpose of their trade in the United Kingdom, they conferred upon the plaintiff-company the name "Adrema Ltd." without any reference to the German company. They allowed the plaintiff-company to acquire all the goodwill associated with the word "Adrema" in the United Kingdom. The Court found that as a result of the trading since 1923, the plaintiff-company owned the goodwill which had become associated with the word "Adrema" in the United Kingdom and, therefore, no one else in the United Kingdom had any right to use the word "Adrema" so as to represent his goods as being the goods of the plaintiff-company or his business as being associated in some way with the plaintiff company's business. It would thus be seen that in this case, the English company, when incorporated, was practically owned by the German company which had also allowed user of its name by the English company. Nothing similar to that has been done in the case before this Court. Moreover, in the case of Adrema (supra) more than half of the turnover of the English company comprised products which were not manufactured by the German company. In the case before this Court, none of the tyres sold by Trans Tyres was manufactured or got manufactured by Trans Tyres. This is not the case of Trans Tyres that it has been getting tyres from some other source and selling them under the mark "Double Coin". Most importantly, almost the entire case of the British company was admitted by the German company which also offered to suffer an injunction so long as it was allowed to use the name Adrema-Werke G.m.b.H, Berlin. There is, however, no admission in the present case that the word "Double Coin" has come to be associated with Trans Tyres or that in India, the mark "Double Coin" indicates Trans Tyres as the source/origin of the goods. There is no admission that the goodwill in the word "Double Coin" belongs to Trans Tyres.

The decision in the case of Omega (supra) is a decision of the District Court in California and, therefore, cannot be cited before this Court. In any case, the facts of this case are also



materially different from the facts of the case before this Court. In the case of Omega (*supra*), a Canadian corporation, engaged in manufacturing and marketing of flax seed oil products, entered into an agreement with Spectrum, a California Corporation, whereby Spectrum agreed to become Omega's exclusive distributor in the United States for flax seed oil, manufactured by Omega Canada I. The labels affixed to the bottles bore the mark "Veg Omega-3" and identified Spectrum as the distributor of the product under licence to "Omega Canada I". The label also indicated that the oil was a product of Canada. Another important feature of this case was that the original and all successive labels indicated that flax seed oil was distributed using Spectrum's brand name "Spectrum Naturals" which prominently featured on the label along with Spectrum's logo. Spectrum had created, developed and designed the mark Veg-Omega 3, even before entering into the distributing agreement with Omega Canada I. The oral agreement did not specify who owned the right to the disputed mark. After March, 1988, the agreement between Spectrum and Omega Canada I was replaced by a new relationship and Alpha Nutrition Inc. which was formed in Washington at Omega Canada I's direction. Omega Canada I transferred its rights to the Veg- Omega 3 mark to Alpha, which replaced Omega Canada I as manufacturer of the flax seed oil. The labels which came to be affixed on the bottles bore the trademark Veg-Omega 3 and identified Spectrum as the distributor under licence to Alpha, and indicated that the flax seed oil was a product of U.S.A. In the year 1989, Alpha was incorporated in the State of Washington as Omega USA which succeeded to Alpha's rights to the mark. Omega USA then became the sole Omega Corporation to manufacture and bottle flax seed oil in United States and Alpha ceased to exist. The label on the bottles identified Spectrum as distributor under licence to Omega USA and indicated that the oil was a product of U.S.A. In September 1989, the business relationship between Spectrum and Omega USA was terminated. Omega USA, thereafter, contended that Spectrum's manufacturing and marketing of flax seed oil bearing Veg-Omega 3 trademark constitutes trademark infringement and other violations. Spectrum, on the other hand, contended that it was the rightful owner of the trademark and Omega USA's continued use of trademark constitutes trademark infringement and unfair competition. Since the Court found that it was Spectrum which had created, designed and developed the mark Veg-Omega III even before entering into distributorship agreement with Omega Canada I, the Court held that it was the first user of the trademark. Though Omega Canada I claimed to have shipped its first assignment three weeks before Spectrum claimed first use on October 11, 1987. The Court noted that even if the oil which was sent to Spectrum on September 18, 1987, it would have been marketed and distributed by Spectrum, making use of the mark which it had created, designed and developed. During the course of the judgment, the Court observed that distributor's use of trademark automatically inures to the manufacturer of the product only when the manufacturer is the rightful owner of the trademark and the licence to distribute the product includes the licence to use the manufacturer's mark. However, in the case before this Court, Trans Tyres does not claim to have created, designed or developed the trademark Double Coin and, therefore use of the aforesaid mark by it in India inured to the manufacturer of the product, i.e., Double Coin Holdings Ltd., China.

During the course of the judgment, the Court also observed that in the absence of an agreement between the parties, the relevant factors besides registration, would include

- 1) which party invented and first affixed the mark onto the product;
- 2) which party's name appeared with the trademark;
- 3) which party maintained the quality and uniformity of the product and;
- 4) with which party did the public identify the product and make complaints.

It was found that it was Spectrum which had created the trademark and supervised its artistic rendering even before reaching its distribution agreement with Omega Canada I, it was Spectrum which was solely using the mark Veg- Omega 3 in connection with Spectrum's name and Omega Corporations promotional material did not make any reference to the mark Veg-Omega-3, the explanation sheets inserted in the boxes stated that the product was of Spectrum, the labels used during party's business relationship prominently featured Spectrum's brand name and logo directly above the trademark which mentioned Omega in tiny print in the lower left hand corner and two current distributors of Omega flax products were not using the trademark Veg-Omega 3 to designate their products. It was also found that Spectrum was bearing the responsibility of maintaining the quality of the product. None of these features are present in the case before this Court. The name of Trans Tyres does not appear anywhere either on the product or on its packaging, there is no evidence of Trans Tyres being responsible for the quality of the product and providing any after sale service. This is also not the case of Trans Tyres that the brand Double Coin was not being used by the Chinese company in its promotional material. Therefore, this judgment, to my mind, cannot be applied to the facts of the case before this Court.

In the case of ITC Ltd. (supra), there were disputes with respect to the use of the name "Bukhara" in respect of restaurant services. It was found that the plaintiff had not used the mark in United States for more than three years. ITC had sued certain individuals for using the name Bukhara as also the related trade dress. The case of ITC was based on its being qualified for protection as a famous mark based on its international use. However, in the case before this Court, Trans Tyres did not start using the mark Double Coin on its own products. It only imported the tyres and tubes manufactured by Double Coin Holdings Ltd. China and selling those goods in India under the very same mark which was affixed on them by Double Coin Holdings Ltd. during the process of manufacturing the product. Therefore, it cannot be said that Double Coin Holdings Ltd. had not used the mark Double Coin in India. In the facts and circumstances of the case, use of the trademark Double Coin in India would be a use by a Double Coin Holdings Ltd. China and not by Trans Tyres which was only importing and selling those goods.

In Dental Manufacturing Company Ltd. (supra), one person named Clark in America was manufacturing a special kind of spittoon, intended for use in a dentist's business. He held a patent in USA for spittoons. By an agreement with Clark, the defendants had been granted

exclusive right and agency to sell and distribute those spittoons. The defendants appointed the plaintiffs as their sole distributing agents for the sale of those spittoons in United Kingdom and under that agreement, the defendants sold the spittoons supplied to them by Clark to the plaintiffs who retailed them to the purchasers in the United Kingdom. In a circular, issued to them, the plaintiffs were described as general distributors and defendants as sole whole sale agents for those articles. The case setup by the defendant was that the "Clark Fountain spittoons" was got up in a manner which had become distinctive of that article in the market and that this get up of his spittoons was associated with the business of the defendants as sole agents for the sale thereof so as to indicate spittoons sold by them. The defendants had always sold the spittoons just as they were got up by the Clark and had not made use of any get up of their own (as distinguished from the get up of the spittoons as manufactured by Clark). On expiry of Clark's patent in USA, the agreement with the defendants under which the plaintiffs acted as sole distributing agents of the Clark spittoons in the UK was terminated and the plaintiffs begun to manufacture and sell the spittoon. The defendants claimed that this spittoon was so got up as to be an imitation of their spittoons. Since the Court found nothing in the get up of the goods to identify them with the defendant, so as to associate those goods with the defendant in the United Kingdom, it found no merit in the counter-claim of the defendant against manufacture or sale of spittoons by the plaintiff, which after termination of the agreement had started manufacturing its own spittoons. The Court was of the view that the mere fact that a person seeing an article would associate them to be a Clark's spittoon was not sufficient for the defendant to maintain an action of passing off. The proposition of law which emerges from this case is that if the sole distributor was selling the goods without changing any change in the get up, the customer would not identify or associate the product with him. During the course of the decision, it was observed that plaintiffs' goods need not be goods manufactured by him, they may be goods which he purchases or which he imports or otherwise acquires and which he sells under some get up which conveys that they are goods, which, whether imported or sold by him carry with them the advantage of the reputation that the plaintiff's firm is responsible for the quality of their character and a person dealing with the goods of another may have a goodwill in the business of dealings with them. It was further observed that the defendant as the sole agent may have a goodwill in respect of that business and if they had a get up of their own under which they sold Clark's goods, they may succeed in a passing off action. Since the defendant did not have any get up/package of its own, its claim for passing off was rejected by the Court. In the case before this Court also since Trans Tyres has been selling the goods without any get up of its own and without indicating any connection between it and the product or the trademark affixed on it, it is not entitled to maintain an action for passing off against the Double Coin Holdings Ltd. which not only manufactures the product, but also owns the trademark which was put on the product during the process of manufacturing.

In Brimingham Vinegar Brewery Company (supra), the respondent had for many years made and sold a sauce by the name "Yorkshire Relish" and before 1894, no other sauce was sold under that name. In 1894, the appellants put up in market a sauce very like with the

respondents and they sold it at a cheaper rate as a "Yorkshire Relish". The appellants/defendants labels and wrappers were distinguished from the respondents/plaintiffs, but there was evidence that purchasers who asked for "Yorkshire Relish" had been supplied with appellants/defendants product instead of the product of the respondent/plaintiff. It was contended on behalf of the appellant/defendants that there was no representation by it that its product was the manufacture of the original inventor because "Yorkshire Relish" had become a well-known article and calling it by that name meant it was that thing. Rejecting the contention, the Court, inter alia, observed as under:

"I am satisfied that a person who puts forward this "Yorkshire Relish," made as it is by the present defendants, is representing it as being a particular manufacture. It may be true that the customer does not know or care who the manufacturer is, but it is a particular manufacture that he desires. He wants Yorkshire Relish to which he has been accustomed, and which it is not denied has been made exclusively by the plaintiff for a great number of years. This thing which is put into the hands of the intended customer is not Yorkshire Relish in that sense. It is not the original manufacture. It is not made by the person who invented it. Under these circumstances it is a fraud upon the person who purchases to give him the one thing in place of the other. But then it is said that may give the purchaser a right to bring an action; but the present plaintiff has no right to intervene in the transaction between the parties. All I can say is that that is a proposition which probably might have been established if it were true in every one of the cases which have been before the Courts, and I never heard of such a proposition before. On the contrary, the rule of law has been that if you choose to state that which is false and induce another person to deal with you by that falsehood, and so deprive the original maker of the trade which otherwise he would get, that is an actionable wrong, and gives rise to the right to an injunction.

Lord Herschell, who wrote the third judgment in this case, inter alia, observed as under: "In the present case it seems to me that "Yorkshire Relish" meant the manufacture of a particular person. I do not mean that in the minds of the public the name of the manufacturer was identified, but that it meant the particular manufacture, and that when a person sold "Yorkshire Relish," as the defendants did, by selling it as "Yorkshire Relish" and calling it "Yorkshire Relish," they represented to the public that it was that manufacture which was known as and by the name of "Yorkshire Relish."

Lord Davey had the following observations to make: "The defendants made a sauce which it is said closely resembles that of the plaintiff in appearance, in chemical ingredients, and in flavour, and it is described by one of the chemical experts who have given evidence as „a wonderful match.' But as the defendants do not know the recipe of the plaintiff, nor the manner in which the ingredients are compounded, it is impossible to say that the two sauces are the same. The defendants are, therefore, selling a different sauce by a name which, by itself, would be calculated to induce purchasers to believe that it is the plaintiff's sauce"

The Court held that, the customers have been purchasing the tyres manufactured by Double Coin Holdings Ltd. China. It is Trans Tyres own case in the interview of Mr. Harish Kakkad published in TransTopics that this is a high quality product manufactured in a state of the art factory which is ten times bigger than any radial manufacturing facility in India. A person buying tyre sold under the brand name Double Coin would, therefore connect it with the manufacturer which has in the past being manufacturing the tyres sold under this brand name. If Trans Tyres is allowed to use the trademark Double Coin on the tyres which are manufactured by some other manufacturer, the customer, who purchases those tyres is likely to be deceived since he would purchase them on the assumption that these tyres had been manufactured by the same manufacturer though that would not be factually correct. It would, therefore, amount to Trans Tyres passing off its goods as those of the Double Coin Holdings Ltd. China. Moreover, if the quality of the product is not found to be as good as of the product manufactured by Double Coin Holdings Ltd. China, that may seriously affect the reputation and brand value which the trademark Double Coin enjoys in the market and thereby adversely affect Double Coin Holdings Ltd. China because the consumer may in such a case presume that the Chinese company has lowered the quality of its product and the tyres manufactured by it were no more of the same quality which they used to be in the past.

In N.R. Dongre and Ors. vs Whirlpool Corporation And Anr., (1996) 5 SCC 714, the mark/name Whirlpool was associated with the plaintiff Whirlpool Corporation much prior to the defendants application for its registration in the year 1986. Recognizing trans-border reputation of the trademark Whirlpool, the Court felt that the mark gave an indication of the origin of the goods as emanating from or relating to Whirlpool Corporation and, therefore, there was likelihood of the persons buying defendant's washing machines being sold under the same name being confused or misled to believe that these were the products of the plaintiff's Whirlpool Corporation. The Court held that in a case of passing off, injunction could be granted even against the proprietor of a registered trademark. In the case before this Court, Trans Tyres does not have any manufacturing capacity, whereas Double Coin Holdings Ltd. China has already been selling its goods in India. Therefore, the case of Double Coin Holdings Ltd. stands on a much stronger footing, as compared to the case of Whirlpool Corporation.

I, however, do not find any such proposition of law in any of these decisions which would persuade me to take a view that the goodwill in the trademark Double Coin in India belongs to Trans Tyres or that the customers in India have come to associate this mark with Trans Tyres.

For the reasons given in the preceding paragraphs, I am of the view that prima facie

- 1) it is Double Coin Holdings Ltd. and not Trans Tyres (India) Pvt. Ltd. which first used the trademark Double Coin in India;
- 2) the ownership and goodwill in the trademark Double Coin continues to vest in Double Coin Holdings Ltd. China which has been putting this mark on the tyres and tubes manufactured by it and which were also imported and sold in India by Trans Tyres;

3) the customers in India do not associate or identify the brand Double Coin with Trans Tyres.

Trans Tyres, therefore, despite having a registration in its favour, does not have any legal right to use the trademark Double Coin on any tyre or tube which is not manufactured by Double Coin Holdings Ltd. China. On the other hand, being the first user of the trademark Double Coin and manufacture of the tyres which are being sold in India under the brand name Double Coin, it is Double Coin Holdings Ltd. China which has legal right to use that mark in India and, therefore, has a prima facie case against use of that mark by Trans Tyres on any tyre or tube which is not manufactured by Double Coin Holdings Ltd. China.

As rightly contended by the learned counsel for the plaintiff, in the facts and circumstances of this case, the customer, on coming across a tyre/tube being sold under the name Double Coin, is likely to connect the product to the Chinese manufacturer and, therefore, if Trans Tyres is allowed to get tyres and/or tubes manufactured from another source and sell them under the brand name Double Coin, it is likely to confuse the customer and in fact may also deceive him because he would buy the product in the belief that he was purchasing a Chinese radial of superior quality manufactured by Double Coin Holdings Ltd, which has a state of the art manufacturing plant in China, has capacity to manufacture as many as 6 million radial tyres in a year, employs the state of art manufacturing process and maintains stringent quality controls. It is, therefore, necessary that only those products are sold under the name Double Coin, which are manufactured by Double Coin Holdings Ltd., China.

Admittedly, Trans Tyres is neither manufacturing nor outsourcing the manufacture of tyres. Double Coin Holdings Ltd., on the other hand, is an established manufacturer of tyres and tubes and has been selling these products in India since the year 2005. No substantial harm is, therefore, likely to be caused to Trans Tyres if it is restrained from selling tyres under the brand name Double Coin. Double Coin Holdings Ltd. on the other hand is likely to suffer irreparable loss if it is not allowed to sell tyres, which it has been selling in Indian market for the last about 6 years. The balance of convenience, therefore, lies in favour of Double Coin Holdings and not in favour of Trans Tyres. As regards tubes also, since Trans Tyres has not been manufacturing facility of its own and has only outsourced the supply of tubes while continuing to import tubes from Double Coin Holdings along with the tyres, no irreparable loss is likely to be caused to it, if it is restrained from manufacturing or getting manufactured and selling tubes in India under the name Double Coin unless they have been manufactured by Double Coin Holdings, China.

Since Trans Tyres has no facility for manufacture of tyre or tubes in India no prejudice will be caused to it if it is not allowed to use the trademark Double Coin on the tyres and tubes which are not manufactured by Double Coin Holdings Ltd. China. The facilities which Trans Tyres claims to have setup in India can be used for trading of other tyres which it is selling in India. It may, if so decides, get the tyres and tubes manufactured from some other manufacturer and sell them under its own brand name which it may adopt for this purpose.

On the other hand, if injunction is not granted to Double Coin Holdings Ltd. against use of the trademark Double Coin on the tyres or tubes which are not manufactured by it, that may cause irreparable loss to the Chinese company since Trans Tyres may introduce in market products manufactured by other manufacturers and sell them under the trademark Double Coin. This would, not only create confusion in the mind of the customer with respect to the origin/source of the product, it may also result in deceiving him since while buying tyres and tubes bearing the trade mark Double Coin, he would be presuming that these are the same products which he had so far been purchasing though, in fact, the products would be altogether different having been manufactured by some other company. If the quality of that product is not found to be as good as of the products being manufactured and sold by Double Coin Holdings Ltd. China, that may affect the reputation and credibility of Double Coin Holdings Ltd. and value of its brand not only in India, but also in other countries since the customer may assume that this company is no more a quality manufacturer of tyres and tubes and that is why the product is no more as good as it used to be. If this so happens, it may also affect the reputation which the trademark Double Coin enjoys in a number of countries.

Admittedly, rectification proceedings are already pending before the Trade Mark Registry. Section 124 of the Trademarks Act, to the extent it is relevant provides that in such cases, the Court shall stay the suit pending final disposal of such proceedings though such stay will not preclude the Court from making any interlocutory order, including the order granting an injunction. The final order made in rectification proceedings shall be binding upon the parties and the Court is required to dispose of the suit in conformity with such order in as far as it relates to the validity of the registration of the trade mark.

For the reasons given in the preceding paragraphs, further proceedings in the suit are stayed till disposal of the rectification proceedings pending before IPAB. Trans Tyres (India) Pvt. Ltd. is hereby restrained, during pendency of the suit, from selling any tyre or tube bearing the trademark Double Coin or a mark deceptively similar to the aforesaid mark unless that product has been manufactured by Double Coin Holdings Ltd. China. Trans Tyres, however, is permitted to liquidate those tubes which it has already got manufactured in India under the trademark Double Coin subject to its filing an affidavit within three working days, giving exact number of such tubes and its maintaining a full and complete account of the tubes which it has so far got manufactured in India under the trademark Double Coin. It is made clear that henceforth Trans Tyres will not get any tyre or tube manufactured under the trademark Double Coin. Both the applications stand disposed of in terms of this order. The observations made in this order being prima facie and tentative will not affect the decision of the suits on merits.