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

Reserved on:16 October 2025
Pronounced on: 5 January 2026

\+ FAO (COMM) 77/2025, CM APPL. 15229/2025

SANA HERBALS PRIVATE LIMITED .....Appellant
Through: Mr. J. Sai Deepak, Sr. Adv with Mr. M.K. Miglani, Mr. R. Abhishek, Mr. Amit Tomar and Mr. Hardik Gogia, Advs.

versus

MOHSIN DEHLVI & ANR. .....Respondents
Through: Ms. Swathi Sukumar, Sr. Adv. with Ms. Tanzeela, Ms. Ritika Aggarwal, Mr. Ritik Raghuwanshi, Ms. Shrudula Murthy and Ms. Pratibha Singh, Advs.

CORAM:
HON'BLE MR. JUSTICE C. HARI SHANKAR
HON'BLE MR. JUSTICE OM PRAKASH SHUKLA

JUDGMENT

% 05.01.2026

C. HARI SHANKAR, J.

1. This appeal assails order dated 21 December 2024, passed by the learned District Judge, Commercial Court-03 (Central), Tis Hazari[1] whereby the appellant's application under Order XXXIX Rules 1 and 2 of the Code of Civil Procedure, 1908[2] has been dismissed. Respondent 1, in the appeal, is Mohsin Dehlvi, and Respondent 2 is Dehlvi Remedies Pvt Ltd.

[1] "the learned Commercial Court" hereinafter
[2] "CPC" hereinafter.

2. CS (Comm) 1776/2020[3] stands instituted by the appellant against the respondents, alleging (i) infringement, by the respondents, of the trade mark NOKUFSYRUP which stands registered in favour of the appellant, under Section 23 of the Trade Marks Act, 1999, with effect from 15 May 2015, and (ii) passing off, by the respondents, of their product NOKUF/ KufNo Syrup as the product of the appellant, by using the mark NOKUF.

3. No case of infringement can sustain

3.1 At the very outset, we deem it appropriate to clear the air by observing that, as the trade mark NOKUF stands registered in favour of Respondent 2 with effect from 3 June 1996, no allegation of infringement can sustain against the respondents, in view of the law declared by the Supreme Court in paras 27, 28 and 32.2 of ***S. Syed Mohideen v. P. Sulochana Bai***[4] which clearly hold that no infringement action can lie against a registered trade mark, though an action for passing off is maintainable:

> "27. Sub-section (3) of Section 28 with which we are directly concerned, contemplates a situation where two or more persons are registered proprietors of the trade marks which are identical with or nearly resemble each other. It, thus, postulates a situation where same or similar trade mark can be registered in favour of more than one person. On a plain stand-alone reading of this Section, it is clear that the exclusive right to use of any of those trade marks shall not be deemed to have been acquired by one registrant as against other registered owner of the trade mark (though at the same time they have the same rights as against third person). Thus, between the two persons who are the registered owners of the trade marks, there is no exclusive right to use the said trade mark against each other, which means this provision gives concurrent right to

[3] **Sana Herbals Pvt Ltd v. Mohsin Dehlvi & Anr**
[4] **(2016) 2 SCC 683**

both the persons to use the registered trade mark in their favour. Otherwise also, *it is a matter of common sense that the plaintiff cannot say that its registered trade mark is infringed when the defendant is also enjoying registration in the trade mark and such registration gives the defendant as well right to use the same, as provided in Section 28(1) of the Act.*

28. However, what is stated above is the reflection of Section 28 of the Act when that provision is seen and examined without reference to the other provisions of the Act. *It is stated at the cost of repetition that as per this Section owner of registered trade mark cannot sue for infringement of his registered trade mark if the appellant also has the trade mark which is registered*. Having said so, a very important question arises for consideration at this stage, namely, whether such a respondent can bring an action against the appellant for passing off invoking the provisions of Section 27(2) of the Act. In other words, what would be the interplay of Section 27(2) and Section 28(3) of the Act is the issue that arises for consideration in the instant case. As already noticed above, the trial court as well as the High Court have granted the injunction in favour of the respondent on the basis of prior user as well as on the ground that the trade mark of the appellant, even if it is registered, would cause deception in the mind of the public at large and the appellant is trying to encash upon, exploit and ride upon on the goodwill of the respondent herein. Therefore, the issue to be determined is as to whether in such a scenario, the provisions of Section 27(2) would still be available even when the appellant is having registration of the trade mark of which he is using.

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32.2. From the reading of the aforementioned excerpts from Kerly's Law of Trade Marks and Trade Names, it can be said that not merely it is recognised in India but in other jurisdictions also including England/UK (Provisions of the UK Trade Marks Act, 1994 are analogous to the Indian Trade Marks Act, 1999) that the *registration is no defence to a passing off action and nor the Trade Marks Act, 1999 affords any bar to a passing off action*. In such an event, the rights conferred by the Act under the provisions of Section 28 have to be subject to the provisions of Section 27(2) of the Act and thus the passing off action has to be considered independent "Iruttukadai Halwa" under the provisions of the Trade Marks Act, 1999."

(Emphasis supplied)

3.2 This Court has, following ***S. Syed Mohideen***, held recently as under, in ***Vaidya Rishi India Health (P) Ltd v. Suresh Dutt Parashar***[5]:

> "19.9 *Thus, the Supreme Court, in* ***S. Syed Mohideen****, has clearly held that there can be no infringement action against the proprietor of a registered trademark and that no injunction can be granted against use, by the proprietor of a registered trademark, of the mark in the class in which it is registered in his favour, on the ground of infringement*.
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> 19.10 A passing off action, we may note, would lie even against the proprietor of a registered trademark, as the right to sue against passing off arises under common law, and is not a statutory tort. ***Syed Mohideen***, therefore, clarifies that the view that there can be no injunction against the use of a registered trade mark is the position as it emerges from Section 28(3) of the Trade Marks Act. That would not, however, inhibit the Court from granting injunction against the use of a registered trade mark, by its proprietor, *on the ground of passing off*. Section 27(2) of the Trademarks Act expressly saves passing off actions."
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> (Emphasis in original)

3.3 In view of the enunciation of the law in ***S. Syed Mohideen***, this Court has, in ***Vaidya Rishi***, expressed its inability to follow the earlier decision of the Division Bench of this Court in ***Raj Kumar Prasad v. Abbott Healthcare (P) Ltd***[6], which held that an infringement action would lie even against a registered trade mark.

3.4 We, therefore, do not propose, in this judgement to enter into the allegation of infringement as raised by the appellant against the respondents in the suit, as it cannot lie.

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[5] **2025 SCC OnLine Del 6147**
[6] **(2014) 60 PTC 51 (Del-DB)**

3.5 We would only be examining whether a case for injunction, on the ground of passing off is, or is not, made out.

Facts

4. Facts are of the essence in this case. A chronological list of dates would facilitate matters:

Date	Event
20 October 1994	Date from which respondents claim to be using NOKUF mark, selling products bearing the mark through Respondent 2. (Disputed by appellant)
3 June 1996	Respondent 2 applied for registration of mark NOKUF with user claim of 1994.
21 October 1997	Appellant incorporated
3 November 1997	Manufacturing Agreement whereunder Respondent 1 gave rights to appellant to manufacture Cough Syrup under NOKUF trade mark for 3 years.
19 September 1999	Assignment Deed whereby Respondent 2 assigned rights in respect of NOKUF trade mark to appellant. (Asserted by appellant but denied by respondents)
2000 – 2009	Respondents purchased NOKUF Syrup from appellant.
2003	Manufacturing unit of respondents was destroyed in a fire.
2007	Respondent 2 struck off Register of Companies

15 May 2015	Appellant applied for registration of trade mark NOKUF SYRUP
13 February 2020	Trade mark NOKUF SYRUP registered in favour of appellant w.e.f. 15 May 2015.
22 September 2020	Trade mark NOKUF registered in favour of Respondent 2 w.e.f. 3 June 1996
2024	Respondent 2 obtained Drug Licence

5. The Plaint

5.1 The appellant alleged, in the plaint, that, in 1998, Respondent 1 gave the right to the appellant to manufacture cough syrup under the mark NOKUF and that, subsequently, the respondents started purchasing NOKUF branded goods from the appellant, to further sell it in retail in the market. This purchase was alleged to have continued till 2006-2007. In the interregnum, the appellant claimed to have purchased all intellectual property rights in the mark NOKUF from the respondents *vide* Assignment Deed dated 19 September 1999. Following this, the appellant established and built up a reputation in the trademark NOKUF for cough syrup for over two decades, during which it amassed considerable goodwill. The appellant also obtained registration, under the Trade Marks Act, of the trademark NOKUFSYRUP. The registration was valid and subsisting. The appellant annexed, with the plaint, invoices purporting to represent continuous usage of the mark NOKUF, by the appellant, consequent to

the Assignment Deed dated 19 September 1999. The appellant also claimed to have widely advertised the trademark NOKUF for syrups and that NOKUF had become a source identifier of the appellant. Figures of the advertisement expenses incurred by the appellant were also provided. The label of the appellant was also registered as an art work in the appellant's favour under the Copyright Act, 1957. Various other assertions, to underscore the goodwill of the appellant, were also made in the plaint.

5.2 Apropos the respondents, the plaint averred that Respondent 1 was a Director in Dehlvi Remedies Pvt Ltd.[7], and was guiding, promoting and controlling its affairs. It was specifically asserted, in the plaint, that, post the Assignment Deed dated 1 September 1999, Respondent 1 did not use the mark NOKUF. Instead, the respondents used to purchase NOKUF branded products from the appellant and sell them in the market to their customers.

5.3 Respondent 2 was struck off from the list of registered companies by the Registrar of Companies[8] in 2007. It remained struck off till 2019. For all these years, the respondents never used the mark NOKUF. Respondent 2 was, however, reinstated by the ROC in 2019. Thereafter, Respondent 2 fraudulently managed to revive its dormant application filed on 3 June 1996 for registration of the trademark NOKUF, and obtained registration on 22 September 2020. The trademark NOKUF was deceptively similar to the appellant's registered trademark NOKUFSYRUP, and the use, by the respondents,

[7] "Respondent 2" hereinafter
[8] "ROC" hereinafter

of the trademark NOKUF was bound to dilute the reputation which the appellant had, over the years, built in the mark.

5.4 The appellant had opposed the registration of the trademark NOKUF vide Notice of Opposition dated 29 September 2015. By order dated 13 August 2019, however, the opposition was rejected by the Registrar, and the NOKUF trademark proceeded to registration in favour of Respondent 2. An appeal, against the said order of the Registrar, has been preferred by the appellant which, on the date of institution of the suit, was pending before the Intellectual Property Appellate Board[9].

5.5 As the respondents had revealed their intention to commence manufacture and sale of cough syrup under the mark NOKUF, the appellant was preferring the suit as a *quia timet* action.

5.6 In these circumstances, the appellant prayed, in the suit, for a decree of permanent injunction, restraining the respondents from dealing in the mark NOKUF, or in KufNo Syrup, under which brand they had represented themselves as intending to manufacture the cough syrup, apart from other ancillary reliefs.

6. Written Statement

6.1 In their written statement, the respondents pleaded that Respondent 2 adopted the trademark NOKUF in 1994, and applied for

[9] "IPAB" hereinafter

its registration under the Trade Marks Act in Class 5 in 1996. The mark was extensively used by Respondent 2, and was associated, in the minds of the public, with the second Respondent. Shakeel Jamil and Jamul ul Rehman, who had set up the appellant-Company, were cousins of Respondent 1. When they incorporated the appellant-Company, Respondent 1, out of love and affection, consented to connect with the Company as a founding Director, from which post he stepped down on 25 May 1998. The written statement emphasises the fact that, prior to the incorporation of the appellant-Company on 21 October 1997, the respondents were prior authors and users of the trade mark NOKUF.

6.2 On 3 November 1997, a Manufacturing Agreement was executed between the appellant and Respondent 2, whereunder the appellant was permitted to manufacture products for the respondents on license basis for 3 years. The appellant commenced manufacturing products for the respondents under the aegis of the said Manufacturing Agreement. This continued till September 1999. Use of the NOKUF trademark by the appellant, during the said period, was specifically for and on behalf of Respondent 2.

6.3 Unfortunately, on 18 September 2003, a fire broke out in the premises of Respondent 2, resulting in loss, to the respondents, of ₹ 1 crore.

6.4 On 26 February 2007, the Assistant ROC struck off the name of Respondent 2 from the Register of Companies for failure to reply to a notice issued under Section 560(1) of the Companies Act.

6.5 Taking advantage of these unfortunate circumstances, the written statement averred that the appellant applied in 2016, and fraudulently got the trademark NOKUFSYRUP registered in its name. The appellant claimed user of the mark NOKUFSYRUP, in the application, with effect from 1 April 1998, which was after the commencement of user, by the respondents, of the NOKUF mark.

6.6 By order dated 11 December 2018, the National Company Law Tribunal[10] set aside the order dated 26 February 2007 of the Assistant ROC, and directed restoration of the name of Respondent 2 to the Register of Companies. This was done and, thereafter, Respondent 2 became an active Company.

6.7 The respondents categorically denied execution of the Assignment Deed dated 19 September 1999. In any event, it was submitted that the Assignment Deed was null and void, as it was not registered within six months from the date when it was made or within the extendable period of three months in terms of Section 42[11] of the Trade Marks Act.

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[10] "NCLT" hereinafter

[11] **42. Conditions for assignment otherwise than in connection with the goodwill of a business**.— Where an assignment of a trade mark, whether registered or unregistered is made otherwise than in connection with the goodwill of the business in which the mark has been or is used, the assignment shall not take effect unless the assignee, not later than the expiration of six months from the date on which the assignment is made or within such extended period, if any, not exceeding three months in the aggregate, as the Registrar may allow, applies to the Registrar for directions with respect to the advertisement of the assignment, and advertises it in such form and manner and within such period as the Registrar may direct.

Explanation. For the purposes of this section, an assignment of a trade mark of the following description shall not be deemed to be an assignment made otherwise than in connection with the goodwill of the business in which the mark is used, namely:—

(a) an assignment of a trade mark in respect only of some of the goods or services for which the trade mark is registered accompanied by the transfer of the goodwill of the business concerned in those goods or services only; or

6.8 The written statement denied that the appellant enjoyed any goodwill or reputation in the mark NOKUF. It was further asserted that Respondent 1 is the registered proprietor of the mark NOKUF, over which the appellant has no right to claim monopoly. The respondents further averred that they had been continuously promoting sale of their goods and business under their various trademarks, including NOKUF.

6.9 The respondents, therefore, submitted that the suit of the appellant was liable to be dismissed.

7. The impugned order

7.1 The learned Commercial Court has noted, at the outset, that the suit was premised as a *quia timet* action, as Respondent 1 had posted pictures of the pack of its NOKUF product on its WhatsApp handle. The appellant was contending that, till then, there had been no use of the mark NOKUF by the respondents. The belated use of the mark NOKUF, in which the appellant had painstakingly built a reputation over 24 years would, contended the appellant, be irreparably damaged if the respondents were to be permitted to use the same mark.

7.2 The respondents contended, *per contra*, that Respondent 1 had through Respondent 2, been manufacturing and selling goods bearing the NOKUF mark and that the user of the NOKUF mark by the

(b) an assignment of a trade mark which is used in relation to goods exported from India or in relation to services for use outside India if the assignment is accompanied by the transfer of the goodwill of the export business only.

respondents, therefore, was of 1994 vintage. On 3 June 1996, Respondent 2 applied for registration of the mark NOKUF. The Appellant-company was incorporated only thereafter on 21 October 1997.

7.3 The respondents further submitted that, in view of the devastating fire which had destroyed the manufacturing facility of respondent 2 in 2003, Respondent 1 granted manufacturing rights to Dehlvi Amber Herbal Pvt Ltd[12] to manufacture and sell goods under the NOKUF mark. Through DAHPL, the user of the NOKUF mark, by the respondents, therefore, continued.

7.4 The execution of the Assignment Deed dated 19 September 1999 was denied.

7.5 As against this, the appellant contended that mere registration of the trademark NOKUF in favour of the respondents, without any use of the mark, did not entitle the respondents to protection. It was an admitted position that the factory of Respondent 2 was destroyed in a fire in 2003 and that, from 2007 to 2018, the name of Respondent 2 was struck off the Register of Companies. In fact, till 2018, the respondents did not have any manufacturing license to carry out manufacture of drugs. During this entire period, the appellant had been using the NOKUF trademark and, from 2000 till 2004, the respondent in fact used to purchase NOKUF from the appellant to further sell it in the retail market.

[12] "DAHPL" hereinafter

7.6 The appellant pointed out, before the learned Single Judge, that, despite the appellant using the NOKUF mark, no cease and desist notice was ever issued to be appellant by the respondents. There was no record of any use of the mark NOKUF by the respondents between 2000 and 2024. Not a single invoice had been placed on record.

7.7 In these circumstances, it was submitted, by the appellant before the learned Single Judge, that, applying the principles of acquiescence and abandonment, the respondents were no longer entitled to claim exclusivity over the NOKUF mark. Reliance was placed, by the appellant, on the judgement of the Supreme Court in ***Corn Products Refining Co. v. Shangrila Food Products Ltd***[13] and the judgments of Division Bench is of this Court in ***Virumal Praveen Kumar v. Gokul Chand Hari Chand***[14] and ***Rajveer Food Marketing (I) Pvt Ltd v. Amrit Banaspati Co. Ltd***[15].

7.8 The respondent contended, *per contra*, that the appellant had admitted prior user of the NOKUF trademark by the respondent. The appellant's contention was that, in 1997, Respondent 1 had given the right to be appellant to manufacture cough syrup under the mark NOKUF and that, till 2006-2007, the respondents were purchasing NOKUF of syrup from the appellant for further sale in retail in the market.

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[13] **AIR 1960 SC 142**
[14] **2002 (25) PTC 672 (Del)**
[15] **2010 (42) PTC 147 (Del)**

7.9 As against this, the respondent asserted that it was the prior author and user of the NOKUF trade mark even before the Appellant-Company was incorporated. By Manufacturing Agreement dated 3 November 1997, Respondent 2 had permitted the appellant to manufacture goods for the respondents for three years. Respondent 1 step down from Directorship of the appellant on 25 May 1998. Between June 1998 and September 1999, the appellant was continuing to manufacture pharmaceutical preparations for and on behalf of all of Respondent 2 on license basis.

7.10 The execution of the Assignment Deed dated 19 September 1999 was denied by the respondents. Additionally, the respondents contended that the Agreement, even if it were to be assumed to have been executed, was null and void in law, as it was never registered by the appellant within six months of the alleged assignment or within the extended period of three months available in Section 42 of the Trade Marks Act.

7.11 In rejoinder before the learned Commercial Court, the appellant contended that, having transferred all rights in the trademark NOKUF to the appellant *vide* the assignment Deed dated 19 September 1999, the respondents had no right to seek registration of the NOKUF trademark in their favour thereafter. The registration was, therefore, obtained by fraud.

7.12 Dealing with the aforesaid submissions, the learned Commercial Court has noted, at the outset, that the appellant did not deny the fact that Respondent 2 had adopted the NOKUF trademark

prior to 1999. The Assignment Deed dated 19 September 1999 was challenged by the respondents. It was admittedly not registered. The NOKUF trademark stood registered in favour of Respondent 2, and the registration was continuing to subsist. The registration held by the appellant was of the trademark NOKUFSYRUP, not NOKUF. In these circumstances, the learned Commercial Court held that the appellant had failed to establish a prima facie case in its favour.

7.13 Insofar as the aspect of user was concerned, the learned Commercial Court noted that rival claims were being made by the parties. The appellant was contending that the invoices placed on record by the respondents did not evidence continuous use, by the respondents, of the trademark NOKUF over a long period. On the other hand, the appellant claimed to have popularised his business under the NOKUF SYRUP brand, having invested a considerable amount, over an extended period of time. Parallel claims were made by Respondent 2. Adjudication on these rival claims, opined the learned Commercial Court, would require detailed examination of documents, which was not possible at the stay stage. In any event, in these circumstances, the learned Commercial Court held that the considerations of balance of convenience and irreparable loss were not in favour of the appellant.

7.14 Insofar as the judgment in ***Virumal Pradeep Kumar*** was concerned, the learned Commercial Court observed that, in that case, there was 40 years' non-use of the mark. As against that, in the present case, the respondents were asserting continuous user of the NOKUF

trade mark, albeit through DAHPL. This aspect could not be decided without a trial.

7.15 Further noting the fact that the respondents' stand was that it had granted limited permissive user to the appellant to manufacture pharmaceutical products for it for a limited period, and that it was disputing the Assignment Deed dated 19 September 1999 and asserting that it had never relinquished the right to use the NOKUF trademark, the learned Commercial Court held that the merits of the case did not justify grant of interim relief.

7.16 Accordingly, the application of the appellant under Order XXXIX Rules 1 and 2 was dismissed.

Rival Contentions before this Court

8. Submissions of Mr. Sai Deepak on behalf of the appellant

8.1 Mr. Sai Deepak submits that the appellant is the registered proprietor of the NOKUFSYRUP trade mark, which stands registered in the appellant's favour with effect from 15 May 2015, *vide* Certificate of Registration dated 13 February 2020. The appellant has been using the NOKUF trade mark continuously since 15 October 1999, after being granted licence in that regard by Respondent 2 *vide* Assignment Deed dated 19 September 1999. Thereafter, the respondents themselves had, in fact, purchased NOKUF Syrup from the appellant during the period 2000 to 2004 for further retail. This fact was admitted.

8.2 Mr. Sai Deepak further submits that, as the name of Respondent 2 was struck off from the Register of Companies by the ROC between 2007 and 2018, the respondents could not have used the mark NOKUF till 2018. In the interregnum, he submits that, by practising fraud, the respondents had their Registration Application, filed on 3 June 1996, revived and had obtained registration of the NOKUF trade mark in their favour. He points out that the respondents have not placed, on record, any license or approval from the Drug Controller, enabling them to manufacture NOKUF cough syrup even after 2018, till 2024. Thus, he submits that, after 2009, there is, in fact, no user, by the respondents, of the NOKUF trade mark and, after the appellant had established and built up a reputation in the said mark, the respondents are, in 2024, now seeking to capitalise on the said reputation. He points out that, in response to an application filed by the appellant under Order XI Rule 14 of the CPC, in which the respondents were directed to produce the license issued to them by the Drug Controller, the respondents placed, on record, a licence issued to a third party. Moreover, this Court had, in its order dated 13 September 2024 in CM(M)-IPD 18/2024, specifically directed that the learned Commercial Court would not take into consideration the additional documents filed by the respondents. The fact that the respondents have now obtained a license from the Drug Controller indicates that they did not have any license prior to 2024.

8.3 Thus, submits Mr. Sai Deepak, after 1999, the only person or entity using the NOKUF trade mark is the appellant. There is no user,

by the respondents, of the NOKUF trade mark between 1999 and 2024.

8.4 In this backdrop, Mr. Sai Deepak places reliance on para 8 of the judgment of the Supreme Court in ***Neon Laboratories v. Medical Technologies Ltd***[16] which, he submits, holds that a prior user would have a superior right over a subsequent user even if the subsequent user is the proprietor of a registered trade mark.

8.5 Mr. Sai Deepak further submits that, even with respect to the period 1994 to 1999, the claim of user of the NOKUF trade mark by Respondent 2 is sketchy. He submits that the Respondents have, by way of evidence regarding the said user, placed on record only five invoices. These five invoices, he submits, cannot make out a case of user, or of accumulation of goodwill on that basis. User, he submits, has to be continuous.

8.6 After the execution of the Assignment Deed on 19 September 1999, Mr. Sai Deepak submits that the respondents entirely discontinued use of the NOKUF trade mark. He took us through the provisions of the said Assignment Deed. The fact that the right to use the NOKUF trade mark had in fact been assigned to the appellant, he submits, is apparent from the fact that, during the period 2000 to 2004, the respondents themselves purchased NOKUF cough syrup from the appellant. Insofar as the extensive and continuous user, by the appellant, of the NOKUF trademark, after having been assigned the

[16] **(2016) 2 SCC 672**

right to do so by the Assignment Deed dated 19 September 1999 is concerned, Mr. Sai Deepak points out that several invoices have been placed on record.

8.7 Mr. Sai Deepak places reliance on § 18.17 from Mc Carthy on Trademarks and Unfair Competition (4th ed.), which reads as under:

> **"§ 18:17. Effect of invalid trademark assignment – An assignment in gross is invalid**
>
> **West's Key Number Digest**
>
> West's Key Number Digest, Trademarks 1199
>
> A sale of trademark rights apart from good will symbolized by the trademark is known as an "assignment in gross."[1] The general rule is that an "assignment in gross" of a trademark is invalid, and operates to pass no rights to the purported assignee.[2] In most cases, the most significant impact of an assignment in gross is that the purported assignee does not succeed to the assignor's priority of use of the mark.
>
> Since in most cases the assignor permanently stops use of the mark, no rights will remain in the assignor. [3] If the assignor ceases use with no intent to continue, it could be deemed to have "abandoned" the mark under the rules governing abandonment. Because the assignor legally assigned no rights to the purported assignee, the "assignee" does not own any transferred rights.
>
> If an assignment is invalid as being in gross, the purported "assignee" acquires no title in the mark, and hence has no standing to sue a third party for infringement.[4]
>
> As between the contracting parties, an assignment is binding so as to prevent the assignor from asserting an infringement claim against the assignee's use of the mark even if the transaction is invalid because it is an as-signment in gross. [5] Since after an assignment in gross the mark may for a time retain its trademark meaning, a later assignment back to the original assignor, or a later sale of the relevant good will and business to the assignee, can avoid any implications of abandonment of rights and

> can even operate to patch up the transaction so as to preserve the original priority rights in the assignee.[6]
>
> (Emphasis supplied)

Mr. Sai Deepak points out that the learned Commercial Court has not addressed the aspects of acquiescence and abandonment at all.

8.8 In support of his submissions, Mr. Sai Deepak finally places reliance on paras 35, 46 to 48 and 58 of ***Hardie Trading Ltd v. Addisons Paint & Chemicals Ltd***[17] to submit that having (i) assigned user of the NOKUF trademark to the appellant by the Assignment Deed dated 19 September 1999, (ii) never used the NOKUF trademark after 1999, till 2024, (iii) never objected to the use, by the appellant, of the NOKUF trademark during the said period and (iv) purchased, from the appellant, the products bearing the NOKUF trademark, the appellant cannot now seek to injunct the respondent from using the mark, thereby wiping away the entire goodwill and reputation amassed by the appellant during a quarter of a century, to the knowledge of the appellant. Mr. Sai Deepak submits that, even if, for the sake of argument, one were to discount the Assignment Deed dated 19 September 1999, the fact of the matter is that, between 1999 and 2024, the only user of the NOKUF trademark has been the appellant, and there was no subsisting registration of the NOKUF trademark in favour of the respondent during this entire period. Without prejudice to any other factor, therefore, he submits that the appellant has to be treated as having abandoned the NOKUF trademark and having acquiesced to the use of the trademark by the appellant during the entire period between 1999 and 2024.

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[17] **(2003) 11 SCC 92**

8.9 In these circumstances, Mr. Sai Deepak submits that it would be a travesty to allow the appellant to injunct the respondent from further using the NOKUF trademark and, thereby, capitalise on the goodwill and reputation that the appellant has, by its own sweat and tears, so to speak, built up.

8.10 Mr. Sai Deepak, therefore, exhorts this Court to set aside the impugned order and to grant interim injunction as sought before the learned Commercial Court.

9. Submissions of Ms. Swathi Sukumar, for the respondents

9.1 Ms. Sukumar submits, by way of response, that Respondent 1 had, through Respondent 2, commenced manufacturing and selling medicines under the NOKUF trade mark with effect from 1994. Respondent 2 applied for registration of NOKUF as a trademark under Section 23 of the Trade Marks Act on 3 June 1996, claiming user of 1994, much before the appellant was even incorporated on 21 October 1997. Owing to the unfortunate fire which broke out in the premises of Respondent 2, third-party manufacturing rights were granted to DAHPL, though proprietorial rights in the trademarks remained with the respondents. DAHPL applied for a license to manufacture and sell pharmaceutical products and, thereafter, sold the products under the respondents' trade marks. She points out that there is no pleading or document to indicate that Respondent 2 had assigned the trademark NOKUF to anyone else. In that view of the matter, she submits that Respondent 2 is the prior user and adopter of the NOKUF trademark,

and has, to its credit, continuous user of the trademark, through itself and, later, through DAHPL.

9.2 Ms. Sukumar categorically denied the execution of the Assignment Deed dated 19 September 1999. She also submits that there has, in the present case, been neither acquiescence nor abandonment, by the respondents, of the NOKUF trademark.

9.3 Ms. Sukumar points out that, the present case being one of passing off, it was incumbent on the appellant to establish goodwill in the NOKUF trade mark, to succeed in obtaining any injunctive orders. She submits that there is no material on the basis of which such accumulation of goodwill can be said to have been made out. She points out that a total of 32 invoices have been filed by the appellant, of which six represented sales to the respondents and 12 represented sales to the common distributor DAHPL. There were only 14 independent invoices to third parties. Insofar as advertisement expenses are concerned, Ms. Sukumar points out that there is only one undated advertisement on record, during the period 2012 to 2014. No evidence of promotional expenses have been placed on record. She submits that, in these circumstances, evidence of goodwill and reputation, as has mandatorily to be led by a plaintiff in order to sustain a claim of passing off, is woefully lacking in the present case. She relies, for this purpose, on ***Brihan Karan Sugar Syndicate Pvt Ltd v. Yashwantrao Mohite Krushna Sahakari Sakhar Karkhana***[18] and ***Vishal Gupta v. Rahul Bansal***[19].

[18] **(2024) 2 SCC 577**
[19] **2025 SCC OnLine Del 4389 (DB)**

9.4 Insofar as the Assignment Deed dated 19 September 1999 is concerned, without prejudice to her contention that the document is itself disputed, she submits that the Deed, if read, purports to transfer only the rights in the trademark without transfer of the accompanying goodwill. At the time when the Assignment Deed was executed, it is submitted that the Trade and Merchandise Marks Act, 1958[20] was in force and, under Section 38(1)[21] thereof, transfer of rights in a trademark, without accompanying transfer of goodwill, was not permissible, unlike Section 39[22] of the present Trade Marks Act. As such, the Assignment Deed was unenforceable in law.

9.5 Ms. Sukumar further submits that, as a licensee of the respondents under the Manufacturing Agreement dated 3 November 1997, the appellant cannot dispute the user of the respondents. She invites attention, in this context, to Clauses 8 and 9 of the said Agreement, which read thus:

> "8. The Manufacturer acknowledges that the trademarks, designs, copyright and get-ups (hereinafter referred to as the "Marks") used on or in connection with the product is and will ever remain the exclusive property of the Principal. The Manufacturer shall not acquire nor shall it ever claim to have acquired any rights or interests in and to the Marks whether by virtue of its performance under this Agreement or otherwise ought to have used any such property rights in any manner inconsistent with the rights of its Proprietor.

[20] "the 1958 Act" hereinafter

[21] **38. Assignability and transmissibility of unregistered trade marks**. —
(1) An unregistered trade mark shall not be assignable or transmissible except along with the goodwill of the business concerned.

[22] **39. Assignability and transmissibility of unregistered trade marks**. — An unregistered trade mark may be assigned or transmitted with or without the goodwill of the business concerned.

> The Manufacturer agrees that it shall execute such undertakings or documents as the Principal may require from the Manufacturer in relation to this Clause.
>
> 9. The Manufacturer may at its discretion disclose such confidential information received from the Principal only to those who are directly connected or involved with the use of such information for the purpose of manufacturing of the Products"

9.6 Ms. Sukumar also places reliance on para 47 of the judgment of the Supreme Court in ***Hardie Trading***. She submits that, as the rectification proceedings under Section 57, instituted by the appellant, are pending, there can be no question of abandonment. In any event, she submits that the issue of whether there exists, or does not exist, abandonment, has to be decided in the said Section 57 proceedings.

9.7 Ms. Sukumar concludes her submissions by pointing out that the appellant has not sought specific performance of the Assignment Deed dated 19 September 1999.

9.8 Accordingly, submits Ms. Sukumar, the appeal, being bereft of merits, deserves to be dismissed.

Analysis

10. We must observe that Mr. Sai Deepak, with his characteristic persuasive skills, did give us occasion, on the conclusion of proceedings, to cogitate as to whether he had not made out a case. It is for this reason that, instead of dictating the order in court, we reserved judgment.

11. Look at the facts, says Mr. Sai Deepak. The respondents can claim, at the highest, to user of the NOKUF trademark or a period of five years between 1994 and 1999. Thereafter, there is not a fragment of material to indicate any user, by the respondents, of the NOKUF trademark till date. In the meanwhile, on 19 September 1999, the respondents themselves, through Respondent 2, assigned user of the NOKUF trademark to the appellant. Even if the said Assignment Deed were to be treated as disputed, the fact remains that, after 1999, till date, there is no user of the NOKUF trademark by the respondents. The plea of user through DAHPL has no legs to stand in law. Over this period of a quarter of a century, from 1999 to 2024, it is the appellant who has, by continuous and uninterrupted user of the NOKUF trademark, established enduring goodwill and reputation. In fact, during this period, the respondents themselves purchased NOKUF cough syrup from the appellant. It was only when the appellant amassed goodwill in the market that, in 2020, Respondent 2 managed, by fraud, to obtain registration of the NOKUF trademark in its favour, against an application made as far back as on 3 June 1996. To allow the respondents, now, to capitalise on this registration and to injunct the appellant from any further use of the NOKUF trademark for cough syrup, after the appellant has built up a reputation in full knowledge of the respondents, he submits, would be no less than complete injustice. If this is not a classic case of abandonment and acquiescence, he questions, what is? The learned Commercial Court, he points out, has not adverted to any of these considerations.

12. The case, as we have pointed out, in equity, leans strongly in favour of the appellant.

13. But what about the law? This is commercial litigation. Equity, in matters of commerce, has to yield place to the dictates of the law.

14. We propose to commence our consideration of the law with an examination of the judgment of the Supreme Court in ***Neon Laboratories***, as we feel that the decision is of considerable significance in the facts before us.

15. ***Neon Laboratories***, and its impact on the case

15.1 Medical Technologies Ltd[23] was the original plaintiff in the suits which travelled up to the Supreme Court. MTL claimed to have been using the mark PROFOL since April 1998. On coming to learn that Neon Laboratories[24] was introducing a drug, in the market, with the same constituents, under the mark ROFOL, MTL instituted the suit, claiming that the marks ROFOL and PROFOL were deceptively similar and, therefore, seeking an injunction, restraining Neon from using the mark ROFOL.

15.2 Neon pleaded, in defence, that the trademark ROFOL stood registered, in its favour, under Section 23 of the Trade Marks Act, on 14 September 2001, with effect from 19 October 1992, though it

[23] "MTL" hereinafter
[24] "Neon" hereinafter

conceded that it had commenced user of the mark ROFOL only from 16 October 2004.

15.3 The High Court of Bombay granted an injunction in favour of MTL and against Neon, against which Neon appealed to the Supreme Court.

15.4 Paras 8 to 11 of the report, to the extent they are relevant, read thus:

> "8. It may be reiterated that the respondent-plaintiffs assert that their predecessor-in-interest had initiated user of the trade mark Profol in 1998, when it commenced production thereof and the respondent-plaintiffs succeeded to the user of the mark upon amalgamation with their predecessor-in-title in the year 2000. The position that emerges is that whilst the appellant-defendant had applied for registration of its trade mark several years prior to the respondent-plaintiffs (1992 as against 26-5-1998 at the earliest), the user thereof had remained dormant for twelve years. *We can appreciate that this passivity may be the result of research of the product or the market, but the appellant-defendant will have to explain its supineness through evidence. In this interregnum, the respondent-plaintiffs had not only applied for registration but had also commenced production and marketing of the similar drug and had allegedly built up a substantial goodwill in the market for Profol. The legal nodus is whether the prior registration would have the effect of obliterating the significance of the goodwill that had meanwhile been established by the respondent-plaintiffs. Would a deeming provision i.e. relating registration retrospectively prevail on actuality—competing equities oscillate around prior registration and prior user.*
>
> 9. Section 34 of the Trade Marks Act, 1999 (the Act) deserves reproduction herein:
>
> > "34. **Saving for vested rights**.—Nothing in this Act shall entitle the proprietor or a registered user of registered trade mark to interfere with or restrain the use by any person of a trade mark identical with or nearly resembling it in relation to goods or services in relation to which that

person or a predecessor-in-title of his has continuously used that trade mark from a date prior—

(a) to the use of the first-mentioned trade mark in relation to those goods or services be the proprietor or a predecessor-in-title of his; or

(b) to the date of registration of the first-mentioned trade mark in respect of those goods or services in the name of the proprietor of a predecessor-in-title of his;

whichever is the earlier, and the Registrar shall not refuse (on such use being proved), to register the second-mentioned trade mark by reason only of the registration of the first-mentioned trade mark."

This section palpably holds that a proprietor of a trade mark does not have the right to prevent the use by another party of an identical or similar mark where that user commenced prior to the user or date of registration of the proprietor. This "first user" rule is a seminal part of the Act. While the case of the respondent-plaintiffs is furthered by the fact that their user commenced prior to that of the appellant-defendant, the entirety of the section needs to be taken into consideration, *in that it gives rights to a subsequent user when its user is prior to the user of the proprietor and prior to the date of registration of the proprietor, whichever is earlier.* In the facts of the case at hand, *the appellant-defendant filed for registration in 1992, six years prior to the commencement of user by the respondent-plaintiffs.* The appellant-defendant was, thus, not prevented from restraining the respondent-plaintiffs' use of the similar mark Profol, but the intention of the section, which is to protect the prior user from the proprietor who is not exercising the user of its mark prima facie appears to be in favour of the respondent-plaintiffs.

10. Section 47 of the Act is in the same vein and statutory strain inasmuch as it postulates the possibility of a registered mark being taken off the register on an application being made by any aggrieved person, inter alia, on the ground that for a continuous period of five years and three months from the date on which the trade mark was registered, there was no bona fide use thereof. In the case in hand, prima facie, it appears that for over five years after a registration application was made by the appellant-defendant, the mark was not used. Facially, the Act does not permit the hoarding of or appropriation without utilisation of a trade mark; nay the appellant-defendant has allowed or acquiesced in the user of the respondent-plaintiffs for several years. The legislative intent behind this section was to ordain that an applicant of a trade mark does not have a permanent right by virtue of its application alone. Such a right is lost if it is not exercised within a reasonable time.

> 11. *We must hasten to clarify that had the appellant-defendant commenced user of its trade mark Rofol prior to or even simultaneous with or even shortly after the respondent-plaintiffs' marketing of their products under the trade mark Profol, on the appellant-defendant being accorded registration in respect of Rofol which registration would retrospectively have efficacy from 19-10-1992, the situation would have been* ***unassailably*** *favourable to it.* What has actually transpired is that after applying for registration of its trade mark Rofol in 1992, the appellant-defendant took no steps whatsoever in placing its product in the market till 2004. It also was legally lethargic in not seeking a curial restraint against the respondent-plaintiffs. This reluctance to protect its mark could well be interpreted as an indication that the appellant-defendant had abandoned its mark at some point during the twelve-year interregnum between its application and the commencement of its user, and that in 2004 it sought to exercise its rights afresh. It would not be unfair or fanciful to favour the view that the appellant-defendant's delayed user was to exploit the niche already created and built-up by the respondent-plaintiffs for themselves in the market. The "first in the market" test has always enjoyed pre-eminence."

15.5 *The opening sentence in paragraph 11 of the report, to our mind, is fatal to the case that Mr. Sai Deepak seeks to set up.*

15.6 The fatally distinguishing feature, between the case before us and the facts which were before the Supreme Court in ***Neon Laboratories***, is the fact that there was no user, by the plaintiff MTL, prior to the registration of the ROFOL mark in favour of Neon. Neon's a registration dated back to 19 October 1992, whereas MTL's user commenced in April 1998.

15.7 In the present case, however, the user of the NOKUF mark, by the respondents, as the defendants in the suit, pre-dated the user of the NOKUF mark by the appellant, as well as the registration of the NOKUF mark in favour of the appellant.

15.8 The appellant has not seriously been able to question the fact that the NOKUF mark was in fact used by Respondent 2 between 1994 and 1999. We also agree with Ms. Sukumar that, in view of Clauses 8 and 9 of the Manufacturing Agreement dated 3 November 1997, which is not disputed, the appellants cannot dispute the fact of user, by the respondents, of the NOKUF mark prior to 1999.

15.9 Though Mr. Sai Deepak sought to contend that such user had to be continuous, in order for it to generate goodwill, and that sporadic user of the mark would not suffice, we cannot agree. What is relevant, for the purposes of Section 34, or for the purposes of ensuring whether the mark of the defendant can be injuncted in a passing off action, is user by the defendant, irrespective of whether it is sporadic or continuous. Goodwill, if at all, becomes a factor which has to be considered in assessing the plaintiff the right to an injunction in a passing off suit.

15.10 This position is, in fact, apparent even from the opening sentence in para 11 of ***Neon Laboratories***, which states that, had the defendant *commenced user* of the ROFOL trademark prior to the user of the PROFOL mark by the plaintiffs, once the defendant had obtained registration of the PROFOL mark, which would have retrospective applicability, the situation would have been *unassailably* favourable to it. All that is required, therefore, is *commencement of user* by the defendant, and not *continuous* user.

15.11 In the present case, commencement of user of the NOKUF trademark, by the respondents, was in 1994. In any case, even prior to the incorporation of the appellant, the respondents commenced user of the mark. The registration of the NOKUF trademark in favour of the respondents, though granted on 22 September 2020, dated back to 3 June 1996. It continues to remain valid till date. The case is, therefore, squarely covered by the opening sentences in para 11 of Neon Laboratories. To employ the felicitous phrase used by the Supreme Court, the situation is, therefore, *unassailably* favourable to the respondents.

15.12 The use of the word "unassailably" is obviously deliberate. It forecloses the right of the plaintiff.

15.13 ***Neon Laboratories***, therefore, is clearly in favour of the respondents. Inasmuch as their user of the NOKUF trademark was prior to the user of the mark by the appellant, and the registration of the NOKUF trademark in favour of the respondents dates back to 3 June 1996, the appellant would not be in a position to injunct the respondents from using the mark.

16. Re. Assignment Deed dated 19 September 1999

16.1 Much, to our mind, turns on this Assignment Deed.

16.2 The Assignment Deed was purportedly executed on 19 September 1999, prior to the coming into force of the present Trade

Marks Act on 15 September 2003[25]. Its validity has, therefore, to be tested in terms of the erstwhile 1958 Act.

16.3 We deem it appropriate to reproduce the Assignment Deed dated 19 September 1999, in its entirety, thus:

> "THIS DEED OF ASSIGNMENT made on 14th Sept 1999 between DEHLVI REMEDIES PVT LTD, AT B-10, SECTOR-IX, NOIDA-201 301, hereinafter called the Assignor of the one part and SANA HERBALS PVT LTD AT 238, FIE PATPARGANJ, DELHI-110 092, hereinafter called the Assignee of the other part.
>
> WHEREAS the said, DEHLVI REMEDIES PVT LTD, the owner and the proprietor of a Trade Mark NOKUF SYRUP for PHARMACEUTICALS number 717010 duly registered in the Registrar of Trade Marks maintained by the Trade Mark Registration office at INDIA for PHARMACEUTICALS.
>
> AND WHEREAS the said DEHLVI REMEDIES PVT LTD has made actual and bona fide use of the said Trade Mark in INDIA in relation to the NOKUF SYRUP for PHARMACEUTICALS, manufactured by them at their factory in INDIA.
>
> AND WHEREAS the SAID ASSIGNEE wants to Purchase the said brand NOKUF SYRUP for PHARMACEUTICALS in INDIA and rest of the worlds. The Assignor agrees for the same and an consideration of Rs.10000/- is fixed for Assigning of the said Trade Mark, Assignee agrees to pay the said amount to Assignor.
>
> NOW THIS DEED OF ASSIGNMENT WITNESSES that in pursuance of the said agreement both the parties are agreed on the following:
>
> 1. That Assignee can use the brand of the Assignor – NOKUF SYRUP for PHARMACEUTICALS.
>
> 2. That Assignee shall make pupular the said barnd at his own cost.
>
> 3. That Assignee can file application for registration of the said brand for any other product in India or any where in India. In

[25] *Vide* S.I. 1048(E) dated 15 September 2003 read with Section 2(3) of the Trade Marks Act, under which the Act would come into force on the date to be notified by the Central Government in the Official Gazette.

the name of assignee or their company's name Assignor has no objection for the same.

4. That assignee will be the absolute owner of the said brand in India for PHARMACEUTICALS.

5. That the said Assignor hereby admits, acknowledges and confirms, he the Assignor of NOKUF SYRUP does hereby grant, transfer and assign upon the terms hereinafter mentioned, the exclusive use and all benefits of the aforesaid Trade Mark in relation to the goods of PHARMACEUTICALS, manufactured by him at his address at Corp. Office B-18, SECTOR-IX, NOIDA-201 301, in India.

AND the said assignor hereby covenatns with the assignee that he will not infringe nor use a mark identical with the Trade Mark hereby assigned nor use another Trade Mark nearly resembling it as to be likey to deceive or cause confusion, in the course of trade, in relation to the goods in respect of which it is registered and in a manner as to render the use of this mark likely to be taken either as being a use of the said Trade Mark or to import a reference to the assignor.

AND the assignor further covenants that he, the assignor, shall at the cost of Rs.10000/- or any person claiming through him do or cuase to be done any other act, deed or thing as may be required for more perfectly assuring the aforesaid assignment.

Sd/-

IN WITNESS ASSIGNOR
1.

Sd/-
ASSIGNEE"

16.4 A comparison of Section 38(1) of the 1958 Act with Section 39 of the 1999 Trade Marks Act makes the distinction between the provisions stark. Clearly, the transfer of goodwill along with the right to use the trade mark was mandatory under the 1958 Act, for the Assignment Deed to be valid.

16.5 Inasmuch as the Assignment Deed dated 19 September 1999 does not expressly transfer goodwill in the trade mark, and only transfers the right to use the mark, it is *prima facie* not a valid Assignment Deed. As to whether the transfer of goodwill can be read into the Deed, read with surrounding cirucmstances, would, at best, be a triable issue. At the Order XXXIX stage, therefore, the Assignment Deed dated 19 September 1999 would be unenforceable at law. We are in agreement with this contention of Ms. Sukumar.

17. *De hors* the Assignment Deed, does the appellant have a right to an injunction?

17.1 The aspect of goodwill

17.1.1 Passing off, as a common law tort, has three ingredients, viz. (i) goodwill of the plaintiff in the mark, (ii) misrepresentation, by the defendant, of his goods as those of the plaintiff, by using an identical or deceptively similar mark and (iii) damage to the plaintiff as a consequence.[26]

17.1.2 In ***Toyota Jidosha Kabushiki Kaisha v. Prius Auto Industris Ltd***[27], the Supreme Court has clarified that this accumulation of goodwill, by the plaintiff, had to be *prior to commencement of user of the mark by the defendant.* This position stands reiterated in, *inter alia*, ***Pernod Ricard India (P) Ltd v. Karanveer Singh Chhabra***[28].

[26] Refer **Brihan Karan Sugar Syndicate (supra)**
[27] **(2018) 2 SCC 1**
[28] **2025 SCC OnLine SC 1701**

17.1.3 Where *the user of the mark by the defendant is prior to commencement of user of the mark by the plaintiff, therefore, the possibility of passing off stands ipso facto ruled out.*

17.1.4 In the present case, the respondents were admittedly using the NOKUF trade mark from 1994 to 1997, by which time the appellant had not even been incorporated. There can, therefore, be no question of any accumulation of goodwill by the appellant prior to commencement of user by the respondents. *Ex facie*, therefore, the appellants cannot, even on this ground, seek an injunction against the respondents on the ground of passing off.

17.2 Abandonment

17.2.1 Mr Sai Deepak, however, submits that, by long disuse from 1999 till 2024 – in fact, till date – the respondents must be taken to have abandoned the NOKUF trade mark. The respondents, on the other hand, submitted, in their pleadings, that, consequent to the fire which engulfed the factory of Respondent 2 in 2003, they were getting goods using their trade marks manufactured from DAHPL and that, therefore, there was no discontinuance of user. Mr. Sai Deepak submits that DAHPL is a third party, and that user by a third party is not user by the respondents.

17.2.2 To support his case of abandonment, Mr. Sai Deepak places reliance on ***Hardie Trading***. In fact, learned Senior Counsel for both sides have relied on ***Hardie Trading***, quoting passages from the decision which, in their submission, support their respective stands.

17.2.3 To our mind, ***Hardie Trading*** is being relied upon, entirely out of context. It is axiomatic that judgements of the Supreme Court are not to be likened to Euclid's theorems, and are to be understood and applied keeping in mind the issue before the Court and the facts with which the Court was seized.

17.2.4 The facts in ***Hardie Trading***, and the litigative back-and-forth among the parties in that case, were extremely involved, and we do not propose to advert thereto. Suffice it, however, to state that ***Hardie Trading*** was concerned with an application under Section 46[29] of the 1958 Act, which permitted a party to apply to the Registrar for removal, from the Register of Trade Marks, of the registered trade mark of another, on the ground of continuous non-use. The provision, which parallels, in a sense, Section 47[30] of the present Trade Marks

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[29] **46. Power to cancel or vary registration and to rectify the register**.—
(1) On application in the prescribed manner by any person aggrieved to a High Court or to the Registrar, the tribunal may make such order as it may think fit for cancelling or varying the registration of a trade mark on the ground of any contravention, or failure to observe a condition entered on the register in relation thereto.
(2) Any person aggrieved by the absence or omission from the register of any entry, or by any entry made in the register without sufficient cause, or by any entry wrongly remaining on the register, or by any error or defect in any entry in the register, may apply in the prescribed manner to a High Court or to the Registrar, and the tribunal may make such order for making, expunging or varying the entry as it may think fit.

[30] **47. Removal from register and imposition of limitations on ground of non-use**.—
(1) A registered trade mark may be taken off the register in respect of the goods or services in respect of which it is registered on application made in the prescribed manner to the Registrar or the [High Court] by any person aggrieved on the ground either—
(*a*) that the trade mark was registered without any bona fide intention on the part of the applicant for registration that it should be used in relation to those goods or services by him or, in a case to which the provisions of Section 46 apply, by the company concerned or the registered user, as the case may be, and that there has, in fact, been no bona fide use of the trade mark in relation to those goods or services by any proprietor thereof for the time being up to a date three months before the date of the application; or
(*b*) that up to a date three months before the date of the application, a continuous period of five years from the date on which the trade mark is actually entered in the register or longer had elapsed during which the trade mark was registered and during which there was no bona fide use thereof in relation to those goods or services by any proprietor thereof for the time being:
Provided that except where the applicant has been permitted under Section 12 to register an identical or nearly resembling trade mark in respect of the goods or services in question, or where the [Registrar or the High Court, as the case may be,] is of opinion that he might properly be

Act, required an intention to abandon the mark as a pre-requisite to make out a case of non-use within the meaning of Section 46(1), as per para 46 of ***Hardie Trading***.

17.2.5 Non-use, with an intention to abandon the mark, can be a ground to seek removal of a registered trade mark from the Register, even under Section 47 of the 1999 Trade Marks Act. Till that is done, however, the mark continues to remain on the Register, and remains valid. As in the case of Section 46 of the 1958 Act, Section 47(3) of the 1999 Trade Marks Act also entitles the registrant of the mark, of which removal is sought, to plead special circumstances, or lack of any intention to abandon, as a defence against the rectification action. That would involve an examination of facts, which would have to be undertaken by the Court, or authority, seized with the Section 47 proceedings, and not by the Commercial Court hearing the Order XXXIX application. Ms. Sukumar specifically so submits, and we agree with her.

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permitted so to register such a trade mark, the [Registrar or the High Court, as the case may be,] may refuse an application under clause (*a*) or clause (*b*) in relation to any goods or services, if it is shown that there has been, before the relevant date or during the relevant period, as the case may be, bona fide use of the trade mark by any proprietor thereof for the time being in relation to—

(*i*) goods or services of the same description; or

(*ii*) goods or services associated with those goods or services of that description being goods or services, as the case may be, in respect of which the trade mark is registered.

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(3) An applicant shall not be entitled to rely for the purpose of clause (*b*) of sub-section (1) or for the purposes of sub-section (2) on any non-use of a trade mark which is shown to have been due to special circumstances in the trade, which includes restrictions on the use of the trade mark in India imposed by any law or regulation and not to any intention to abandon or not to use the trade mark in relation to the goods or services to which the application relates.

17.2.6 The plea of abandonment, as advanced by Mr. Sai Deepak, therefore, to our mind, is *prima facie* devoid of substance, at least as a basis to seek injunction against the respondents.

17.3 The plea of non-use as a defence to passing off

17.3.1 Mr. Sai Deepak has also cited ***Veerumal Praveen Kumar v. Needle Industries (India) Ltd*** [31]. ***Veerumal*** dealt with the issue of whether a plea of non-use, *by the plaintiff, of the asserted mark, could be used as a defence by the defendant in an infringement proceeding*. This Court has, in its judgement in ***Oxygun Health Pvt Ltd v. Pneumo Health Care Pvt Ltd***[32], dealt with ***Veerumal*** in detail. The present case does not call for any such exercise, as we are concerned with a passing off action *by the appellant against the respondents*. ***Veerumal*** has no application in such circumstances.

17.3.2 We may express it otherwise as well. *The respondents had been using the NOKUF trade mark between 1994 and 1999*. *Once this fact was prima facie established, the appellant cannot seek to injunct the respondents from later reviving the said user on the ground that, in 25 years in the interregnum, the respondents had not used the mark and the appellant had garnered considerable goodwill therein.* The law of passing off does not recognize any such ground for injunction.

17.3.3 At the cost of repetition, we emphasize that, to succeed in an action for passing off, the plaintiff has to establish that, *prior to*

[31] **93 (2001) DLT 600**
[32] **2025 SCC OnLine Del 4401 (DB)**

adoption of the mark by the defendant, it had accumulated goodwill and reputation, on which the defendant was seeking to ride.

17.3.4 This position stands settled by the judgment of the Supreme Court in ***Toyota***. In that case, the defendant Prius Auto Industries[33] commenced using the mark "Prius", which formed subject matter of the dispute, in 2001. Toyota sought to injunct said user, on the ground that it breached the goodwill of Toyota in the mark "Prius". In para 38 of the report, the Supreme Court held as under:

> "38. The next exercise would now be the application of the above principles to the facts of the present case for determination of the correctness of either of the views arrived at in the two-tier adjudication performed by the High Court of Delhi. Indeed, the trade mark "Prius" had undoubtedly acquired a great deal of goodwill in several other jurisdictions in the world and that too much earlier to the use and registration of the same by the defendants in India. But if the territoriality principle is to govern the matter, and we have already held it should, there must be adequate evidence to show that the plaintiff had acquired a substantial goodwill for its car under the brand name "Prius" in the Indian market also. *The car itself was introduced in the Indian market in the year 2009-2010*. The advertisements in automobile magazines, international business magazines; availability of data in information-disseminating portals like Wikipedia and online Britannica Dictionary and the information on the internet, even if accepted, will not be a safe basis to hold the existence of the necessary goodwill and reputation of the product in the Indian market *at the relevant point of time, particularly having regard to the limited online exposure at that point of time i.e. in the year 2001*. The news items relating to the launching of the product in Japan isolatedly and singularly in The Economic Times (issues dated 27-3-1997 and 15-12-1997) also do not firmly establish the acquisition and existence of goodwill and reputation of the brand name in the Indian market. Coupled with the above, the evidence of the plaintiff's witnesses themselves would be suggestive of a very limited sale of the product in the Indian market and virtually the absence of any advertisement of the product in India *prior to April 2001*. This, in turn, would show either lack of goodwill in the

[33] "PIA" hereinafter

> domestic market or lack of knowledge and information of the product amongst a significant section of the Indian population. While it may be correct that the population to whom such knowledge or information of the product should be available would be the section of the public dealing with the product as distinguished from the general population, even proof of such knowledge and information within the limited segment of the population is not prominent."
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> (Emphasis supplied)

17.3.5 Even more direct, on the point, is the following enunciation, in para 7 of ***Laxmikant V. Patel v. Chetanbhai Shah***[34], often regarded as authority on the law of passing off:

> "7. Though there is overwhelming documentary evidence filed by the plaintiff in support of his plea that he has been carrying on his business in the name and style of Muktajivan Colour Lab since long we would, for the purpose of this appeal, proceed on the finding of fact arrived at by the trial court and not dislodged by the High Court, also not seriously disputed before this Court that the plaintiff has been doing so at least since 1995. Without entering into controversy whether the defendants had already started using the word "Muktajivan" as a part of their trade name on the date of the institution of the suit we would assume that such business of the defendants had come into existence on or a little before the institution of the suit as contended by the defendants. The principal issue determinative of the grant of temporary injunction would be *whether the business of the plaintiff run in a trade name of which "Muktajivan" is a part had come into existence prior to commencement of its user by the defendants and whether it had acquired a goodwill creating a property in the plaintiff* so as to restrain the use of the word Muktajivan in the business name of a similar trade by a competitor i.e. the defendants."
>
> (Emphasis supplied)

17.3.6 Goodwill in the plaintiff's mark has, therefore, to be shown to exist *prior to commencement of user of the mark by the defendant*. In its recent decision in ***Pernod Ricard***, the Supreme Court has reiterated that, to succeed in a passing off action, "the plaintiff must demonstrate

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[34] **(2002) 3 SCC 65**

prior and continuous use, and that the mark has acquired distinctiveness in the minds of the public".

17.3.7 There is no question, in the present case, of this requirement being fulfilled, as the respondents used the NOKUF trade mark from 1994 to 1997, and the appellant had not even been incorporated till then.

17.3.8 Law does not envisage *subsequent disuse of the mark,* by the respondents, for any length of time, as entitling the appellant to injunction on the ground of passing off. The submission of the appellant is that, though the respondents had used the NOKUF trade mark from 1994 to 1997, they discontinued use for the next 25 years and that, as the appellant had used the mark during that period and amassed goodwill and reputation, the respondent should now be injuncted from again using the mark. The plea is sound on equity, but unsound in law.

18. No other aspect, in our view, remains to be addressed. The appellant is clearly not entitled to injunct the respondents from using the mark NOKUF, for which they hold a subsisting registration.

Conclusion

19. We, therefore, see no reason to interfere with the ultimate conclusion of the learned Commercial Court to deny injunction to the appellant.

20. The appeal is therefore dismissed with no orders as to costs.

C. HARI SHANKAR, J.

OM PRAKASH SHUKLA, J.

JANUARY 5, 2026
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