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

Reserved on: 22 April 2025

Pronounced on: 1 July 2025

+ **FAO(OS) (COMM) 151/2023 & CM APPL. 37334/2023**

VIP INDUSTRIES LTD

.....Appellant

Through: Mr Akhil Sibal, Sr. Adv. with
Mr. Nishad Nadkarni, Mr. Ankur Sangal,
Mr. Ankit Arvind, Mr. Aasif Navodia, Ms.
Khushboo Jhunhunwala, Mr. Shaurya
Pandey, Ms. Rakshita Singh and Ms. Ridhie
Baja, Advs.

versus

CARLTON SHOES LTD & ANR.

.....Respondents

Through: Mr. Sandeep Sethi, Sr. Adv.
with Mr. Peeyoosh Kalra, Mr. C.A. Brijesh,
Mr. Ishith Arora, Mr. Sumer Dev Seth and
Ms. Simranjot Kaur, Advs.

+ **FAO(OS) (COMM) 152/2023 & CM APPL. 37351/2023**

VIP INDUSTRIES LTD

.....Appellant

Through: Mr Akhil Sibal, Sr. Adv. with
Mr. Nishad Nadkarni, Mr. Ankur Sangal,
Mr. Ankit Arvind, Mr. Aasif Navodia, Ms.
Khushboo Jhunhunwala, Mr. Shaurya
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Ms. Simranjot Kaur, Advs.



CORAM:

HON'BLE MR. JUSTICE C. HARI SHANKAR

HON'BLE MR. JUSTICE AJAY DIGPAUL

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JUDGMENT**01.07.2025****C. HARI SHANKAR, J.****Facilitative Index to the Judgement**

S. No.	Subject		Para Nos
1	Opening para		1
2	The <i>lis</i>		2 – 8
3	The impugned judgment in a nutshell		9 – 16
4	Rival stands before the learned Single Judge		
5	<u>Case set up by CSL in CS (Comm) 730/2019</u>		17 – 23
6	<u>Case set up by VIP in CS (Comm) 52/2020</u>		24 – 28
7	The impugned judgment		
8	A	No case of infringement, as VIP and CSL are both proprietors of registrations of the mark CARLTON in Class 18	31 – 32
9	B	No case of trans border reputation made out	33 – 36
10	C	CSL has goodwill, and priority of user, in India	37
11	D	Ultimate Order	38
12	Rival Contentions of learned Counsel before us		
13	<u>Submissions of Mr Akhil Sibal, on behalf of VIP</u>		
14	A	Priority of user	39 – 46
15	B	Goodwill of VIP in CARLTON mark for luggage	47
16	C	Re. finding of goodwill in CARLTON mark as used by CSL	48 – 52
17	D	Re. CSL's goodwill in use of the CARLTON mark for footwear	53 – 54
18	E	Re. finding of dishonest adoption of	55 – 57

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APN(O)(COMM) 151/2023 and another connected matter

Page 2 of 82



		CARLTON mark by VIP	
19	F	Misrepresentation and dishonesty on CSL's part	58
20	G	Delay	59
21	H	Iniquitous consequence of impugned judgment	60 – 61
22		<u>Submissions of Mr. Sandeep Sethi on behalf of CSL</u>	
23	A	Priority of registration and priority of use	62 – 65
24	B	The concept of “goodwill”	66 – 67
25	C	Re. VIP's goodwill in the CARLTON mark – No trans-border reputation shown	68 – 69
26	D	Re. plea that CSL had no reputation or goodwill in the CARLTON mark for travel luggage	70 – 72
27	E	Misrepresentation	73
28	F	Balance of convenience	98 – 100
29	G	Re. Relief granted by impugned judgment	75
30	H	Re. Delay	76 – 77
31		<u>Submissions of Mr Sibal by way of rejoinder</u>	78 – 83
32		Analysis	
33	A	Re. Infringement	84 – 87
34	B	Ingredients of passing off	88 – 94
35	C	Trade mark rights are territorial	95 – 97
36	D	The concept of goodwill for the purposes of passing off – Has goodwill to be established in the mark, or in the mark as used for specific goods or services?	98 – 114
37	E	Trans-border reputation	115 – 127
38	F	Priority of user, and goodwill, established by CSL	128 – 132
39	G	Balance of Convenience	133 – 137
40	H	Delay	138 – 139
41		Conclusion	140 - 141

1. These appeals arise out of a common judgment dated 17 July 2023, rendered by a learned Single Judge of this Court in CS (Comm) 730/2019¹ and CS (Comm) 52/2020². As the cause title themselves



would indicate, these were cross suits, instituted against each other by Carlton Shoes Ltd.³ and VIP Industries Ltd⁴.

The *lis*

2. Once the air is cleared, the controversy has percolated down to only one issue, which is whether goodwill, for the purposes of a passing off action, is of a mark, or of a mark in respect of particular goods or category of goods.

3. CS (Comm) 730/2019, instituted by CSL against VIP and CS (Comm) 52/2020, instituted by VIP against CSL, were both seeking permanent injunction, restraining the opposite party from using the mark CARLTON, as a word mark or a device mark.

4. During the course of the arguments, Mr. Akhil Sibal, learned Senior Counsel for VIP, submits that the restraint that his client seeks against CSL is only against use of the mark CARLTON for luggage, bags and similar goods. He has no objection to CSL using the mark CARLTON for any other item.

5. As against this, CSL presses its claim for injunction against VIP in respect of the use of the mark CARLTON for any goods in Class 18.

² VIP Industries Ltd v Carlton Shoes Ltd.

³ “CSL” hereinafter

⁴ “VIP” hereinafter



6. VIP and CSL filed, with their respective suits, applications under Order XXXIX Rules 1 and 2 of the Code of Civil Procedure, 1908⁵, seeking interim injunctions pending disposal of the suits. CSL filed IA 18443/2019 in CS (Comm) 730/2019 and VIP filed IA 1369/2020 in CS (Comm) 52/2020.

7. By the impugned judgment, the learned Single Judge has dismissed IA 1369/2020 filed by VIP and has allowed IA 18443/2019 filed by CSL in the following terms:

“66. For all the aforesaid reasons, this Court comes to a prima facie conclusion that Carlton has made out a case for grant of injunction against VIP. Accordingly, I.A. 18443/2019 in CS(COMM) 730/2019 filed by Carlton is allowed to the extent of restraining VIP, its assigns, affiliates, relatives, successors-in-interest, licensees, franchisees, partners, representatives, servants, distributors, employees, agents and all other persons from marketing, selling or offering to sell bags and other allied goods falling in class 18 under its trademarks CARLTON (word mark)

and  **CARLTON** ESTD LONDON 1976 and/or any other trade mark identical/ deceptively similar to Carlton's trademarks CARLTON/CARLTON

 **CARLTON** LONDON/  or any variants thereof singularly or in conjunction with any other word or monogram/logo or label or in any other manner, amounting to passing off. I.A. 1369/2020 in CS(COMM) 52/2020 filed by VIP against Carlton is dismissed.

67. It is however directed that Carlton shall maintain accounts of manufacture and sales of the impugned products under the

marks  **CARLTON** LONDON/  and shall file the same on affidavit on half-yearly basis in this Court.”



8. Aggrieved by the impugned judgment, VIP has, therefore, instituted the present appeals. FAO (OS) (Comm) 151/2023 challenges the impugned judgment insofar as it dismisses VIP's IA and FAO (OS) (Comm) 152/2023 challenges the impugned judgment insofar as allows CSL's IA.

The Impugned Judgment in a nutshell

9. CSL and VIP both possess registrations of the mark CARLTON, in Class 18, for various goods. CSL's registration in Class 18 is w.e.f. 6 May 1994, whereas VIP possesses two registrations of the CARLTON mark in Class 18, w.e.f. 26 July 1995 (through its predecessor-in-interest CARLTON International PLC⁶) and w.e.f. 21 April 2006, on its own account.

10. In their cross suits, seeking injunction against use of the mark CARLTON, CSL and VIP pleaded infringement as well as passing off.

11. The entire judgment of the learned Single Judge can be condensed into three precise findings. They are that

- (i) as VIP and CSL have both registrations of the CARLTON mark in Class 18, neither can maintain an infringement action against the other, in view of Section 28(3)⁷ of the Trade Marks Act, 1999,

⁶ "CIPLC" hereinafter

⁷ (3) Where two or more persons are registered proprietors of trade marks, which are identical with or nearly resemble each other, the exclusive right to the use of any of those trade marks shall not (except so far as their respective rights are subject to any conditions or limitations entered on the register) be deemed to have been acquired by any one of those persons as against any other of those persons merely by registration of the trade



- (ii) insofar as passing off is concerned, VIP had not been able to prove the existence of trans-border reputation of the CARLTON mark in India prior to 2004, when VIP commenced use of the CARLTON mark in India, so that the issue of passing off had to be decided on the basis of the goodwill and reputation of the respective marks of VIP and CSL after their use commenced in India, and
- (iii) CSL, on the other hand, had proved the existence of goodwill of the CARLTON mark in India at least from 2003, which was prior to the commencement of use of the CARLTON mark by VIP in 2004.

12. Thus, the learned Single Judge has held that, in the absence of proof of trans-border reputation of the CARLTON mark, as used by VIP in India prior to 2004, priority of user in India of the CARLTON mark is of CSL. The learned Single Judge has also held that CSL has provided enough material to establish existence of sufficient goodwill in India as would justify an action for passing off.

13. Predicated on these findings, the learned Single Judge has proceeded to injunct VIP from using the CARLTON mark in respect of goods covered by Class 18 and has rejected VIP's application for similar injunction against CARLTON.

14. One of the main planks of Mr. Akhil Sibal's arguments, on behalf of VIP, is that goodwill has to be of the brand of the mark as

marks but each of those persons has otherwise the same rights as against other persons (not being registered users using by way of permitted use) as he would have if he were the sole registered proprietor.

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Page 7 of 82



used in respect of particular goods. He submits that, even if CSL possess enviable goodwill for the CARLTON mark prior to 2004, it had never used the mark for bags. On the other hand, VIP has admittedly been using the CARLTON mark for bags in India since 2004. In respect of bags, therefore, Mr. Sibal's submissions has been that it is VIP which possesses goodwill in the CARLTON mark rather than CSL.

15. The impugned judgment, he submits, has resulted in a peculiar consequence. It has permitted CSL, who has no goodwill whatsoever for the CARLTON mark for travel luggage, to use the mark for travel luggage and has injuncted VIP, which has over two decades of goodwill for the CARLTON mark in respect of travel luggage, from further using the mark for travel luggage whatsoever. Even the gross illegality of such a consequence, as he would submit, makes out a case for interference.

16. The issue before us is, therefore, limited and no detailed allusion to facts would be necessary. However, a brief factual overview, for statistical purposes, would be appropriate.

Rival Stands before the learned Single Judge

Case set up by CSL in CS (Comm) 730/2019

17. CSL contended, in its suit, that the mark "CARLTON" was adopted by one Baljit Virk in 1992 in the UK, and was based on the name of his son Carljit Virk. Baljit Virk incorporated the company



Carlton Shoes Ltd. in 1992 in UK. In 1993, Carlton Overseas Pvt. Ltd. was incorporated in India.

18. The trademark CARLTON was registered in India w.e.f. 6 May 1994 in Class 18 for “leather and imitations of leather and classes animal skins hides trunks and travelling bags umbrellas parasols and walking sticks whips harness and saddlery”

19. Admittedly, the mark CARLTON was in use in India since 1994. However, it is not in dispute that CSL did not use the CARLTON mark for bags of any sort, even though travelling bags were covered by the trademark registration held by it. The primary use of the mark CARLTON by CSL was for shoes, footwear and the like .

20. On 10 October 2019, CSL received a legal notice from VIP, which formed the ultimate provocation for filing CS (Comm) 730/2019. In the legal notice, VIP stated that it had come to learn that CSL was planning to use the CARLTON mark for bags and other such items. VIP claimed to have been using the mark CARLTON, for bags, suit cases and other such goods since 2006. As such, VIP claimed that, by planning to use the mark CARLTON for bags, CSL was seeking to piggyback on the goodwill and reputation earned by VIP in respect of the said mark. VIP also pointed out that it was the registered proprietor of the CARLTON mark in Class 18, through its predecessor CIPLC w.e.f. 26 July 1995 for “umbrellas and parasols, articles of luggage, briefcases and attache cases, suitcases, bags, bags for campers, bags for climbers, beach bags, game bags, handbags, rucksacks, school bags, school satchels, shopping bags, handbags,



haversacks, wallers, purses, pouches, sling bags for carrying infants, tool bags, travelling bags, trunks and vanity cases (unfitted), articles of leather and of imitation leather” and on its own account w.e.f. 21 April 2006 for “bags, suit cases, brief cases, carry-ons and travelling bags”. As such, VIP had amassed considerable goodwill of the CARLTON mark in respect of bags and similar goods, it is submitted, on which CSL could not lawfully seek to capitalise. As such, CSL was called upon to cease and desist from using the mark CARLTON in respect of goods covered in Class 18, particularly for bags of any sort.

21. CSL responded to VIP’s cease and desist notice on 16 October 2019 and 25 November 2019. In its responses, CSL pointed out that it was the registered proprietor of the CARLTON trademark in Class 18 w.e.f. 6 May 1994, which was much prior both to the registration of the CARLTON mark in Class 18 in favour of VIP or even of its predecessor and as well as of the date from which VIP claimed user of the CARLTON mark.

22. CSL promptly followed up the response to the cease and desist notice by CS (Comm) 730/2019, filed before this Court on 21 December 2019. In its suit, CSL contended that the use, by VIP, of the mark CARLTON, infringed the registered CARLTON trade mark of CSL and also amounted to an attempt by VIP to pass off its goods as the goods of CSL. As such, CSL sought a decree of permanent injunction, restraining VIP from using the CARLTON mark in respect of any goods whatsoever.

23. Along with its suit, CSL also filed IA 18443/2019 under Order



XXXIX Rules 1 and 2 of the CPC, seeking interim injunction.

Case set up by VIP in CS(Comm) 52/2020

24. VIP claimed proprietorial rights over the CARLTON mark by virtue of an Assignment Agreement dated 25 March 2004, whereby the marks along with goodwill vesting therein, were assigned by CIPLC in favour of VIP.

25. VIP pointed out, in its suit, that the origin of adoption of the mark CARLTON dated back to 1980 when Raxvale Ltd.⁸, a company incorporated in the UK, had adopted the mark DIPLOMAT CARLTON, followed by adopted of the mark CARLTON in 1986. On 4 December 1989, the name of the company was changed from Raxvale Ltd. to Carlton International Plc. The mark CARLTON was registered in India in favour of CIPLC under Class 18 w.e.f. 26 July 1995 for “umbrellas and parasols, articles of luggage, briefcases and attache cases, suitcases, bags, bags for campers, bags for climbers, beach bags, game bags, handbags, rucksacks, school bags, school satchels, shopping bags, handbags, haversacks, wallets, purses, pouches, sling bags for carrying infants, tool bags, travelling bags, trunks and vanity cases (unfitted), articles of leather and of imitation leather”. VIP acquired the intellectual property rights in the CARLTON mark from CIPLC *vide* Assignment Agreement dated 25 March 2004. Consequent thereupon, VIP also obtained registration of the mark CARLTON in class 18 for the “bags, suit cases, briefcases, carry-ons and travelling bags”, w.e.f. 21 April 2006.



26. VIP claimed user of the CARLTON mark, in respect of luggage, travelling bags, hand bags and the like since 2006.

27. The goodwill of the mark CARLTON, insofar as it pertained to luggage, therefore, dated back to 1980, when Raxvale commenced using the mark in the UK. In India, VIP itself had commenced using the mark CARLTON in respect of luggage, bags etc. since 24 May 2004. VIP had, therefore, to its credit, over 15 years of goodwill in the mark CARLTON in respect of luggage, bags and similar goods, by 2019, when it came to learnt that CSL was also intending to use the mark CARLTON for similar items. This, according to VIP, amounted to capitalizing on the goodwill earned by VIP in the mark CARLTON for luggage, bags etc. and also amounted to infringement of the registration of the mark CARLTON in favour of VIP/its predecessor-in-interest in Class 18, dating back to 26 July 1995. As such, alleging infringement as well as passing off, VIP, by its suit, sought a decree of permanent injunction, restraining CSL from using the CARLTON mark for any goods covered by Class 18. As already noted, before us, Mr. Sibal, learned Senior Counsel for VIP, has restricted the injunction that his client seeks against CARLTON to bags, hand bags, travel luggage and other similar goods, principally to travel luggage.

28. With its suit, VIP filed IA 1369/2020 under Order XXXIX Rules 1 and 2 of the CPC, seeking an interim injunction.



The impugned judgment

29. We may proceed, straightway, to the impugned judgment.

30. The findings of the learned Single Judge commence from para 28 of the impugned judgment.

A. No case of infringement, as VIP and CSL are both proprietors of registrations of the mark CARLTON in Class 18

31. From paras 38 to 45, the learned Single Judge deals with the rival contentions of CSL and VIP, against each other, alleging infringement. The learned Single Judge holds, on the basis of Section 28(3) of the Trade Marks Act, that an action for infringement cannot lie at the instance of one registered mark holder against another, though each of them could maintain an infringement action against a third, unregistered trade mark holder.

32. The rival claims of passing off, as levelled by VIP and CSL against each other, therefore, according to the learned Single Judge, were alone required to be decided.

B. No case of trans border reputation made out

33. The findings of the learned Single Judge, on this aspect, can also be divided into two parts. As the learned Single Judge observes, the plea of passing off, in a case such as this, has two faces. The aspect of passing off has to be examined both with respect to the



aspect of trans-border reputation of rival marks as well as goodwill and reputation of the marks within India.

34. It is open to a party, who has been using a trade mark outside India, either by itself or through its predecessor-in-interest, before commencing use of the mark in India, to contend that even the use of the mark outside India would contribute towards the goodwill that the mark has earned over a period of time, on account of the trans-border reputation of the mark in India. For this purpose, however, it would be necessary for such a party to establish spillover of the reputation of the mark, as used outside India, into the Indian territory. The principles that apply in this regard have been thus culled out by one of us (C. Hari Shankar, J.) sitting singly, in *BPI Sports LLC v Saurabh Gulati*⁹:

“(i) The territoriality principle applies; not the universality doctrine. Existence of goodwill and reputation has, therefore, to be shown to exist in India. Universal or worldwide goodwill and reputation, sans any evidence of territorial goodwill and reputation, is not sufficient.

(ii) Mere reputation is not enough. The claimant/plaintiff must show that it has significant goodwill.

(iii) The actual existence of an office of the plaintiff in the country of the defendant is not necessary

(iv) However, the claimant must have customers within the country of the defendant, as opposed to persons in the defendant's country who are customers elsewhere. Thus, where the claimant's business is carried on abroad, it is not enough for the claimant to show that there are people in the defendant's country who happen to be its customers when they are abroad.

(v) However, it would be enough if the claimant could show that there were people in the defendant's country who, by booking



with, or purchasing from an entity in the defendant's country, obtained the right to receive the claimant's service abroad. The person from whom such booking or purchase took place could be the claimant, or its branch office, or someone acting for or on behalf of the claimant.

(vi) The claimant must be present through its mark in the territorial jurisdiction of the country of the defendant, though the existence of a real market was not necessary.

(vii) Such presence could, for instance, be shown by extensive advertisements which had been circulated and seen, or read, in the country of the defendant.

(viii) Once the existence of transborder reputation and goodwill was thus established, the claimant was not required, further, to prove the existence of actual confusion. The likelihood of the customer of average intelligence and imperfect recollection being confused, by the use of the impugned mark of the defendant, that the goods or services of the defendant were those of the claimant-plaintiff, was sufficient.”

35. Adopting the said principles, and following the judgment of the Supreme Court in *Toyota Jidosha Kabushiki Kaisha v Prius Auto Industries Ltd*¹⁰, the learned Single Judge holds that “the existence of goodwill and reputation has to be shown to exist in India and worldwide or global goodwill and reputation, sans any evidence of territorial goodwill and reputation, will be insufficient to succeed in a claim of passing off and thus yardstick to judge the claim of passing off will be “prior user” in India”.

36. Following the said observations, the learned Single Judge has thus concluded in paras 55 and 56 of the impugned judgment:

“55. From a conjoint reading of the aforesaid judgments, the singular principle that emerges for deciding the claim of passing off will be to assess the existence of goodwill and reputation ‘in India’. As a corollary, worldwide or global goodwill and reputation



will not suffice albeit actual or physical existence of brick and mortar stores may not be necessary in the country. In other words, Plaintiff would have to establish its presence within the jurisdiction of Defendant's country and this presence can be through advertisements and promotion and not necessarily by real market but with a rider that that the spillage is so considerable as to confuse or deceive a customer of average intelligence and imperfect recollection into believing that the goods or services of the Defendant are those of the Plaintiff.

56. Tested on the anvil of the observations of the Supreme Court in *Toyota Jidosha Kabushiki Kaisha (supra)* and the aforementioned judgments, in order to succeed in the claim for passing off, both VIP and Carlton in their respective rights would have to establish their existence through their marks in India and their goodwill and reputation abroad alone would not suffice, applying the territoriality principle.”

C. CSL has goodwill, and priority of user, in India

37. As the learned Single Judge notes in the remaining paragraphs of the impugned judgment, the only issue that remained to be considered was the comparative goodwill of CSL and VIP in the CARLTON mark in India. Regarding this, the learned Single Judge has thus held in paras 56 to 65 of the impugned judgment:

“56. Tested on the anvil of the observations of the Supreme Court in *Toyota Jidosha Kabushiki Kaisha (supra)* and the aforementioned judgments, in order to succeed in the claim for passing off, both VIP and Carlton in their respective rights would have to establish their existence through their marks in India and their goodwill and reputation abroad alone would not suffice, applying the territoriality principle.

57. VIP has placed on record promotional and advertisement material in support of its claim of transborder reputation of its predecessor-in-title Carlton International PLC. As an illustration, one of the said document is extracted hereunder, for ready reference:-



58. It is palpably clear that these documents shed no light on whether the purported promotion material was extensively and widely published and/or circulated in India and customers here had seen and read them such that the goodwill and reputation of VIP's predecessor percolated and spilled into India, since universal or worldwide goodwill and reputation, sans any evidence of territorial goodwill and reputation, is no longer the yardstick. As held by the Co-ordinate Bench, Plaintiff must have customers within the country of the Defendant, as opposed to persons in the Defendant's country who are customers elsewhere. Thus, where Plaintiff's business is carried on abroad, it is not enough to show that there are people in the Defendant's country who happen to be its customers when they are abroad. None of the promotional material or articles placed on record by VIP even obliquely reflect VIP's predecessor's existence in the Indian market till 2004, when VIP acquired the trademarks and consequential rights and goodwill, by way of an Assignment Agreement. Some documents, purportedly advertisements/price lists, reflect their origin dating back to the 1980s and 1990s, but there is no supporting material to show their awareness amongst customers in India. It must be kept in mind that in that era, knowledge and awareness of brands was mostly through travel of people off shores or through electronic/print media as the online exposure was limited. No documents are found on record which would evidence sales in India by VIP's predecessor, in the form of invoices, bills, delivery documents, photographs of stores displaying the products, etc. under the trademark CARLTON. VIP has laboured to piggyback on the advertisements and sales figures of its umbrella brand VIP in a misdirected effort to generate goodwill, however, that cannot aid VIP as the test here would be goodwill and reputation generated under the trademark CARLTON and not VIP.

59. Applying the aforesaid principles culled out by the Court in **BPI Sports LLC (supra)**, VIP is required to show prima facie at this stage that it had customers/sales in India for its goods i.e. bags and other allied goods falling under class 18 under the trademark CARLTON, prior to Carlton, as opposed to customers outside the territorial boundaries of India. It is not enough to show that people in India were customers of Carlton International PLC, when they travelled abroad, going by the recent judicial precedents on this aspect. In a nutshell, VIP is required to prima facie demonstrate the



presence of its mark within Indian boundaries, which, in my opinion, it has failed to do, at this stage.

60. To substantiate its case, VIP has also placed reliance on certain articles, advertisements and sales invoices of goods under the mark CARLTON, post-acquisition of Carlton International PLC by VIP. However, all that can be said at this stage is that none of these documents evidence user of the mark CARLTON prior to the user by Carlton. The earliest sales invoice placed on record by VIP is dated 11.08.2006, followed by invoices dated 26.10.2006, 31.10.2006, 29.01.2007 and 30.01.2007 and thereafter from 05.11.2012 onwards. Significantly, invoices for the years 2006 and 2007 have no reference to CARLTON. To overcome this lacuna, pointed out by Carlton during the course of hearing, VIP filed additional documents vide Index dated 20.05.2022, containing a list of invoices allegedly reflecting sale of bags and learned Senior Counsel laboured hard to co-relate the sales, price lists and the promotional brochures. As an illustration, invoice dated 22.12.2006 annexed at Page No. 1 of the Index dated 20.05.2022, reflects the category of bag as 'Airtec' which finds mention in a price list annexed at Page 3 and promotional brochures are at Pages 4 to 6. However, despite this exercise and assuming the stand of VIP to be correct on its face value that bags were sold under the said invoices, no mileage can be drawn by VIP from these invoices, since the earliest invoice even in the additional set of documents dates back to 22.12.2006, which is well after the earliest sales of Carlton in India, which according to Carlton goes back to the year 1992/1993. In a nutshell, the documents filed by VIP i.e. promotional material, articles, sales/tax/import invoices etc. even cumulatively, do not constitute sufficient spillover into India of the transborder reputation, so as to defeat the claim of Carlton.

61. Passing off is a tort premised on deceit and involves an element of confusion among and deception of a mythical customer who chances on the Defendant's mark and it goes without saying that for this, Plaintiff's reputation is an indispensable element. Absence or negligible presence of VIP's goods in question under the trademark CARLTON in the Indian market space when Carlton started to occupy the space, defeats VIP's claim of passing off against Carlton.

62. Carlton, on the other hand, is 'first in the Indian market' in respect of bags and allied goods falling under class 18 sold under the trademark CARLTON, territoriality principle having overtaken the universality doctrine. In the Indian market, prima facie Carlton has made out a case of prior user and enviable exposure of bags under the mark CARLTON, which is demonstrable from the following documents:-



- (a) Invoices of sales from the year 2003 from various shops in different malls in Punjab, Haryana and Rajasthan as also list of 24 outlets across Delhi, Gurgaon, Noida, Chandigarh etc. where some sales invoices pertain to the years 2003 to 2005.
- (b) Certificate of Sales figures/revenues under the mark CARLTON in India for the years 1993-2018.
- (c) Articles extensively figuring on various high-profile magazines and newspapers widely published and circulated in India such as Cosmopolitan, Femina, Fashion Bloom, Apparel, Society, Outlook, The Tribune, The Pioneer, HT City, Business Standard, The Hindu etc. The earliest promotional material for bags dates back to March, 2004.
- (d) Presence on e-commerce platforms available in India like Myntra, Flipkart, Amazon, etc.
- (e) VAT registrations from the year 1993 onwards.
- (f) Master data of production under the CARLTON marks from the year 2003 onwards.
- (g) Consumer complaints from the year 2016 onwards showing actual confusion amongst consumers mistaking VIP's products for Carlton's products.

63. Passing off is a common law remedy based on the ethos and principles that goodwill in the business must be protected against misrepresentation by third parties in the course of trade and in several judgments, Courts have echoed that assertion of the right in passing off is premised on the ground that no one has a right to represent his goods or services as that of someone else and even if misrepresentation is not fraudulent or deliberate but innocent, Courts would come to the aid and grant injunction to protect the goodwill. The essential characteristics/elements of the action of passing off have been succinctly brought out by Lord Diplock in *Erven Warnink BV v J. Townend & Sons (Hull) Ltd*¹¹ and it would be apposite to refer to them hereunder:

“(1) a misrepresentation, (2) made by a trader in the course of trade, (3) to prospective customers of his or ultimate consumers of goods or services supplied by him, (4) which is calculated to injure the business or goodwill of another



trader (in the sense that this is a reasonably foreseeable consequence), and (5) which causes actual damage to a business or goodwill of the trader by whom the action is brought or in a quia timet action will probably do so”

64. VIP has prima facie failed to establish spillover of transborder reputation in India and/or prior user while Carlton is first in the Indian market and has shown formidable goodwill and reputation under the trademark CARLTON and its formative marks. VIP stepped into the market under the mark CARLTON well after Carlton and knowing the presence and existence of Carlton in bags in India, adopted phonetically identical and visually similar trademarks for similar goods, which needless to say would lead to likelihood of confusion with an unwary purchaser believing that the bags are sold by Carlton. In fact, in this case, Carlton has also placed on record material to show that VIP itself claims launch of its products under CARLTON in 2014 and complaints from customers from 2016 of actual confusion alleging inferior quality, which though is a matter of trial but does dent the case of VIP for passing off. No documents supporting passing off by Carlton have been filed by VIP, per contra. Therefore, Carlton has made out a prima facie case for grant of injunction and irreparable loss shall be caused if VIP is not restrained from selling similar goods under the trademark CARLTON (word and device). Balance of convenience also lies in favour of Carlton.

65. VIP relied on judgments on the proposition of ‘first in the market principle/prior user’. In my view, judgments in *S. Syed Mohideen*¹², *Milmet Oftho Industries*¹³ and *Neon Laboratories Limited*¹⁴, aid the case of Carlton which has been successful in establishing prior user by way of sales and various other documents. VIP has also placed reliance on the judgments in *Ansul Industries*¹⁵ and *Suzuki Motor*¹⁶ for dishonest adoption, but these would also not help, as VIP has failed to make out a case of dishonest adoption by Carlton. The remaining judgments are on well settled proposition of law which can hardly be disputed but do not further the case of VIP in the facts of the present case.”

¹² S. Syed Mohideen v P. Sulochana Bai, (2016) 2 SCC 683

¹³ Milmet Oftho Industries v Allergan Inc., (2004) 12 SCC 624

¹⁴ Neon Laboratories Ltd v Medical Technologies Ltd, (2016) 2 SCC 672

¹⁵ Ansul Industries v Shiva Tobacco Co., 2007 SCC OnLine Del 74

¹⁶ Suzuki Motor v Suzuki (India) Ltd, 2019 SCC OnLine Del 9241



D. Ultimate order

38. Following the above findings, the learned Single Judge has allowed IA 18443/2019 and has dismissed IA 1369/2020, in the terms already set out earlier in this judgment.

Rival Contentions of learned Counsel before this Court

Submissions of Mr. Akhil Sibal, on behalf of VIP

A. Priority of user

39. Mr. Sibal submits that the user of the mark CARLTON, to the extent it is relevant for the present controversy, has to be with respect to luggage, and not other goods, including footwear. He submits that VIP's use of the mark CARLTON, in respect of goods covered by Class 18 commenced in the UK in the 1980s, much prior to the commencement of user of the mark CARLTON by CSL in the UK in 1992.

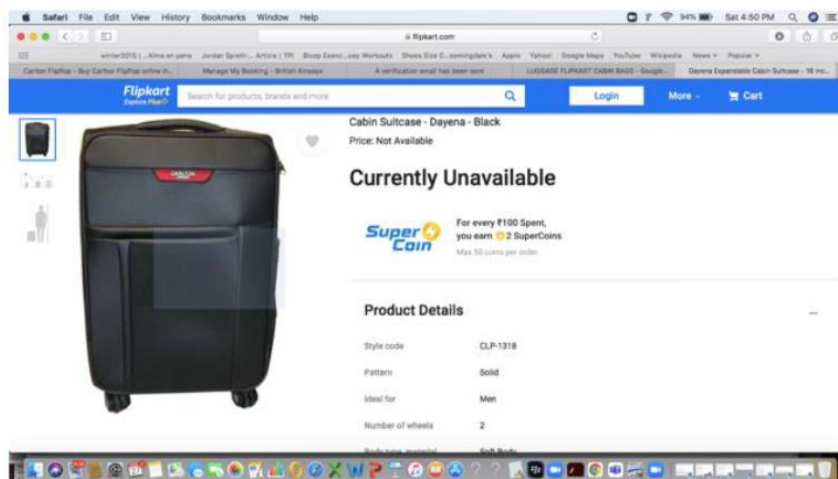
40. Even in India, submits Mr. Sibal, the user of the mark CARLTON, in respect of luggage, by VIP, is anterior in point of time to the user of the mark by CSL. He submits that there is no evidence of use of the mark CARLTON by CSL for luggage at least till 2013. CSL has placed reliance on the following Flipkart listing of a suitcase, bearing the CARLTON mark, to assert user of the mark since 2011:



Carlton Overseas Pvt Ltd

Travel / Luggage Bag Style No. CLP-1318

IMPORTED AND SOLD IN YEAR 2011



Mr. Sibal submits that, in fact, afore-reproduced Flipkart listing is not reflect any year. The note “Imported and Sold in Year 2011”, as contained above the image, is not part of the screenshot, but is a note entered by CSL. There is, therefore, in fact nothing to indicate that the above Flipkart listing is of 2011. The finding, of the learned Single Judge, in the impugned order, to the effect that CSL has produced evidence of use of the mark CARLTON for luggage in 2011 is, therefore, incorrect.

41. Even the Master Data of CSL’s products, as filed by CSL itself in its suit, containing 3524 entries, contains only one lone entry relating to luggage, of 16 December 2010, of Chinese origin. He has also drawn our attention to various articles in fashion and travel magazines, filed by CSL with its suit, and points out that none of them referred to use of the mark CARLTON for travel luggage. CSL has, further, placed on record with its suit, invoices dating back to August



2002, but there is no indicator that they refer to luggage.

42. Mr. Sibal has further drawn our attention to the following e-mails placed on record by CSL, purportedly to show that CSL's customers had purchased CARLTON luggage manufactured by VIP and had complained about its quality, and particularly emphasizes the responses by CSL to the said emails:

“Support Mail <support@carltonlondon.com>

Feb 24, 2017 3.41 pm

To Amol

Hi Amol,

Thank you for your E-mail.

But you have contacted to Carlton London which is a Brand not dealing with Travel accessories you much be looking for Carlton Travel Bag/Carlton Luggage for the solution.

<http://store.carltontravelbags.com>

Regards
Carlton London”

“Support Mail <support@carltonlondon.com>”

Wed March 1, 2017 4.54 pm

To Gunjan

Hi Gunjan,
Greetings from Carlton London !

Thank you for contacting Carlton support. We appreciate the opportunity to assist you.

As per your query, we would like to tell you that we are Carlton London which is a Footwear brand.

Kindly contact to Carlton Travel bags which is totally different from us !



<http://carltontravelbags.com>

Thanks,
Carlton London”

“Support Mail <support@carltonlondon.com>”

Mon June 12, 2017 10.07 am

To captain.brk739

Hi Ramakrishna,
Greetings from Carlton London.

Thank you for writing to Carlton London.

We would like to inform you that we are Carlton London A footwear brand we don't deal with travel bags.

You need to contact to Carlton Travel Bags for the same.

“Sujata Ghatnekar <sujata.ghatnekar@gmail.com>

Thu, Aug 8 4.18 pm.”

To me
Hello,

I have purchased two suitcases from VIP LOUNGE MG Road, Pune on 15/6/2019.

One of the large suitcase chain was broken from the (place which is used to insert in the slot to lock) I was travelling to UK, because of the lock was open from one side and easily could open chain from one side as other side was locked someone slid hand inside the bag and stole the gifts from the bag which were bought for my friends bk in UK. So immediately I rang to the Pune shop from where I purchased the bag and told them what has happened, they advised me to repair the bag in UK but I did not wanted to as I purchased in Pune, after reaching to Pune I gave them the bag for replacement of the chain but I want to know if this has happened once for new bag how can one trust it will not become again ?

I lost my few clothes and gifts, who is going to repay ?

Here after I will NEVER recommend anyone to buy Carlton London bags.



I am sending you the snapshot of bill.

Hoping to get back the reply.

Thanking you

Mrs Sujata.

Sent from my iPhone

“Support Mail <support@carltonlondon.com>”

Fri, Aug 9, 10.00 am

To Sujata

Hi Sujata,

Greeting from Carlton London.

Please contact Carlton Travel bags we don't deal in Suitcase.

The responses, from CSL, to the above complaints, points out Mr. Sibal, clearly indicated that CSL was not involved in the manufacture of bags, luggage and the like under the mark CARLTON, which was essentially a footwear brand. In fact, in its responses, CSL redirected the complainants to VIP.

43. Thus, contends Mr. Sibal, CSL is not in the business of luggage, using the CARLTON brand since 2011, as contended by it and as found by the learned Single Judge. In fact, CSL did not commence use of the mark CARLTON for luggage for 13 years after use of the same mark for luggage, by VIP, had commenced. Even on the date of filing, by VIP, of CS (Comm) 52/2020, CSL was not using the mark CARLTON for luggage.

44. Even in its response, dated 25 November 2019, to the cease-



and-desist notice dated 10 October 2019 issued by VIP, CSL did not state that it was using the mark CARLTON for luggage.

45. Even while accepting, in the impugned judgment, user, by VIP, of the CARLTON mark, for luggage, since 2006, the learned Single Judge has referred to in article on the website mtholyoke.edu, in which it is stated that Radhika Piramal, the managing director of VIP, had “launched Carlton luggage, which is aimed at premium business travellers, in 2014.” Mr. Sibal submits that this statement, as contained in this article, is incorrect. He further submits that the learned Single Judge ought not to have relied on the said article, which merely figures on a third-party website. He points out that VIP has placed, on record, invoices, certificates of Chartered Accountants, advertisements and figures of the revenues earned by it and expended by it, which indicate that it has expanded into the luggage business, under the CARLTON brand, in 2006.

46. Thus, as VIP can claim use of the CARLTON mark for luggage since 2004 and at least since 2006, and the user, by CSL, of the CARLTON mark, for luggage, is in any case not before 2013, VIP enjoys priority of use of the CARLTON mark, for luggage, in India.

B. Goodwill of VIP in CARLTON mark for luggage

47. Apropos VIP’s goodwill in the CARLTON mark for luggage, Mr. Sibal refers to

- (i) articles in major newspapers in India in 2004, which widely reported the acquisition of the Carlton brand by VIP,



- (ii) invoices placed on record by VIP, dating back to 2006, reflecting sale of Carlton travel luggage,
- (iii) certified sales figures filed by VIP for its Carlton travel luggage and
- (iv) Annual Reports of VIP for the years 2003-2004, 2004-2005 and 2005-2006, reflecting the used by VIP for the mark CARLTON for private luggage in India.

Mr. Sibal submits that, in the impugned judgment, the learned Single Judge has in any case proceeded on the premise that VIP has been able to establish its use of the CARLTON mark for luggage since 2006.

C. Re. finding of goodwill in CARLTON mark as used by CSL

48. Mr. Sibal next addresses para 62 of the impugned judgment which, in fact, is a self-contained paragraph, returning positive findings in favour of CSL regarding accumulation of goodwill and reputation in its CARLTON mark. The learned Single Judge has relied on (i) sale invoices dating back to 2003 from different outlets in Punjab, Haryana and Rajasthan, along with sales invoices for the years 2003 to 2005 across 24 outlets in Delhi, Gurgaon, Noida and Chandigarh, (ii) certificates of sales figures/revenues, using the mark CARLTON in India for the period 1993 to 2018, (iii) articles extensively figuring on high-profile magazines and periodicals, with the earliest promotional material for bags dating back to March 2004, (iv) presence on e-commerce platforms, (v) VAT registrations from 1993, (vi) the Master Data of production under the CARLTON marks from 2003 onwards and (vii) consumer complaints dating back to 2016, reflecting actual confusion among consumers as a result of the



co-existing CARLTON marks. Mr. Sibal submits that this data essentially pertains to sale of handbags and purses, which cannot be treated as alike or cognate to luggage, in respect of which VIP is claiming exclusivity for use of the CARLTON mark. He submits that VIP does not deal in handbags or purses.

49. In fact, submits Mr. Sibal, CSL has not even pleaded that it was the first user of the mark CARLTON for travel luggage in India. Nor has it placed, on record, any sales figures reflecting use, by it, of the mark CARLTON for travel luggage in India. The Master Data showing sales, by CSL, of its products, contained 3524 entries, of which only one entry, at S. No. 2047, referred to Carlton luggage, of Chinese origin. Even this entry did not indicate sale of Carlton luggage in India. The Flipkart listing, on which CSL placed reliance, was undated.

50. Specifically advertent to the consumer complaints on with CSL places reliance, Mr. Sibal submits that the learned Single Judge, while relying on the complaints filed by CSL, has not taken stock of CSL's responses to the complaints, in which they categorically admitted that they were not dealing in luggage under the CARLTON mark. Moreover, submits Mr. Sibal, an allegation of passing off, in order to sustain, would require evidence that consumers were purchasing VIP's goods, believing them to be CSL's. The consumer complaints do not evidence any such mistaken purchase. They, therefore, are of no assistance in substantiating CSL's allegation of passing off against VIP.



51. Besides, submits Mr. Sibal, handbags and purses could not be regarded as allied or cognate to travel luggage. He relies, for this purpose, on the tests to determine whether goods are allied or cognate, as contained in para 51 to 53 of the judgment of this Court in ***FDC Ltd v Docsuggest Healthcare Services Pvt Ltd***¹⁷, which include the nature of goods, the usage of the mark, the trade channels through which the goods were sold, etc. He submits that ladies' handbags and purses are in the nature of fashion accessories, and could not be treated as allied and cognate to travel luggage.

52. Even if it were to be presumed that ladies' handbags and purses were allied and cognate to travel luggage, Mr. Sibal submits that CSL has not established the requisite goodwill in use, by it, of the CARLTON mark for ladies' handbags or purses, as is necessary to make out a case of passing off. CSL has not provided any sales figures relating to sales of CARLTON handbags or purses. The Central Sales Tax registration dated 10 June 1993, placed on record by CSL, also does not evidence use of the CARLTON mark for handbags or purses. Mr. Sibal relies on para 8 of the plaint in CS (Comm) 730/2019 filed by CSL, in which it has averred that it had sold 10,000 bags or accessories. Such sale, over a period of 27 years, amounted to approximately 370 bags or accessories annually. Besides, no breakup of these sales had been provided. These sales could not, therefore, be treated as representing the requisite goodwill of use, by CSL, of the CARLTON mark for handbags or purses, as could sustain a case of passing off, on the basis of which VIP could be injuncted from using the CARLTON mark for luggage. A few sporadic invoices and old



advertisements could not establish the requisite degree of goodwill.

D. Re. CSL's goodwill in use of the CARLTON mark for footwear

53. Mr. Sibal submits that, at the highest, CSL had been able to show, *prima facie*, prior user in India of the mark CARLTON only for footwear, with miniscule use for handbags and purses. No priority of use of the mark CARLTON, for luggage, had been shown by CSL.

54. Mr. Sibal submits that, to succeed in a case of passing off, based on prior use of the concerned mark for goods which were different from the goods in respect of which the defendant used the mark, the degree of goodwill which was required to be established by the plaintiff was much higher, and akin to the degree of goodwill envisaged by Section 29(4)¹⁸ of the Trade Marks Act. This would require the plaintiff to show that the mark was akin to a household name and had acquired such strong secondary significance that any use of the said mark even for different goods resulted in passing off. Mr. Sibal submits that a passing off action does not enforce the right of the property in the trademark which is sought to be protected, but the goodwill which attaches to the business conducted under such trademark. In his words, “to extend the protection to business which was never conducted under the said trademark and qua which no

¹⁸ (4) A registered trade mark is infringed by a person who, not being a registered proprietor or a person using by way of permitted use, uses in the course of trade, a mark which—

- (a) is identical with or similar to the registered trade mark; and
- (b) is used in relation to goods or services which are not similar to those for which the trade mark is registered; and
- (c) the registered trade mark has a reputation in India and the use of the mark without due cause takes unfair advantage of or is detrimental to, the distinctive character or repute of the registered trade mark.



goodwill exists, requires an extremely high threshold of goodwill to be met.” He relies, for this purpose, on

(i) paras 22 to 29 of the judgment of a learned Single Judge of this Court in *Beiersdorf A.G. v Ajay Sukhwani*¹⁹, which, according to him, holds that

(a) for establishing a case of passing off, the goodwill/reputation has to be shown to exist in the product/service in respect of which the mark is used, and not merely in the mark alone,

(b) else, the standard of goodwill/reputation to be shown to exist in the mark would be much higher and

(c) the plaintiffs would have to prove misrepresentation by the defendant, even if innocent,

(ii) paras 28 and 53 to 60 of the judgment of a learned Single Judge of this Court in *Mittal Electronics v Sujata Home Appliances (P) Ltd*²⁰, and

(iii) para 13 to 15 of the judgment of a learned Single Judge of this Court in *Mind Gym Ltd v Mindgym Kids Library Pvt Ltd*²¹.

E. Re. finding of dishonest adoption of CARLTON mark by VIP

55. Mr. Sibal next refers to the finding, of the learned Single Judge, in para 64 of the impugned judgment, in which it is held that “VIP stepped into the market under the mark CARLTON well after Carlton and knowing the presence and existence of Carlton in banks in India,

¹⁹ 2008 SCC OnLine Del 1226

²⁰ 2020 SCC OnLine Del 2658



adopted phonetically identical and visually similar trademarks for similar goods, which needless to say would lead to likelihood of confusion with an unwary purchaser believing that the bags were sold by Carlton.” He submits that the “bags in India”, to which the learned Single Judge refers and in respect of which CSL was using the CARLTON mark, were not luggage and, therefore, the goodwill amassed by CSL in respect of the CARLTON mark was irrelevant for the purposes of the present case, in which VIP is asserting its entitlement to exclusive use of the CARLTON mark for luggage.

56. Inasmuch as Raxvale was the first and prior adopter of the CARLTON mark worldwide, and VIP was the first and prior user of the CARLTON mark for travel luggage in India, it could not be said that there was any dishonest adoption, by VIP, of the CARLTON mark. In this context, Mr. Sibal relies on paras 9 and 10 of the judgment of the Supreme Court in *Neon Laboratories v Medical Technologies Ltd*²².

57. Although interim injunction could be granted even in the case of innocent misrepresentation by the defendants, Mr. Sibal submits that, for that purpose, the degree of goodwill shown by the plaintiffs to have been established in the mark was relevant. Mere confusion in the market would be insufficient to justify injunction in such a case. Any confusion, even if it existed, had to link itself to misrepresentation on the part of the defendant.

²¹ 2014 SCC OnLine Del 1240

²² (2016) 2 SCC 672



F. Misrepresentation and dishonesty on CSL's part

58. Mr. Sibal submits that, in fact, it is CSL which was resorting to misrepresentation and dishonestly attempting to capitalize on VIPs reputation. Having never used the CARLTON mark for luggage, CSL, after VIP had acquired a reputation in that regard, was seeking to expand its business into the area of travel luggage. In view of the prior goodwill earned by VIP for use of its CARLTON mark for travel luggage, this amounted to misrepresentation by CSL and satisfied the test of passing off, as urged by VIP in its suit before the learned Single Judge.

G. Delay

59. CSL, submits Mr. Sibal, would also be disentitled to any injunctive relief on the ground of delay. In 2019/2020, when the cross-suits were filed by CSL and VIP against each other, he points out that CSL had yet to commence the use of the mark CARLTON for luggage, whereas VIP had been using the mark CARLTON for travel luggage since 2004. CSL was well aware of the said use and had sat back and allowed VIP to continue to use the mark for 15 years, before seeking to capitalize on VIPs reputation by itself venturing into the travel luggage segment. This amounted to a dishonest attempt at taking advantage of the already established goodwill of VIP in the market. Mr. Sibal cites, in this context, para 19 of the judgment of this Court in *BDA Pvt Ltd v Paul P. John*²³.



H. Iniquitous consequence of the impugned judgment

60. Mr. Sibal once again submits that the consequence of the impugned judgment is that CSL, which has never used the CARLTON mark for luggage, has now been permitted to use it, whereas VIP, which has, to its credit, 15 years of usage and goodwill of the CARLTON mark for luggage, has been injuncted from using it any further.

61. Mr. Sibal concludes his submissions by relying on

- (i) paras 9 and 16 of the judgment of the Supreme Court in *Wander Ltd v Antox India P Ltd*²⁴,
- (ii) para 9 to 11 of the judgment of the Supreme Court in *Neon Laboratories Ltd*, and
- (iii) para 72 to 78, 80 and 82 of the judgment of one of us (C. Hari Shankar J), sitting singly, in *Khadi and Village Industries Commission v Girdhar Industries*²⁵.

Submissions of Mr. Sandeep Sethi, on behalf of CSL

A. Priority of registration and priority of use

62. Mr. Sethi submitted, at the outset, that CSL enjoyed, over VIP, priority both of registration and of use of the CARLTON mark. Thus, he points out that CSL was the registered proprietor of the CARLTON mark in Class 18 since 1994, and was commercially exploiting the

²³ 2008 SCC OnLine Del 799

²⁴ 1990 Supp SCC 727



mark since 2003, whereas VIP claimed user of the CARLTON mark in India since 2004, possessed a registration of the mark, in Class 18, of 1995 and had filed its earliest invoice, representing use of the mark, of 2015.

63. Mr. Sethi relies, in this context, on the article in the Mount Holyoke Journal, which records that Radhika Piramal, the managing director of VIP, was launching Carlton luggage in India only in 2014. As such, he submits that VIP's claim of user, by it, of the CARLTON mark for luggage in 2004, was false. He also relies, in this context, on the Annual Reports of VIP for the years 2010-2011 and 2011-2012, which were sought to be placed on record by way of CM 55611/2023, and which contain the following recitals:

From the Annual Report for 2010-2011

“C. SEGMENT/PRODUCT WISE PERFORMANCE

LUGGAGE

Your Company has segmented the market and clearly defined the role for each of its 6 brands in the category. CARLTON has been introduced through soft launch in November 2010 across premium distribution channel. Initial response has been very encouraging. Its positioning as international stylish premium brand from England has been well received.”

From the Annual Report for 2011-2012

“After soft launch in November 2010, your Company rolled out complete collection of Carlton brand in India in April 2011. The brand has been supported with various marketing activities mainly press campaigns, airport branding and Jet airline baggage tags. Your Company has also opened two Carlton Monobrand stores in premium locations in Delhi which helped showcase the brand in the right ambience. The response in these stores has been very encouraging and more stores are planned for the current year in the



cities of Mumbai and Bangalore.”

Thus, submits Mr. Sethi, VIP can certainly not claim use of the CARTON mark, even for luggage, since 2004. We may note, here, that CM Appl 55611/2023 was allowed by this Court by order dated 30 October 2023.

64. Mr. Sethi further submits that VIP was seeking to prove 2006 user, by it, of the mark CARLTON for luggage on the basis of certain invoices, none of which makes any reference to the brand CARLTON. This fact has been correctly noted by the learned Single Judge. In order to substantiate their claim, VIP was seeking to rely on its Brochure and Price list, to contend that “AIRTEC”, which was the brand reflected on the invoices, was a sub-brand of CARLTON.

65. As against this, CSL had placed on record the following sales figures, for the years 1993-1994 to 2017-2018:

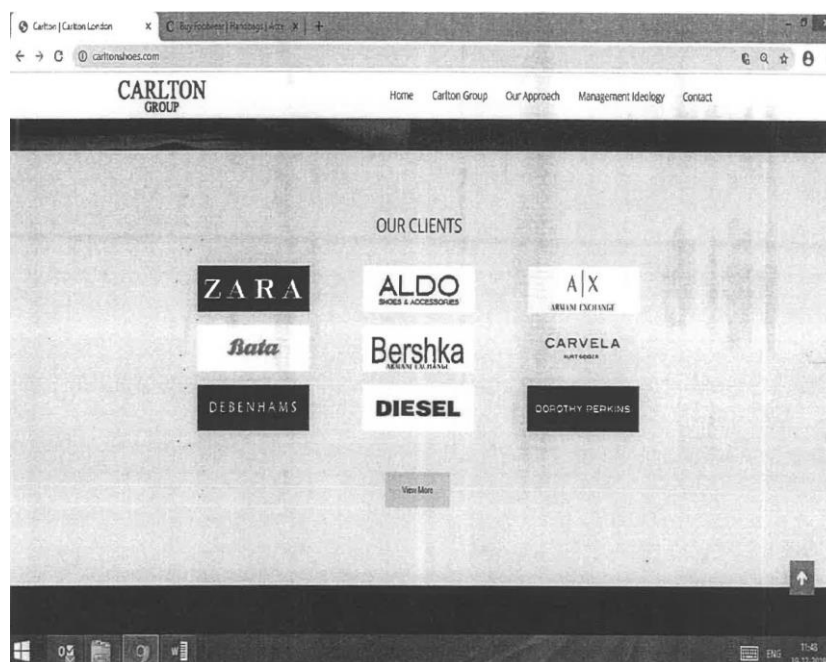
INDIAN SALE FIGURES/REVENUES IN RESPECT OF THE
SALES FOR CARLTON OVERSEAS PVT LTD, INDIA FROM
THE YEARS 1993-2018

Years	Sale Figures (in INR)
1993-1994	162,84,730
1994-1995	251,20,421
1995-1996	353,56,904
1996-1997	468,36,223
1997-1998	492,06,288
1998-1999	961,20,379
1999-2000	1138,36,464
2000-2001	1470,23,240
2001-2002	1566,27,502
2002-2003	1345,86,233
2003-2004	2069,76,934
2004-2005	1777,03,453



2005-2006	1999,92,274
2006-2007	2187,25,082
2007-2008	2621,09,222
2008-2009	2952,89,976
2009-2010	3128,35,502
2010-2011	2908,42,743
2011-2012	2754,67,570
2012-2013	4087,72,218
2013-2014	5348,94,015
2014-2015	7403,37,002
2015-2016	8517,23,651
2016-2017	7976,90,892
2017-2018	6753,87,202

The learned Single Judge has, therefore, correctly held that CSL had succeeded in establishing existence of goodwill, in its favour, of the CARLTON mark. In this context, Mr. Sethi also draws attention to the following screenshot, from CSL's website:



Mr. Sethi further submits that the data placed on record by CSL indicated that it had 333 stores worldwide, and was operating across



more than 30 online portals. He has drawn our attention to various articles, referring to CSL, of which some pertain to the use of the CARLTON mark for bags. One such article is from the 26 February 2004 edition of The Hindu, and reads thus:

“CARLTON LONDON has introduced Coordinated Bags and Shoes. The range includes a wide array of ornate sandals with studded straps, the court shoes in pencil and block heels and formal sandals with high pencil heels. It has also launched bags coordinated with each of its footwear. The collection comes in novel styles, to suit the ever-changing fashion moods. The shoes and bags are available at prices between Rs.595 and 3995 at its exclusive outlets in Metropolitan Mall, Google and Centrestage Mall, Noida.”

B. The concept of “goodwill”

66. Mr. Sethi submits that the concept of goodwill, as postulated by Mr. Sibal, is flawed. He submits that goodwill relates to the reputation of a business entity, and may have nothing to do with either the goods manufactured or the services provided by the business. Goodwill may even arise from corporate social responsibility compliances.

67. Moreover, submits Mr. Sethi, a case of passing off, in order to sustain, does not require establishment of reputation or goodwill of a great degree. The mere existence of reputation is sufficient. The judgment of the Supreme Court in *Laxmikant V. Patel v Chetanbhai Shah*²⁶, he points out, involved a small shop. Goodwill, therefore, attaches to the mark and indicates that the mark is a source identifier of its user.



C. Re. VIP's goodwill in the CARLTON mark – No trans-border reputation shown

68. VIP, points out Mr. Sethi, was claiming to have purchased its rights for use of the CARLTON mark from CIPLC. The learned Single Judge has specifically held, in the impugned judgment, that no trans-border reputation of the CARLTON mark, as used either by Raxvale or by CIPLC, had been established. VIP has not chosen to challenge this finding.

69. On the aspect of trans-border reputation, Mr. Sethi submits that the learned Single Judge has correctly relied upon the judgment of the Supreme Court in *Toyota*.

D. Re. plea that CSL had no reputation or goodwill in the CARLTON mark for travel luggage

70. Mr. Sethi further submits that, in its cease and desist notice issued to CSL, VIP had admitted that bags were allied and cognate to luggage. The opening sentence in Para 5 of its cease and desist notice dated 10 October 2019 read thus:

“Recently, our Client has come across your product bearing identical/similar mark ‘CARLTON’ and marks consisting of CARLTON (“Impugned Mark”) which is being used in relation to bags and other allied goods falling in Class XVIII which are identical/similar to the Client’s Goods (“Impugned Goods”).”

Mr. Sethi submits that, therefore, Mr. Sibal cannot be heard to contend, now, that handbags or purses were not allied or cognate to travel luggage.



71. Insofar as the goodwill and reputation earned by it, for use of the CARLTON mark for bags were concerned, Mr. Sethi submits that CSL had placed on record invoices and Government documents in the form of VAT registrations, Sales Tax registrations and Central Excise registrations. The VAT registration was of 10 June 1993, CST Assessment Order was of 3 June 1996, Sales Tax registration was of 9 April 1997 and Central Excise registration was of 19 May 1997. CSL had also produced invoices dating back to 2003 as well as the Flipkart listing of luggage manufactured by CSL, bearing the CARLTON mark, of 2011.

72. CSL had also placed on record proof of actual customer confusion in the form of complaints addressed to it. The genuineness and veracity of these complaints was not questioned by VIP. Apropos Mr. Sibal's contention that these complaints did not evidence confusion at the stage of purchase of the products, and merely indicated that the customers may have contacted the wrong person, he submits that even this would suffice to make out a case of confusion by use of identical marks. These complaints, as addressed by consumers, also evidenced brand dilution, by the use, by VIP, of the CARLTON mark for luggage.

E. Misrepresentation

73. In order to prove misrepresentation, Mr. Sethi submits that it was enough for CSL to show that VIP was improperly using the CARLTON mark, with respect to which CSL enjoyed priority of user.



It was not required for CSL to prove actual misrepresentation on the part of VIP. The very fact that, owing to use of the CARLTON mark by VIP, CSL suffered brand dilution, was itself sufficient to entitle CSL to damages.

F. Balance of convenience

74. Apropos balance of convenience, Mr. Sethi submits that the balance of convenience was clearly in favour of grant of injunction to CSL, rather than denial thereof. He submits that Carlton was CSL's corporate name, and was its only brand. As against this, CARLTON, in the case of VIP, was merely a sub-brand of "VIP", which was its flagship brand. Moreover, "Carlton" did not form part of the corporate name of VIP. The Annual Report of VIP indicated that it was using six other trademarks. The degree of damage, therefore, was much more in the case of CSL, than of VIP.

G. Re. Relief granted by the impugned judgment

75. Mr. Sethi submits that no legitimate grievance can be raised against the impugned judgment, which grants interlocutory injunction consequent on the finding that (i) CSL was the prior user of the CARLTON mark, (ii) CSL was the prior registrant of the CARLTON mark, (iii) VIP, when it started using the mark CARLTON for luggage, was aware of the pre-existing user of the same mark by CSL and (iv) there was no evidence of trans-border reputation. These considerations, he submits, are sufficient to justify grant of injunction.



H. Re. Delay

76. Mr. Sethi further submits that the plea of delay could not be a ground to challenge the grant of injunction by the learned Single Judge and cites, in this context, para 16 of the judgment of the Supreme Court in *Heinz Italia v Dabur India Ltd*²⁷.

77. In support of his submissions, Mr. Sethi places reliance on

- (i) para 31.1, 31.2 and 36 of *Syed Mohideen*,
- (ii) paras 8 to 12 of *Laxmikant V. Patel*,
- (iii) para 31 of *Satyam Infoway Ltd v Siffynet Solutions Pvt Ltd*²⁸,
- (iv) paras 26, 28 and 33 of *Toyota* and
- (v) paras 81 and 92 of *T.V. Venugopal v Ushodaya Enterprises Ltd*²⁹.

Submissions of Mr. Sibal by way of rejoinder

78. Arguing in rejoinder, Mr. Sibal submits that all documents of user, placed on record by CSL and relied upon by the learned Single Judge, pertain to handbags or purses, and not luggage. He reiterates his contention that handbags and purses are fashion accessories, and cannot be analogised to luggage. He further points out, once again, that there is no finding, in the impugned judgment, that handbags and purses are allied and cognate to travel luggage. In fact, the responses, by CSL, to the alleged consumer complaints received by it, clearly

²⁷ (2007) 6 SCC 1

²⁸ (2004) 6 SCC 145

²⁹ (2011) 4 SCC 85



stated that CSL was not involved in the business of luggage. No evidence of actual sale of any luggage in India has been produced by CSL.

79. Regarding user, Mr. Sibal relies on VIP's Annual Reports for the year 2003-2004 to 2005-2006, which he sought to place on record by way of CM 8462/2004 (which was allowed *vide* order dated 17 January 2025). He refers to the following recitals in the said Annual Reports:

From the 2003-2004 Annual Report

“Working Capital

Company's continued efforts in improving working capital management coupled with mobilisation of low-cost debt as resulted in substantial savings in interest cost. Higher profits and reduction in working capital has translated into steady cash flows which have been used to partly fund the acquisition of well-known international luggage brand 'CARLTON' and certain other assets. This Brand is expected to be the future growth driver particularly for exports.”

From the 2004-2005 Annual Report

“EXPORTS

The Exports for the year at ₹ 36.54 crores were higher by 145.07% over the previous year (₹ 14.91 Crores). the setting up of wholly-owned subsidiary Carlton Travel Goods Ltd in UK and acquisition of well-known luggage brand CARLTON has helped the Company in accelerating the exports particularly in the European Union and other International markets.”

Mr. Sibal submits that, in view of Section 56³⁰ of the Trade Marks

³⁰ 56. Use of trade mark for export trade and use when form of trade connection changes. –

(1) The application in India of trade mark to goods to be exported from India or in relation to services for use outside India and any other act done in India in relation to goods to be so exported or services so rendered outside India which, if done in relation to goods to be sold or services



Act, use of the CARTON mark for luggage which was to be exported would also constitute “use” of the mark for the purposes of the Trade Marks Act. The 2005-2006 Annual Report of VIP also states, under the head “HIGHLIGHTS”, that “the Carlton Brand was launched in India in June 2006 in high-quality showrooms”. In the “Products At A Glance” caption in the said Annual Report, CARLTON is indicated as an entirely separate brand of VIP, apart from the “VIP” brand itself.

80. Answering the doubt that Mr. Sethi has sought to cast on the 2006 user claim of VIP for the CARTON mark for luggage, Mr. Sibal points out that the invoice dated 22 December 2006 refers to the “AIRTEC” brand, which was merely a sub-brand of CARLTON. He has referred, in this context, to VIP’s Price List, which reflects AIRTEC as a sub- brand of Carlton and also shows a piece of luggage containing both the marks.

81. Mr. Sibal, therefore, reiterates his submission that, in respect of luggage, VIP enjoys priority of user of the CARLTON brand, with effect from 2006. Relying on paras 22 to 28 of the judgment of a Division Bench of this Court in *Intex Technologies (India) Ltd v AZ Tech (India)*³¹, Mr. Sibal submits that, to succeed in its claim of passing off against VIP, CSL would have had to show goodwill existing in handbags at the time when VIP started using the CARLTON mark for luggage. He also relied, in this context, on

(i) paras 13 and 23 of the judgment of the Division Bench of

provided or otherwise traded in within India would constitute use of trade mark therein, shall be deemed to constitute use of the trade mark in relation to those goods or services for any purpose for which such use is material under this Act or any other law.

³¹ 239 (2017) DLT 99 (DB)



this Court in *Turning Point v Turning Point Institute Pvt Ltd*³² and

(ii) paras 20 and 27 of the judgment of the learned Single Judge of this Court in *Lowenbrau AG v Jagpin Breweries Ltd*³³.

82. On the aspect of confusion, Mr. Sibal submits that mere confusion is not enough to sustain a claim of passing off, and that the confusion must be the outcome of misrepresentation by the defendant. He relies, for this purpose, on the judgment of the Chancery Division of the UK in *HFC Bank plc v Midland Bank plc*³⁴ and paras 70 and 73 of the decision of the House of Lords in *Reckitt & Colman Products Ltd v Borden Inc.*³⁵ In the present case, submits Mr. Sibal, it cannot be stated, in any event, that any confusion had resulted on account of misrepresentation by VIP, as it had been using the mark CARLTON, as a prior user for luggage the world over.

83. Moreover, submits Mr. Sibal, no confusion had been shown to have existed at the point-of-sale of the goods, as a consequence of the use, by VIP, of the mark CARLTON for luggage. CSL was required to show initial interest confusion. The emails, on which CSL relied, only showed confusion having arisen at a later stage owing to the commonality of the names of the products. In support of the submission, Mr. Sibal relies on the decision of the Chancery Division of the UK High Court in *Philip Warren & Son Ltd v Lidl Great*

³² 2018 SCC OnLine Del 10257

³³ 157 (2009) DLT 791

³⁴ [2000] FSR 176

³⁵ [1990] RPC 341



*Britain Ltd*³⁶.

Analysis

A. Re. infringement

84. Both sides have proceeded on the premise that, as the mark CARLTON, whether as a word mark or a device mark, is registered in favour of CSL as well as VIP under the Trade Marks Act, neither CSL, nor VIP, could maintain a case of infringement against the other. This finding of the learned Single Judge has not, therefore, been questioned by either side.

85. In any event, the finding is clearly in sync with Section 28(3) of the Trade Marks Act, which proscribes a registered holder of trademark from claiming exclusivity, in respect of the mark, against any other person who may also be a registered holder of the same, or of a deceptively similar, trademark, while preserving the rights of each such registered trademark holder to claim exclusivity, for use of the mark, against any third person who is not a registered holder of the same, or of a deceptively similar, trademark.

86. Moreover, Section 30(2)(e)³⁷ of the Trade Marks Act specifically excludes, from the ambit of “infringement”, the use of a trademark by its registered proprietor, by virtue of the registration so

³⁶ [2021] EWHC 1097 (Ch)

³⁷ (2) A registered trade mark is not infringed where—

(e) the use of a registered trade mark, being one of two or more trade marks registered under this Act which are identical or nearly resemble each other, in exercise of the right to the use of that trade mark given by registration under this Act.



held, and protects such use from any injunctive attempt by any third party.

87. There cannot, therefore, be an action for injunction, on the ground of infringement, against the registered proprietor of a trademark. The learned Single Judge has, therefore, correctly rejected the rival claims of infringement, and we affirm and uphold the said decision.

B. Ingredients of passing off

88. As the learned Single Judge has correctly held, therefore, it is only to be seen whether either side could successfully maintain a case, against the other, or passing off. If it can, it is entitled to an injunction against the use, by the other, of the CARLTON mark, as sought. If it cannot, neither side would be entitled to an injunction, and both suits must fail. At the present stage, of course, as we are concerned only with the applications for interlocutory injunction, both applications would have to be dismissed.

89. The learned Single Judge has, in the impugned judgment, held, however, that, while VIP cannot successfully maintain a case of passing off, against CSL, CSL can. Following this conclusion, the learned Single Judge has granted interlocutory injunction in favour of CSL, and against VIP, from use of the mark CARLTON, for goods covered by Class 18.



90. To assess the correctness of the said decision, one must first understand the exact ingredients of passing off, as a common law tort.

91. Over six decades ago, the Supreme Court had, in its decision in ***Kaviraj Pandit Durga Dutt Sharma v Navaratna Pharmaceutical Laboratories***³⁸ – which has, over time, acquired the status of *locus classicus* on the issue – identified the distinct ingredients of the statutory tort of infringement and the common-law tort of passing off, thus:

“28. The other ground of objection that the findings are inconsistent really proceeds on an error in appreciating the basic differences between the causes of action and right to relief in suits for passing off and for infringement of a registered trade mark and in equating the essentials of a passing off action with those in respect of an action complaining of an infringement of a registered trade mark. We have already pointed out that the suit by the respondent complained both of an invasion of a statutory right under Section 21 in respect of a registered trade mark and also of a passing off by the use of the same mark. The finding in favour of the appellant to which the learned counsel drew our attention was based upon dissimilarity of the packing in which the goods of the two parties were vended, the difference in the physical appearance of the two packets by reason of the variation in the colour and other features and their general get-up together with the circumstance that the name and address of the manufactory of the appellant was prominently displayed on his packets and these features were all set out for negating the respondent's claim that the appellant had passed off his goods as those of the respondent. These matters which are of the essence of the cause of action for relief on the ground of passing off play but a limited role in an action for infringement of a registered trade mark by the registered proprietor who has a statutory right to that mark and who has a statutory remedy for the event of the use by another of that mark or a colourable imitation thereof. *While an action for passing off is a Common Law remedy being in substance an action for deceit, that is, a passing off by a person of his own goods as those of another, that is not the gist of an action for infringement. The action for infringement is a statutory remedy conferred on the registered proprietor of a registered trade mark for the vindication of the exclusive right to the use of the trade mark in relation to those*



goods” (Vide Section 21 of the Act). The use by the defendant of the trade mark of the plaintiff is not essential in an action for passing off, but is the *sine qua non* in the case of an action for infringement. No doubt, where the evidence in respect of passing off consists merely of the colourable use of a registered trade mark, the essential features of both the actions might coincide in the sense that what would be a colourable imitation of a trade mark in a passing off action would also be such in an action for infringement of the same trade mark. But there the correspondence between the two ceases. In an action for infringement, the plaintiff must, no doubt, make out that the use of the defendant's mark is likely to deceive, but where the similarity between the plaintiff's and the defendant's mark is so close either visually, phonetically or otherwise and the court reaches the conclusion that there is an imitation, no further evidence is required to establish that the plaintiff's rights are violated. Expressed in another way, if the essential features of the trade mark of the plaintiff have been adopted by the defendant, the fact that the get-up, packing and other writing or marks on the goods or on the packets in which he offers his goods for sale show marked differences, or indicate clearly a trade origin different from that of the registered proprietor of the mark would be immaterial; whereas in the case of passing off, the defendant may escape liability if he can show that the added matter is sufficient to distinguish his goods from those of the plaintiff.”

(Emphasis supplied)

92. The Supreme Court has, in the following paras from its comparatively recent decision in *Brihan Karan Sugar Syndicate (P) Ltd v Yashwantrao Mohite Krushna Sahakari Sakhar Karkhana*³⁹, explained the principle of passing off:

“12. There is a finding recorded by the High Court in the impugned judgment that the labels used on the bottle of country liquor sold by the appellant and the labels on the bottle of country liquor sold by the respondent are similar. At this stage, we may note the legal position regarding the factual details which are required to be proved in a passing off action. Firstly, we may refer to a decision of this Court in *Satyam Infoway Ltd. v Siffynet Solutions (P) Ltd*. Paras 13 to 15 of the said decision read thus:

“13. The next question is, would the principles of trade



mark law and in particular those relating to passing off apply? An action for passing off, as the phrase “passing off” itself suggests, is to restrain the defendant from passing off its goods or services to the public as that of the plaintiff's. It is an action not only to preserve the reputation of the plaintiff but also to safeguard the public. The defendant must have sold its goods or offered its services in a manner which has deceived or would be likely to deceive the public into thinking that the defendant's goods or services are the plaintiff's. The action is normally available to the owner of a distinctive trade mark and the person who, if the word or name is an invented one, invents and uses it. If two trade rivals claim to have individually invented the same mark, then the trader who is able to establish prior user will succeed. The question is, as has been aptly put, who gets these first? It is not essential for the plaintiff to prove long user to establish reputation in a passing off action. It would depend upon the volume of sales and extent of advertisement.

14. The second element that must be established by a plaintiff in a passing off action is misrepresentation by the defendant to the public. The word “misrepresentation” does not mean that the plaintiff has to prove any mala fide intention on the part of the defendant. Of course, if the misrepresentation is intentional, it might lead to an inference that the reputation of the plaintiff is such that it is worth the defendant's while to cash in on it. An innocent misrepresentation would be relevant only on the question of the ultimate relief which would be granted to the plaintiff *Cadbury-Schweppes (Pty) Ltd. v PUB Squash Co. (Pty) Ltd.*⁴⁰, *Erven Warnink Besloten Vennootschap v J. Townend & Sons (Hull) Ltd.*⁴¹. What has to be established is the likelihood of confusion in the minds of the public (the word “public” being understood to mean actual or potential customers or users) that the goods or services offered by the defendant are the goods or the services of the plaintiff. In assessing the likelihood of such confusion the courts must allow for the “imperfect recollection of a person of ordinary memory”.

15. The third element of a passing off action is loss or the likelihood of it.”

(emphasis supplied)

13. Thus, the volume of sale and the extent of advertisement

⁴⁰ (1981) 1 WLR 193

⁴¹ (1979) 3 WLR 68



made by the appellant of the product in question will be a relevant consideration for deciding whether the appellant had acquired a reputation or goodwill.

14. At this stage, we may also refer to the decision of this Court in *Toyota Jidosha Kabushiki Kaisha*. In this decision, this Court approved its earlier view in *S. Syed Mohideen v P. Sulochana Bai* that the passing off action which is premised on the rights of the prime user generating goodwill, shall remain unaffected by any registration provided in the Act. In fact, this Court quoted with approval, the view taken by the House of Lords in *Reckitt & Colman Products*. The said decision lays down triple tests. One of the tests laid down by the House of Lords was that the plaintiff in a passing off action has to prove that he had acquired a reputation or goodwill connected with the goods. Thereafter, in para 40 of *Toyota*, this Court held that if goodwill or reputation in a particular jurisdiction is not established by the plaintiff, no other issue really would need any further examination to determine the extent of the plaintiff's right in the action of passing off."

(Italics in original; underscoring supplied)

93. In the annals of passing off jurisprudence, and the relief to be granted where passing off is found to exist, the judgment of the Supreme Court in *Laxmikant V. Patel* remains an important watermark. We may reproduce, to advantage, the following passages from the said decision:

"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.

11. Salmond & Heuston in Law of Torts (20th Edn., at p. 395) call this form of injury as “injurious falsehood” and observe the same having been “awkwardly termed” as “passing-off” and state:

“The legal and economic basis of this tort is to provide protection for the right of property which exists not in a particular name, mark or style but in an established business, commercial or professional reputation or goodwill. So to sell merchandise or carry on business under such a name, mark, description, or otherwise in such a manner as to mislead the public into believing that the merchandise or business is that of another person is a wrong actionable at the suit of that other person. This form of injury is commonly, though awkwardly, termed that of *passing-off* one's goods or business as the goods or business of another and is the most important example of the wrong of injurious falsehood. The gist of the conception of passing-off is that the goods are in effect telling a falsehood about themselves, are saying something about themselves which is calculated to mislead. The law on this matter is designed to protect traders against that form of unfair competition which consists in acquiring for oneself, by means of false or misleading devices, the benefit of the reputation already achieved by rival traders.”

12. In ***Oertli v Bowman***⁴² the gist of passing-off action was defined by stating that *it was essential to the success of any claim to passing-off based on the use of given mark or get-up that the plaintiff should be able to show that the disputed mark or get-up has become by user in the country distinctive of the plaintiff's goods so that the use in relation to any goods of the kind dealt in by the plaintiff of that mark or get-up will be understood by the trade and the public in that country as meaning that the goods are the plaintiff's goods*. It is in the nature of acquisition of a quasi-proprietary right to the exclusive use of the mark or get-up in relation to goods of that kind because of the plaintiff having used or made it known that the mark or get-up has relation to his goods. Such right is invaded by anyone using the same or some deceptively similar mark, get-up or name in relation to goods not of plaintiff. *The three elements of passing-off action are the reputation of goods, possibility of deception and likelihood of damages to the plaintiff*. In our opinion, the same principle, which applies to trade mark, is applicable to trade name.



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 Kerly⁴³ (*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.

17. We are conscious of the law that this Court would not ordinarily interfere with the exercise of discretion in the matter of grant of temporary injunction by the High Court and the trial court and substitute its own discretion therefor except where the discretion has been shown to have been exercised arbitrarily or capriciously or perversely or where the order of the courts under scrutiny ignores the settled principles of law regulating grant or refusal of interlocutory injunction. *An appeal against exercise of discretion is said to be an appeal on principle. The appellate court will not reassess the material and seek to reach a conclusion different from the one reached by the court below solely on the ground that if it had considered the matter at the trial stage it would have come to a contrary conclusion. If the discretion has been exercised by the trial court reasonably and in a judicial manner the fact that the appellate court would have taken a different view may not justify interference with the trial court's exercise of discretion (see Wander Ltd. v Antox India (P) Ltd. and N.R. Dongre v Whirlpool Corpn.⁴⁴).* However, the present one is a case falling within the well-accepted exceptions. Neither the trial court nor the High Court have kept in view and applied their mind to the relevant settled principles of law governing the grant or refusal of interlocutory injunction in trade mark and trade name disputes. *A refusal to grant an injunction in spite of the availability of facts, which are prima facie established by overwhelming evidence and material available on record justifying the grant thereof, occasion a failure of justice and such*



injury to the plaintiff as would not be capable of being undone at a later stage. The discretion exercised by the trial court and the High Court against the plaintiff, is neither reasonable nor judicious. The grant of interlocutory injunction to the plaintiff could not have been refused, therefore, it becomes obligatory on the part of this Court to interfere.”

(Emphasis supplied)

94. Following the judgments of the Supreme Court in *Wockhardt Ltd v Torrent Pharmaceuticals Ltd*⁴⁵, *Satyam Infoway* and *Cadila Health Care Ltd v Cadila Pharmaceuticals Ltd*⁴⁶, this Court, speaking through one of us (C. Hari Shankar J.), had identified the following ingredients of passing off, in *FDC Ltd v Faraway Foods (P) Ltd*⁴⁷:

“(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 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

⁴⁵ (2018) 18 SCC 346

⁴⁶ (2001) 5 SCC 73

⁴⁷ 2021 SCC OnLine Del 1539



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.

(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.

(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.”

C. Trade mark rights are territorial

95. The right to protect and preserve intellectual property in a trademark is exclusively territorial. The right to protection against infringement flows from Section 28 (1)⁴⁸ of the Trade Marks Act, and Section 2 (2)⁴⁹ of the Trade Marks Act extends its jurisdiction only do the whole of India. *Laxmikant V. Patel* extends the territoriality principle to passing off actions as well, by citing, approvingly, the

⁴⁸ **28. Rights conferred by registration. –**

(1) Subject to the other provisions of this Act, the registration of a trade mark shall, if valid, give to the registered proprietor of the trade mark the exclusive right to the use of the trade mark in relation to the goods or services in respect of which the trade mark is registered and to obtain relief in respect of infringement of the trade mark in the manner provided by this Act.

⁴⁹ **2. Definitions and interpretation-**

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

- (a) to trade mark shall include reference to collective mark or certification trade mark;
- (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;
- (d) to the Registrar shall be construed as including a reference to any officer when discharging the functions of the Registrar in pursuance of sub-section (2) of section 3;
- (e) to the Trade Marks Registry shall be construed as including a reference to any office of the Trade Marks Registry.



decision in *Oertli*, which holds that “it was essential to the success of any claim to passing-off based on the use of given mark or get-up that the plaintiff should be able to show that the disputed mark or get-up has become by user *in the country* distinctive of the plaintiff's goods so that the use in relation to any goods of the kind dealt in by the plaintiff of that mark or get-up will be understood by the trade and the public in that country as meaning that the goods are the plaintiff's goods”. The three elements of the tort of passing off are well recognised as misrepresentation by the defendant, injury to the plaintiff as a result of such misrepresentation, and the entitlement, of the plaintiff, to damages, as a consequence. The injury suffered by the Plaintiff, which gives rise to a cause of action in passing off, to seek injunction and claimed damages, must be suffered within the territory of India. A plaintiff cannot, therefore, seek relief on the ground that he has suffered injury, as a result of the tortious acts of the defendant, outside India. This principle also stands set out in the various indicia of passing off, identified by this Court in its decision in *FDC*.

96. The learned Single Judge has, therefore, correctly held that, to sustain a plea of passing off, against the defendant, the plaintiff must establish existence of goodwill and reputation *in India*, and the dilution or erosion of that goodwill or reputation by the tortious acts of the defendant. Territorial existence of goodwill and reputation has, therefore, to be established. The judgement of the Supreme Court in *Toyota* has finally cemented this legal position.

97. Here, again, we may note that Mr. Sibal does not dispute this



legal position.

D. The concept of goodwill for the purposes of passing off – Has goodwill to be established in the mark, or in the mark as used for specific goods or services?

98. This, in a sense, is the main issue which arises for consideration in the present case. Mr. Sibal's main contention has been that, with respect to its use for luggage, or travel luggage, the goodwill enjoyed by VIP in the CARLTON mark was of over 15 years' vintage even on the date of filing of CS (Comm) 730/2019 by CSL, which had never used the CARLTON mark or luggage till then. He submits that the goodwill earned by CSL in the CARLTON mark, by then, was only with respect to its use for footwear, and the goodwill earned by CSL by such use would not entitled to maintain an action for passing off, against VIP, seeking an injunction against the use of the mark CARLTON by VIP for travel luggage, even though there were some stray sales, by CSL, of CARLTON purses and handbags – which, according to Mr. Sibal, were entirely insufficient to result in any goodwill, particularly within India – purses and handbags cannot be treated as articles which are allied or cognate or similar to travel luggage. Goodwill, if any, earned by CSL by use of the CARLTON mark for purses and handbags could also, therefore, not entitled it to allege passing off, by VIP, owing to the use of the mark CARLTON by VIP for travel luggage or seek an injunction against such use.

99. Mr. Sibal clarifies that the proposition that he seeks to expound



is more nuanced than this. He submits that, where a mark may have independently earned a reputation, over time, which is so substantial as to result in independent goodwill, having developed in the mark by itself, resulting in the mark acquiring a “secondary meaning”, then, irrespective of the goods or services for which it is used, it may be possible for a plaintiff to claim that the mark itself has goodwill, *de hors* the goods or services in respect of which the mark is used. For this, however, the goodwill must be so substantial as to independently apply to the mark – as, for example, the goodwill which exists in the marks Mont Blanc, or Mercedes. Mr. Sibal submits that, with respect to goodwill as the basis for a passing off action, there are conceivably three levels of goodwill. Where the goods or services in respect of which the rival marks are used are identical, a lowest threshold of goodwill would suffice to make out an action for passing off. Where the goods or services are not identical, but are similar, i.e., allied or cognate, the degree of goodwill which the plaintiff would have to establish as existing would be greater. Where, however, the rival marks are used for goods or services which are neither identical, nor allied or cognate, the Plaintiff can succeed in an action for passing off only if the degree of goodwill that the Plaintiff mark commands is analogous to the degree of goodwill envisaged by Section 29 (4)⁵⁰ of the Trade Marks Act. In other words, in such a case, the degree of goodwill that the mark has, over time, commanded, must be such as to

⁵⁰ (4) A registered trade mark is infringed by a person who, not being a registered proprietor or a person using by way of permitted use, uses in the course of trade, a mark which—

- (a) is identical with or similar to the registered trade mark; and
- (b) is used in relation to goods or services which are not similar to those for which the trade mark is registered; and
- (c) the registered trade mark has a reputation in India and the use of the mark without due cause takes unfair advantage of or is detrimental to, the distinctive character or repute of the registered trade mark.



lend it a secondary meaning or significance in the minds of the consuming public. To substantiate his submissions, Mr. Sibal as placed reliance on the decisions in *Beiersdorf* and *Mittal Electronics*.

100. Before advertng to the judicial authorities cited by Mr. Sibal, we proceed to test his submission that, where the rival marks are used for goods or services which are neither identical, nor allied or cognate, an action for passing off and sustain only if the degree of goodwill, to buy the Plaintiff mark is akin to that envisaged by Section 29(4) of the Trade Marks Act.

101. The submission, though ingenious, is, in our opinion, fundamentally flawed, and cannot commend itself to acceptance.

102. The most basic error that this submission suffers from, is in its overlooking the fact that Section 29 of the Trade Marks Act deals with infringement, whereas we are concerned with a case of passing off. This distinction is not merely a distinction of semantics. The difference arises from the fact that an action for infringement is only peripherally concerned with goodwill or reputation, and has everything to do with confusion, whereas the first and most important requirement, to be satisfied, for an action of passing off to sustain, is establishment of goodwill and reputation. The mere fact of registration of a trademark would entitle the registered proprietor to maintain an action for infringement against any person who uses an identical or a deceptively similar trademark. To maintain an action for infringement, the plaintiff is not required to establish the existence, in the trademark, of any goodwill whatsoever. Mere existence of a



registration in respect of the mark entitles the proprietor of the mark relief against infringement. The single fact of registration, therefore, entitles the proprietor of the registered trademark, if the ingredients of one or more of the sub-sections of Section 29 applies, to maintain an action for infringement. He does not have to prove any goodwill in the trademark. Section 29 (4) is merely one particular specie in the infringement genus, which applies in a case where the defendant, by unfair use of the trade mark, seeks to capitalize on the reputation that the plaintiff's mark has garnered over time. It does not prioritize goodwill over likelihood of confusion, in a case of alleged infringement.

103. Thus far on first principles. Even otherwise, it is not open to Court to apply, by judicial fiat, to a case of passing off, the statutory indicia which exclusively apply, under Section 29(4), to a specific category of infringement.

104. Addressing, now, Mr. Sibal's primary contention that the goodwill of reputation that the plaintiff has to establish, in order to succeed in an action for passing off against the defendant is not merely goodwill of reputation in the plaintiff's mark, but goodwill or reputation in the Plaintiff mark as applied to specific goods or services, we find that the submission is contrary to the understanding of the principle of goodwill, for passing off, as enunciated by the Supreme Court.

105. In *Laxmikant V Patel*, the Supreme Court clearly explained the concept of "goodwill", for the purposes of a passing off action, 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.”

(Emphasis supplied)

The emphasised words, in the above passage from ***Laxmiikant V. Patel***, leave no manner of doubt that the concept of “goodwill”, for the purposes of passing off, is in the name under which the business is carried out. The name, or the mark, therefore, carries, with it, goodwill.

106. The Chancery Division of the High Court of UK, in ***Fortune & Manson plc v Fortnam Ltd***⁵¹, spoke thus, on the aspect of passing off and goodwill:

“(2) Passing off is a wrong or tort against property. There is no property in a mere name or face. It has to be shown that the complaining plaintiff has property in the form of *goodwill which consists of a reputation either in a name under which it trades by providing goods or services to the public or in a getup or appearance which is distinctive of goods supplied by the plaintiff and that such goodwill be imperilled or damaged by the activities of the defendant. That is the essential nature of the tort of passing off.*”

(Emphasis supplied)

107. The error in Mr. Sibal’s submission is in failing to note that,



even if the goodwill ultimately attaches to the goods or services in respect of which the mark is used, that goodwill is attributable, not to the goods or services, but to the mark or name under which the goods or services are provided. The following passage, from Kerly's Law of Trade Marks and Trade Names, which identifies the first ingredient of a passing off action was, in this context, approvingly cited by the Supreme Court in ***Ramdev Food Products (P) Ltd v Arvindbhai Rambhai Patel***⁵²:

“Firstly, he must establish a goodwill or reputation attached to the goods or services which he supplies in the minds of the purchasing public *by association with the identifying ‘get-up’ (whether it consists simply of a brand name or a trade description, or the individual features of labelling or packaging) under which his particular goods or services are offered to the public*, such that the get-up is recognised by the public as distinctive, specifically of the plaintiff's goods or services.”

(Emphasis supplied)

108. *Syed Mohideen* postulates the principle in the following words:

“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.*** which is more popularly known as “Jif Lemon” case wherein Lord Oliver reduced the five guidelines laid out by Lord Diplock ***Erven Warnink Besloten Vennootschap v J. Townend & Sons (Hull) Ltd.***, 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 that of another. This Court has

⁵¹ 1994 FSR 438
⁵² (2006) 8 SCC 726



given its imprimatur to the above principle in *Laxmikant V. Patel v Chetanbhai Shah*.

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.”

(Emphasis supplied)

109. In *T.V. Venugopal*, the Supreme Court upheld the claim of passing off, observing, in this regard, thus:

“(a) *The respondent Company's mark “Eenadu” has acquired extraordinary reputation and goodwill in the State of Andhra Pradesh. The respondent Company's products and services are correlated, identified and associated with the word “Eenadu” in the entire State of Andhra Pradesh. “Eenadu” literally means the products or services provided by the respondent Company in the State of Andhra Pradesh. In this background the appellant cannot be referred or termed as an honest concurrent user of the mark “Eenadu”.*”

Here, again, the goodwill which had been acquired, and on the basis of which the Supreme Court held the allegation of passing off to be sustainable, was in the mark “Eenadu” per se. It is not as though the mark “Eenadu” had acquired goodwill only when used for the goods and services of the respondent (before the Supreme Court). The goods



and services provided by the respondent were invariably correlated and identified with the mark “Eenadu”, owing to the goodwill which the mark had acquired over a period of time.

110. In fact, Mr. Sibal was more or less compelled to accept this legal position but sought, with his usual dexterity, to distinguish it as restricted to certain cases. The attempt, in our considered opinion, is misguided. It is a well-known fact that, with the passage of time, one mark may be used for a variety of goods or services. Under the same Mercedes Benz mark, today, one may purchase anything from automobiles to perfumes. Mont Blanc, which started as a mark used for writing instruments, is used, today, for watches, accessories such as wallets and purses and perfumery, among others. It would be facile, therefore, to suggest that the reputation that the market carries is only when used with a particular category of goods or services.

111. It is this query, when posed by the Court to him, which provoked Mr. Sibal to venture a theory that there are degrees of goodwill, and the character of the goodwill would be dependent on the degree of goodwill which applies in a particular case. According to him this, marks such as Mercedes-Benz or Mont Blanc, have acquired such a high degree of goodwill, that the goodwill resides in the mark independent of the goods or services in connection with which it is used. Marks which have not acquired that degree of goodwill, according to him, may themselves be of two categories. The defendant’s mark may be identical to the plaintiff’s, in which case, too, the plaintiff would have to establish goodwill, but to a lesser degree, owing to the identity of the marks. Where the marks are not



identical, however, the plaintiff would have to establish the existence of pre-eminent goodwill in the mark *when used in conjunction with particular goods or services*.

112. With great respect to Mr. Sibal, we find no legal basis for this submission. While, as judges, it is always a pleasure to develop the law, the law cannot be allowed to develop in directions which are opposed to the law as it exists today. The development of the law cannot be labyrinthine. We cannot distinguish between goodwill as applicable to “reputed” marks, as compared to goodwill as applicable to less reputed marks, for the purposes of passing off. The law does not recognise, or envisage, such distinct categories of goodwill. Goodwill either exists, or it does not exist. The ingredients which are required to be established, in order for a Court to arrive at a finding that the name or mark carries the requisite goodwill in the minds of the public, are well established. There is, needless to say, no strait-jacket formula in this regard, and the issue of whether, in a particular case, the requisite degree of goodwill does, or does not, exist, must necessarily depend on the facts and circumstances of that case. In all cases, however, *the goodwill that is required to be established is in the mark, or name*, no doubt when used in connection with the goods or services which the plaintiff provides. This principle applies, as much to marks such as Mercedes-Benz or Mont Blanc, as to “humbler” marks.

113. As Mr. Sethi correctly pointed out, *Laxmikant V. Patel* was concerned with the use of the mark “Muktajivan” when used for a modest colour studio, having no more than a reputation in the area, or



the city, in which it was located. Nonetheless, the Supreme Court protected the mark against passing off.

114. We, therefore, cannot accept Mr. Sibal's submission that, for a passing off action, the goodwill that is required to be proved is in the name or mark *when used in connection with particular goods or services*. Though, in every case, the name or mark would undoubtedly be used for providing goods or rendering services, the goodwill has to reside in the name or mark per se. So long as the plaintiff's name or mark carries goodwill, it is entitled to protection against passing off, and against every other person using the same, or a deceptively similar name, or mark, as would result in the consuming public regarding the goods or services provided by such other person as those provided by the plaintiff.

E. Trans-border reputation

115. Insofar as the aspect of trans-border reputation is concerned, Mr. Sibal did not seriously question the correctness of the legal principles employed by the learned Single Judge in that regard. His submission is that, in employing the principles to the facts of the present case, the learned Single Judge has erred.

116. The principle of trans-border reputation, in a passing off action, now stands authoritatively delineated by the following passages from *Toyota*, on which the learned Single Judge has correctly placed reliance:



“29. The view of the courts in UK can be found in the decision of the UK Supreme Court in *Starbucks (HK) Ltd. v British Sky Broadcasting Group*⁵³, wherein Lord Neuberger observed as follows:

‘52. As to what amounts to a sufficient business to amount to goodwill, it seems clear that mere reputation is not enough.... *The claimant must show that it has a significant goodwill, in the form of customers, in the jurisdiction*, but it is not necessary that the claimant actually has an establishment or office in this country. *In order to establish goodwill, the claimant must have customers within the jurisdiction, as opposed to people in the jurisdiction who happen to be customers elsewhere. Thus, where the claimant's business is carried on abroad, it is not enough for a claimant to show that there are people in this jurisdiction who happen to be its customers when they are abroad.* However, it could be enough if the claimant could show that there were people in this jurisdiction who, by booking with, or purchasing from, an entity in this country, obtained the right to receive the claimant's service abroad. And, in such a case, the entity need not be a part or branch of the claimant: it can be someone acting for or on behalf of the claimant.’

30. It seems that in *Starbucks (HK) Ltd. v British Sky Broadcasting Group*, the Apex Court of UK had really refined and reiterated an earlier view in *Athletes' Foot Mktg. Associates Inc. v Cobra Sports Ltd.*⁵⁴ to the following effect:

‘... no trader can complain of passing off as against him in any territory ... in which he has no customers, nobody who is in trade relation with him. This will normally shortly be expressed by stating that he does not carry on any trade in that particular country ... but the inwardness of it will be that he has no customers in that country....’

31. A passing reference to a similar view of the Federal Court of Australia in *Taco Bell v Taco Co. of Australia [Taco Bell v Taco Co. of Australia]*⁵⁵, may also be made.

32. Prof. Cristopher Wadlow's view on the subject appears to be that the test of whether a foreign claimant may succeed in a passing-off action is *whether his business has a goodwill in a particular jurisdiction, which criterion is broader than the*

⁵³ (2015) 1 WLR 2628

⁵⁴ 1980 RPC 343

⁵⁵ (1981) 60 FLR 60 (Aust)



'obsolete' test of whether a claimant has a business/place of business in that jurisdiction. If there are customers for the claimant's products in that jurisdiction, then the claimant stands in the same position as a domestic trader.

33. The overwhelming judicial and academic opinion all over the globe, therefore, seems to be in favour of the territoriality principle. We do not see why the same should not apply to this country.

34. To give effect to the territoriality principle, *the courts must necessarily have to determine if there has been a spillover of the reputation and goodwill of the mark used by the claimant who has brought the passing-off action. In the course of such determination it may be necessary to seek and ascertain the existence of not necessarily a real market but the presence of the claimant through its mark within a particular territorial jurisdiction in a more subtle form which can best be manifested by the following illustrations, though they arise from decisions of courts which may not be final in that particular jurisdiction.*

35. In ***LA Société Anonyme Des Anciens Établissements Panhard Et Levassor v Panhard Levassor Motor Co. Ltd.***⁵⁶, the plaintiffs were French car manufacturers who had consciously decided to not launch their cars in England (apprehending patent infringement). Nevertheless, some individuals had got them imported to England. It was seen that England was one of the plaintiff's markets and thus, in this case, permanent injunction was granted. Similarly, in ***Grant v Levitt***⁵⁷, a Liverpool business concern trading as the Globe Furnishing Company, obtained an injunction against the use of the same name in Dublin as it was observed that advertisements by the plaintiff had reached Ireland and there were Irish customers.

36. ***C&A Modes v C&A (Waterford) Ltd.***⁵⁸ was a case where the plaintiffs operated a chain of clothes stores throughout the UK and even in Northern Ireland but not in the Republic of Ireland where the defendants were trading. The court held that:

'a very substantial and regular custom from the Republic of Ireland was enjoyed by this store. Up to that time an excursion train travelled each Thursday from Dublin to Belfast, and so great was the influx of customers from the Republic as a result of that excursion that the store ordinarily employed extra part-time staff on Thursday on

⁵⁶ (1901) 2 Ch 513

⁵⁷ (1901) 18 RPC 361

⁵⁸ 1976 IR 198 (Irish)



the same basis as it did on Saturday which were normally the busiest shopping days.’

The said view has since been upheld by the Irish Supreme Court.

37. Whether the second principle evolved under the trinity test i.e. triple identity test laid down in **Reckitt & Colman Products Ltd. v Borden Inc.** would stand established on the test of likelihood of confusion or real/actual confusion is another question that seems to have arisen in the present case as the Division Bench of the High Court has taken the view that the first test i.e. likelihood of confusion is required to be satisfied only in quia timet actions and actual confusion will have to be proved when the suit or claim is being adjudicated finally as by then a considerable period of time following the initiation of the action of passing off might have elapsed. Once the claimant who has brought the action of passing off establishes his goodwill in the jurisdiction in which he claims that the defendants are trying to pass off their goods under the brand name of the claimant's goods, the burden of establishing actual confusion as distinguished from possibility thereof ought not to be fastened on the claimant. The possibility or likelihood of confusion is capable of being demonstrated with reference to the particulars of the mark or marks, as may be, and the circumstances surrounding the manner of sale/marketing of the goods by the defendants and such other relevant facts. Proof of actual confusion, on the other hand, would require the claimant to bring before the court evidence which may not be easily forthcoming and directly available to the claimant. In a given situation, there may be no complaints made to the claimant that goods marketed by the defendants under the impugned mark had been inadvertently purchased as that of the plaintiff claimant. The onus of bringing such proof, as an invariable requirement, would be to cast on the claimant an onerous burden which may not be justified. Commercial and business morality which is the foundation of the law of passing off should not be allowed to be defeated by imposing such a requirement. In such a situation, likelihood of confusion would be a surer and better test of proving an action of passing off by the defendants. Such a test would also be consistent with commercial and business morality which the law of passing off seeks to achieve. In the last resort, therefore, it is preponderance of probabilities that must be left to judge the claim.”

117. We have already reproduced, *supra*, the tests of passing off which we have found to emerge from a cohesive reading of the various authorities on the point, in the decision of this Court in **FDC**.

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Page 71 of 82



Without reiterating the said principles, it is clear that, where a plaintiff is seeking to establish goodwill, in the territory in which it alleges the tort of passing off to have been committed, on the basis of a mark or name which is otherwise used outside that territory, it has to show actual percolation of reputation and goodwill in that mark or name into the territory in which it alleges passing off to have taken place. While it may not be necessary for the plaintiff to have an office in that particular territory or country, it must have customers within such territory. Those customers must purchase the goods of the plaintiff, or avail the services of the plaintiff, rendered under such mark or name, when situated within that territory. It is not enough to show that such customers, when they proceeded abroad, were customers of the plaintiff. Thus, the plaintiff must be “present through its mark in the territorial jurisdiction” of the country of the defendant, even if the existence of a “real market” in that country is not necessary. This “presence” may be merely by reputation also, as in a situation in which the mark or name is extensively advertised in that country.

118. The concept is actually elementary, when one keeps in mind the basic principle of passing off. Passing off takes place when a defendant, by using the mark or name of the plaintiff, seeks to pass off his goods, or services as the goods, or services, of the plaintiff. The issue of trans-border reputation arises where the plaintiff is situated outside the territorial jurisdiction in which the defendant is located. Even in such a case, if the reputation and goodwill which is commanded by the plaintiff’s mark is of such a degree that it has percolated into the territory of the defendant, and is “well-known” in that territory, the defendant is still seeking to capitalise on the



reputation of the mark or name. This is because, if consumers within the defendant's territory are consciously aware of the reputation of the mark or name in question, even though it is exclusively, or even essentially, used outside the territory, they may presume, when such mark or name is used by the defendant, that the plaintiff has now established a presence in that territory. When dealing with India, for example, many reputed brands, and names, which earlier had no presence in India, though they commanded a global reputation, have now established a presence within India.

119. One may, for example, consider a mark such as Burger King. Till a decade or so ago, Burger King had no presence in India. Even so, it had a global reputation, and many consumers in India, who were fond of burgers, were aware of the existence of the Burger King franchise. If, therefore, some adventurous entrepreneur, in India, decided to set up a Burger King outlet, before Burger King officially established a presence in this country, it might have amounted to passing off, given the fact that Burger King had a global reputation, and that reputation had percolated into India, through promotional material, literature, advertisements, and the like, even if there was no physical Burger King outlet within this country. Of course, if Burger King were to bring a passing off action against such entrepreneur, the onus would be on Burger King to prove that its global reputation had percolated into India so that it could be said to enjoy trans-border reputation within this country.

120. We, therefore, entirely agree with the learned Single Judge that “the existence of goodwill and reputation has to be shown to exist in



India and worldwide or global goodwill and reputation, sans any evidence of territorial goodwill and reputation, will be insufficient to succeed in a claim of passing off and thus yardstick to judge the claim of passing off will be “prior user” in India”. Of course, mere priority of user in India may not be sufficient to sustain a claim of passing off unless the plaintiff ascertaining the claim is able to establish that such prior user has resulted in accumulation of goodwill and reputation in the mark that it seeks to assert.

121. These principles, as we have already noted, have not been questioned by Mr. Sibal.

122. Having returned the aforementioned findings on law, the impugned judgment proceeds to apply these principles to the facts. The learned Single Judge has, in this context, held that

- (i) neither CSL, nor VIP, was able to make out a case of trans-border reputation, prior to the commencement of the use, by them, of the CARLTON mark in India, and
- (ii) within India, CSL had priority of user, of the CARLTON mark, and
- (iii) CSL had been able to prove, *prima facie*, existence of sufficient goodwill and reputation as would justify injuncting VIP from use of the CARLTON mark in respect of goods covered by Class 18.

123. These are pure findings of fact, and are fundamentally discretionary in nature. The scope of interference, with such findings, in appeal, has to be circumscribed by the following exordium,



contained in the judgment of the Supreme Court in *Wander*:

“14. The appeals before the Division Bench were against the exercise of discretion by the Single Judge. In such appeals, the appellate court will not interfere with the exercise of discretion of the court of first instance and substitute its own discretion except where the discretion has been shown to have been exercised arbitrarily, or capriciously or perversely or where the court had ignored the settled principles of law regulating grant or refusal of interlocutory injunctions. An appeal against exercise of discretion is said to be an appeal on principle. Appellate court will not reassess the material and seek to reach a conclusion different from the one reached by the court below if the one reached by that court was reasonably possible on the material. The appellate court would normally not be justified in interfering with the exercise of discretion under appeal solely on the ground that if it had considered the matter at the trial stage it would have come to a contrary conclusion. If the discretion has been exercised by the trial court reasonably and in a judicial manner the fact that the appellate court would have taken a different view may not justify interference with the trial court's exercise of discretion. After referring to these principles Gajendragadkar, J. in *Printers (Mysore) Private Ltd. v. Pothan Joseph*⁵⁹:

“... These principles are well established, but as has been observed by Viscount Simon in *Charles Osenton & Co. v. Jhanaton*⁶⁰ ‘...the law as to the reversal by a court of appeal of an order made by a judge below in the exercise of his discretion is well established, and any difficulty that arises is due only to the application of well settled principles in an individual case’.”

We would not, therefore, interfere with the exercise of subjective discretion, by the learned Single Judge, on issues of fact, unless the exercise is capricious, perverse, or such as no reasonable man would undertake on the facts before him.

124. VIP alone is in appeal before us. CSL has not challenged the impugned judgment, or preferred any cross-objection in VIP's appeal. As such, we are required to consider the findings of the learned Single

⁵⁹ AIR 1960 SC 1156

⁶⁰ 1942 AC 130



Judge, only insofar as they are adverse to VIP.

125. The learned Single Judge holds in paras 57 to 61 (reproduced in para 37 *supra*) of the impugned judgment, that VIP has not been able to make out a case of sufficient trans-border reputation, prior to the commencement of the use, by it, in India, of the CARLTON mark. In so holding, the learned Single Judge notes that

- (i) there was nothing to indicate that the promotional material, relied upon by VIP, was extensively and widely published or circulated in India, so as to result in spillover of the goodwill and reputation of the CARLTON mark, as used by CIPLC, into India,
- (ii) prior to the use, by VIP, of the CARLTON mark for travel luggage in 2006, there was no material to indicate that any goods bearing the CARLTON mark, manufactured by VIP or CIPLC, had a customer base in India,
- (iii) nor was there any indication that CIPLC or, prior thereto, Raxvale, had any presence in India or in the Indian market,
- (iv) VIP had referred to certain advertisements and price lists dating back to the 1980s and 1990s, but there was no material to show that customers in India were aware of these advertisements or price lists, and
- (v) there were no documents to evidence sales, in India, by CIPLC or Raxvale, of goods bearing the mark CARLTON, such as invoices, bills, delivery documents or photographs of stores.

The learned Single Judge observes that the earliest sales invoice placed on record by VIP, is dated 11 August 2006. She also notes that the invoices of 2006 and 2007 make no observation or reference to



CARLTON. Even if VIP's stand that the AIRTEC Mark was a sub-brand of CARLTON, was to be accepted, it would indicate goodwill only as of 22 December 2006. Inasmuch as the use, by CSL, of the CARLTON mark was of 1992-1993 vintage, the learned Single Judge holds that there was no evidence, led by VIP, to show accumulation of any trans-border reputation or goodwill, in the CARLTON mark, prior to 1992-1993. Thus, she concludes, "absence or negligible presence of VIPs goods in question under the trademark CARLTON in the Indian market space when Carlton started to occupy the space, defeats VIPs claim of passing off against Carlton."

126. We have already set out Mr. Sibal's submissions hereinbefore, and we do not find any submission which would serve to dent these findings of the learned Single Judge in the impugned judgment.

127. There is, therefore, no factual or legal irregularity or illegality in the finding of the learned Single Judge, in the impugned judgment, that, prior to 2004, the CARLTON mark, for any goods, as used by VIP, did not have any reputation or goodwill in India. No case of trans-border reputation having been earned by the mark, prior thereto, was forthcoming.

F. Priority of user, and goodwill, established by CSL

128. As against this, the impugned judgment holds, in para 62 (reproduced in para 37), that CSL had placed material on record to indicate accumulation of goodwill of the CARLTON mark, as used by it in India, prior to the commencement of user of the CARLTON mark



by VIP in 2006. The learned Single Judge refers, in this context, to

- (i) sale invoices of the years 2003 to 2005 along with the list of 24 outlets of CSL, across Delhi, Gurgaon, Noida and Chandigarh,
- (ii) certificates of sales figures of the revenue earned by use, by CSL, of the CARLTON mark in India during the period 1993 to 2018,
- (iii) articles extensively figuring in high-profile magazines and newspapers widely published and circulated in India such as Cosmopolitan, Femina, Fashion Bloom, Apparel, Society, Outlook, The Tribune, The Pioneer, HT City, Business Standard, The Hindu, etc, dating back to March 2004,
- (iv) presence on various e-commerce platforms,
- (v) VAT registrations dating back to 1993, and
- (vi) Master data of production under the CARLTON marks by CSL from 2003.

129. In response thereto, Mr. Sibal submits that the material, to which the impugned judgment alludes in para 62, reference the use of the CARLTON mark, by CSL, for footwear or, at the best, handbags and purses, which were not allied, cognate or similar to travel luggage. The submission would apply, equally, to the Master data, in which Mr. Sibal submits that there is a sole entry pertaining to luggage, which, too, is of Chinese origin and is of 2010.

130. In view of our finding, earlier in this judgment, that the goodwill that is required to be established in order to sustain a claim of passing off is goodwill in the mark, and not goodwill in the mark as



used for any particular goods or services, the submission of Mr. Sibal must, of necessity, fail. Even if CSL had established goodwill, in respect of the CARLTON mark, for footwear, that by itself would suffice to maintain a plea for injunction against VIP using the CARLTON mark, even if it was for travel luggage.

131. We, moreover, are not in agreement with Mr. Sibal that handbags and purses are not allied and cognate, or similar goods, vis-à-vis travel luggage. There is no real basis for this submission, except Mr. Sibal's insistence that handbags and purses are fashion accessories. To our mind, handbags and purses are also receptacles in which persons carry items for use by them, though on a much smaller scale than travel luggage. Not everyone, it is obvious, uses a handbag as a fashion accessory, nor are all handbags, for that matter, capable of, or even meant for, such use. At least at a *prima facie* stage, keeping in mind the circumspection which the judgment of the Supreme Court in *Wander* requires us to maintain while sitting in appeal, we certainly cannot set aside the judgment of the learned Single Judge by accepting Mr. Sibal's contention that handbags and purses are not allied and cognate to luggage. Even on merits, the submission appears to be highly debatable.

132. The finding of CSL having proved the existence of goodwill and reputation of the CARLTON mark, as used by it for more than 13 years prior to the commencement of user of the CARLTON mark by VIP for travel luggage, therefore, does not brook interference.

G. Balance of convenience



133. The learned Single Judge has also examined whether the balance of convenience lies, in the present case. She notes that CARLTON is the house mark of CSL, and is the only mark used by it. As against this, VIP has at least six marks other than CARLTON, which it uses. Keeping in mind the reputation that the CARLTON mark, as used by CSL, has earned since 1993 even in India, the learned Single Judge holds that the balance of convenience was in favour of grant of injunction, to CSL, against VIP, restraining VIP from using the CARLTON mark for goods which fall in Class 18, pending disposal of the suit.

134. On facts, these findings are not disputed by Mr. Sibal. His contention is that the balance of convenience was in favour of VIP, rather than CSL, as VIP had, to its credit, 13 years' accumulated goodwill and reputation, from 2006 to 2019, before the cross-suits were filed by VIP and CSL against each other. Mr. Sibal repeatedly emphasised that the incongruous consequence of the impugned judgment is that CSL, which never used the CARLTON mark for luggage, has now been permitted to do so, while VIP, which was using the mark for 13 years, for travel luggage, even prior to institution of the suit by CSL, has been restrained from further doing so.

135. Insofar as the last submission of Mr. Sibal is concerned, the restraint that the learned Single Judge has placed on Mr. Sibal is but a legal consequence of her finding that VIP is guilty of passing off its product as the product of CSL, by using an identical CARLTON mark. Though Mr. Sibal submits that the use was innocent, as CSL



was never using the CARLTON mark for travel luggage, we are not inclined to interfere with the opinion, expressed by the learned Single Judge in the impugned judgment, that it was not. We are in agreement with the learned Single Judge that it would be hard to believe that VIP was unaware of the prior existence of the CARLTON mark, in India, as used by CSL since 1993. The CARLTON mark in fact stands registered, under the Trade Marks Act, for Class 18 goods, in favour of CSL, since 1986. CARLTON is not a word of ordinary usage, or one which would readily come to the mind of a manufacturer of travel luggage. If, therefore, the learned Single Judge has come to a conscious and subjective finding that the adoption of the CARLTON mark, by VIP, for travel luggage in 2006, was not innocent but deliberate, we do not find that any case to interfere with that finding, within the peripheries of the appellate jurisdiction which vests in us, exists.

136. While, therefore, adopting the CARLTON mark for travel luggage, VIP undertook, upon itself, the risk of suffering an injunction at a later point of time. It cannot, therefore, complain, now that an injunction has been granted.

137. We, therefore, are unable to accept Mr. Sibal's submission that the balance of convenience, insofar as grant of injunction is concerned, was not in favour of CSL. We sustain the findings of the learned Single Judge in that regard.

H. Delay



138. Mr. Sibal has also pleaded delay, on CSL's part, in instituting its suit. This issue stands answered, against VIP, by para 16 of the judgment of the Supreme Court in *Heinz Italia*, on which Mr. Sethi correctly placed reliance:

“16. ... In *Corn Products*⁶¹ it was observed that the principle of similarity could not to be very rigidly applied and that if it could be prima facie shown that there was a dishonest intention on the part of the defendant in passing off goods, an injunction should ordinarily follow and the mere delay in bringing the matter to court was not a ground to defeat the case of the plaintiff. It bears reiteration that the word “Glucon-D” and its packaging had been used by Glaxo since 1940 whereas the word “Glucose-D” had been used for the first time in the year 1989.”

139. The plea of delay in institution of the suit by CSL, as advanced by Mr. Sibal is also, therefore, rejected.

Conclusion

140. No case is, therefore, made out for interference with the impugned judgment of the learned Single Judge, which is affirmed in its entirety.

141. The appeals are dismissed.

C. HARI SHANKAR, J.

AJAY DIGPAUL, J.

JULY 1, 2025/ar/dsn

Click here to check corrigendum, if any