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

Reserved on: 17.12.2024

Pronounced on: 21.02.2025

\+ **FAO (OS) (COMM) 289/2024 & CM APPL. 73982/2024**

ARPITA AGRO PRODUCTS PVT. LTD & ORS

.....APPELLANTS

Through: Mr. Anirudh Bakhru, Ms. Vasundhra Bakhru, Mr. Kartikay Sharma and Ms. Vijay Laxmi Rathi, Advs.

versus

ITC LIMITED .....RESPONDENT

Through: Mr. Sandeep Sethi & Mr. Arvind Nayar, Sr. Advs. with Mr. Hemant Singh, Mr. Mamta Rani Jha, Ms. Shrutima Ehersa, Ms. Aiswarya Debadarshini, Ms. Sumer Seth, Ms. Shreya Sethi and Mr. Aksham Joshi, Advs.

CORAM:
HON'BLE MR. JUSTICE NAVIN CHAWLA
HON'BLE MS. JUSTICE SHALINDER KAUR

J U D G M E N T

NAVIN CHAWLA, J.

1. This appeal has been filed by the appellants under Section 13(1A) of the Commercial Courts Act, 2015 read with Order XLIII Rule 1(A) of the Code of Civil Procedure, 1908 (in short, 'CPC'), challenging the Order dated 08.10.2024 passed by the learned Single Judge of this Court in I.A. 19464/2023 and I.A.21893/2023 in CS (COMM) 698/2023, titled ***ITC Limited v. Arpita Agro Products Pvt. Ltd. & Ors.*** (hereinafter referred to as, 'Impugned Order').

2. By the Impugned Order, the application under Order XXXIX Rules 1 and 2 of the CPC, being I.A.19464/2023, filed by the respondent herein (the plaintiff in the Suit) has been allowed, and the application filed by the appellants (defendants in the suit) under Order XXXIX Rule 4 of the CPC, being I.A. 21893/2023, has been dismissed, thereby, during the pendency of the above Suit, restraining the appellants, and all those acting on their behalf, from manufacturing, selling, offering for sale, advertising, directly or indirectly dealing in any natural cleaning products including but not limited to floor cleaners under the impugned mark 'POWRNYM' and/or any other mark which may be identical to or deceptively similar to or derived or be an imitation of the respondents registered trade marks 'NIMYLE', 'JOR-POWR' and/or any of 'NIM' family of marks, and/or any unauthorized use of the mark/label/packaging/get-up/trade dress, which is a colourable imitation and/or a substantial reproduction of the respondent's NIMYLE label/packaging/ get-up/trade dress, in any manner whatsoever, as the same is likely to cause confusion and/or deception, thereby amounting to infringement of the respondent's registered trademarks, copyright and passing off.

***BRIEF FACTS*: -**

3. The respondent filed the aforementioned suit, contending therein that:-

A. The appellants nos. 1 to 3 were engaged in the business of

manufacturing and selling herbal floor cleaners under the trademark ‘NIMYLE’ and other trademarks from the ‘NIM’ family from 1996 to 2018. In 2018, these trademarks were assigned by the appellant no. 1 to the respondent. The ‘NIMYLE’ herbal floor cleaners were packaged in distinctive trade dresses and get-ups and were marketed by the appellant nos. 1 to 3 in bottles supplied by the appellants nos. 4 to 6. Thus, prior to the assignment, ‘NIMYLE’ herbal floor cleaners were collectively manufactured, bottled, and marketed by the appellants.

B. Pursuant to the Asset Purchase Agreement dated 05.04.2018, the respondent acquired exclusive ownership rights, title, and interest in the trademarks, know-how, regulatory information, advertising material, as well as all formulations, specifications, manufacturing processes, quality processes, and design rights related to the production and manufacture of floor cleaners, insect repellents, toilet soaps, liquid hand wash, and scouring bars, as listed in Annexures A, B, and C of the said Agreement.

C. In furtherance of the Asset Purchase Agreement dated 05.04.2018, the appellant no. 1, through the Brand Assignment Agreement dated 19.04.2018, executed by the appellant nos. 2 and 3, assigned several trademarks listed in Schedule A thereof, along with the associated

goodwill, to the respondent. The assigned trademarks as enlisted in Schedule A of the said Brand Assignment Agreement are reproduced as under:

TABLE 2

SI. NO.	Trade Mark	Class & Description of Good(s)	Registration No. & Date	User Claimed	Status & Validity
1.	NIMYLE (word)	5 *pharmaceutical veterinary and sanitary preparations; disinfectant;…*	2148683 23.05.2011	06.05.1996	Renewed and valid up to 23.05.2031
2.	 /NEEM NIMYLE PINE (Device of flowers)	5 *Pharmaceutical veterinary and sanitary preparations;… disinfectants;…*	2731972 06.05.2014	06.05.1996	Registered and valid upto 06.05.2024
3.	 /HERBAL NIMYLE (Device of neem leaves	5 *Pharmaceutical, veterinary and sanitary preparations;… disinfectants;…*	2731973 06.05.2014	06.05.1996	Registered and valid upto 06.05.2024
4.	 /NEEM NIMYLE	5 *Pharmaceutical, veterinary and sanitary preparations;… disinfectants;…*	2731974 06.05.2014	06.05.1996	Registered and valid upto 06.05.2024

	CITRO (Device of flowers)				
5.	NIMGLO (word)	3 *Bleaching preparations and other substance for laundry use; cleaning…*	1572133 25.06.2007	proposed to be used	Renewed and valid upto 25.06.2027
6.	NIMKLIN (word)	3 *bleaching preparations and other substances for laundry use; cleaning;…*	671353 30.06.1995	proposed to be used	renewed and valid upto 30.06.2005
7.	NIMKLIN (word)	5 *Pharmaceutical, veterinary and sanitary preparations… disinfectants…*	671351 30.06.1995	proposed to be used	registered upto 30.06.2015, renewal not done

D. Additionally, the appellant nos. 1 to 3 assigned the trademarks 'NIMIT', 'NIMWASH,' and 'NIMKLIN', which were pending registration, details whereof are mentioned hereinbelow:

TABLE 3

SL. NO.	**Trade Mark**	**Application No. & Date**	**Class & Description of Goods(s)**	**User Claimed**	**Status**
1.	NIMIT (word)	2148684 23/05/2011	5 *Pharmaceutical, veterinary and sanitary preparations…*	03.05.1994	Pending Registration

			disinfectants…		
2.	NIMWASH (word)	2148685 23/05/2011	3 *Bleaching preparations and other substances for laundry use; cleaning…*	01.01.2001	Pending Registration
3.	NIMKLIN (word)	3763261 09.01.2018	*5 Pharmaceutical veterinary and sanitary preparations… disinfectants…*	proposed to be used	Pending Registration

E. In addition to the above, the appellant nos. 1 to 3, through the Deed of Assignment of Copyright dated 30.04.2018, also assigned all rights, title, copyright, and interest in the artistic works comprising the stylized versions of the trademark 'NIMYLE' and product labels, in favour of the respondent, as under:-

TABLE 4

SCHEDULE OF ARTWORKS

Artwork	Date and Place of First Publication	Date of Registration, If any	Application (Diary No.), If any	Registration No., If any
	1996 in India	08/09/2017	3830/2017-CO/A	A-120000/2017
	1996 in India	No Application Filed	No Application Filed	No application Filed

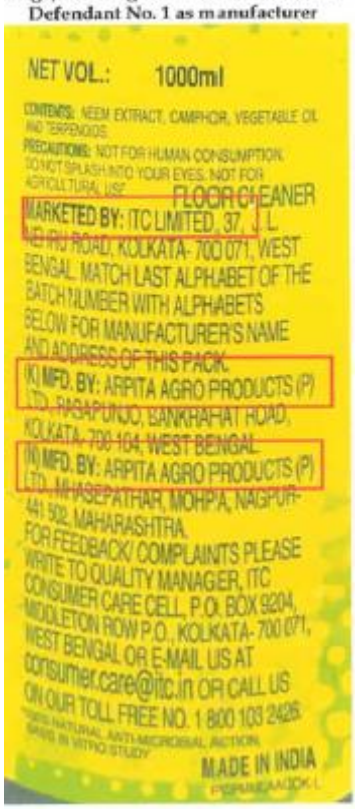
	1996 in India	No Application Filed	No Application Filed	No application Filed
	1996 in India	No Application Filed	No Application Filed	No application Filed

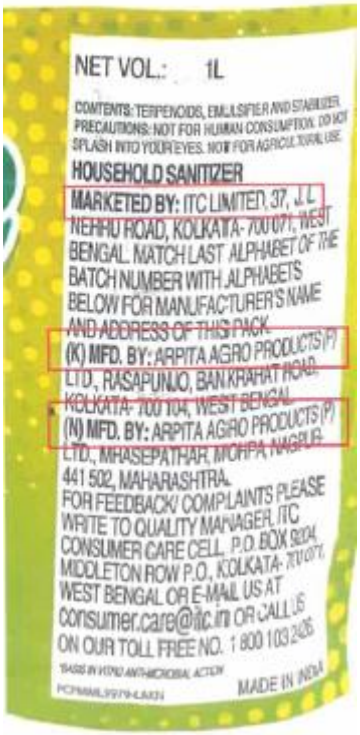
F. The respondent asserts that it is now the registered proprietor of the assigned trademark registrations.

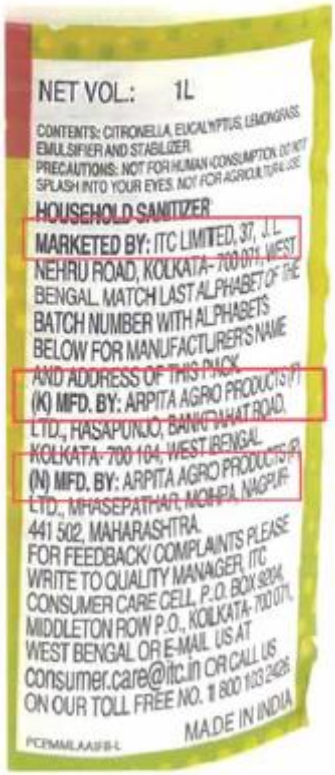
G. Simultaneously, the respondent entered into a Brand Assignment Agreement dated 05.04.2018 with the appellant nos. 4 to 6, through which the said appellants assigned the trademark 'JOR-POWR' (word) to the respondent for phenyl, toilet bowl cleaner, and deodorized floor cleaning fluid, classified as goods under Class 3. The said mark stood registered in Class 3.

H. The respondent and the appellant nos. 1 to 3 also entered into an Agreement for Supply of Products dated 19.04.2018 for a period of three years, where-under the appellants manufactured and packaged 'NIMYLE' herbal floor cleaners exclusively for the respondent, using bottles supplied by the appellant nos. 4 to 6, while the respondent handled the marketing. The products manufactured and packaged under the aforesaid arrangement are illustrated hereinbelow:-

TABLE 5

Plaintiff's NIMYLE (Herbal range)	Enlarged Plaintiff's NIMYLE (Herbal range) showing Plaintiff as marketer & Defendant No. 1 as manufacturer
 Front View  Perspective View	

Plaintiff's NIMYLE (Pine range)  **Front View**  **Perspective View**	**Enlarged Plaintiff's NIMYLE (Citro range) showing Plaintiff as marketer & Defendant No. 1 as manufacturer**  NET VOL.: 1L CONTENTS: TERPENOIDS, EMULSIFIER AND STABILIZER. PRECAUTIONS: NOT FOR HUMAN CONSUMPTION. DO NOT SPLASH INTO YOUR EYES. NOT FOR AGRICULTURAL USE. HOUSEHOLD SANITIZER MARKETED BY: ITC LIMITED, 37, J.L. NEHRU ROAD, KOLKATA- 700 071, WEST BENGAL. MATCH LAST ALPHABET OF THE BATCH NUMBER WITH ALPHABETS BELOW FOR MANUFACTURER'S NAME AND ADDRESS OF THIS PACK. (K) MFD. BY: ARPITA AGRO PRODUCTS (P) LTD., RASAPUNJO, BANKRAHAT ROAD, KOLKATA- 700 104, WEST BENGAL (N) MFD. BY: ARPITA AGRO PRODUCTS (P) LTD., MHASEPATHAR, MOHPA, NAGPUR, 441 502, MAHARASHTRA. FOR FEEDBACK/ COMPLAINTS PLEASE WRITE TO QUALITY MANAGER, ITC CONSUMER CARE CELL, P.O. BOX 9004, MIDDLETON ROW P.O., KOLKATA- 700 071, WEST BENGAL OR E-MAIL US AT consumer.care@itc.in OR CALL US ON OUR TOLL FREE NO. 1 800 103 2426. MADE IN INDIA

Plaintiff's NIMYLE (Citro range)	Enlarged Plaintiff's NIMYLE (Citro range) showing Plaintiff as marketer & Defendant No. 1 as manufacturer
 Front View  Perspective View	

I. This Agreement for Supply of Products was renewed by the parties through another Agreement dated 09.09.2021 for a further term of three years.

J. The respondent also conceived and adopted the trademark 'NIMEASY,' which it claims has been in continuous and extensive use since 22.12.2020. The trademark 'NIMWASH' is also alleged to be in continuous and extensive use by the respondent since May 2020, and prior to that, since 2001, by the appellant No. 1, in respect of vegetable and fruit wash. Consequently, the said mark

has also acquired distinctiveness. Illustrations of the products under the trademarks 'NIMEASY' and 'NIMWASH' are reproduced hereinbelow:

TABLE 6

Respondent's NIMEASY product	Respondent's NIMWASH product
	

K. The respondent claims to have extensively advertised its products and business under the trademark 'NIMYLE' and the 'NIM' family of trademarks across various print and electronic media, including social media, which is accessible throughout India and worldwide. The respondent claims to have incurred substantial expenses in promoting and advertising its products and business under the 'NIMYLE' and 'NIM' family of trademarks in India, as under:

ADVERTISEMENT & PROMOTIONAL EXPENSES FOR NIMYLE

FINANCIAL YEAR	ADVERTISEMENT EXPENDITURE (INR (₹) IN Crores

1st April, 2018-31st March, 2019	9.8
1st April, 2019-31st March, 2020	15.9
1st April, 2020-31st March, 2021	14.1
1st April, 2021-31st March, 2022	13.3
1st April, 2022-31st March, 2023	8.8
Total	**61.9**

ADVERTISEMENT & PROMOTIONAL EXPENSES FOR NIMEASY AND NIMWASH

FINANCIAL YEAR	**ADVERTISEMENT EXPENDITURE (INR (₹) in Crores)**
1st April, 2020-31st March, 2021	18.7
1st March, 2021-31st March, 2022	3.8
1st March, 2022-31st March, 2023	0.9
Total	**23.4**

L. The respondent claims that over time, the 'NIMYLE' brand and the 'NIM' family of trademarks, including 'NIMEASY' and 'NIMWASH,' have emerged as some of the most popular brands for floor cleaners, dishwashing preparations, and vegetable and fruit wash. These trademarks are exclusively associated with the respondent in the minds of the trade and the public due to their inherent and acquired distinctiveness. The respondent gives the sales turnover thereof from 2018 onwards as under:

SALES TURNOVER FOR NIMYLE

FINANCIAL YEAR	**TOTAL SALES TURNOVER (INR (₹) in Crores**
1st April, 2018-31st March, 2019	35.3

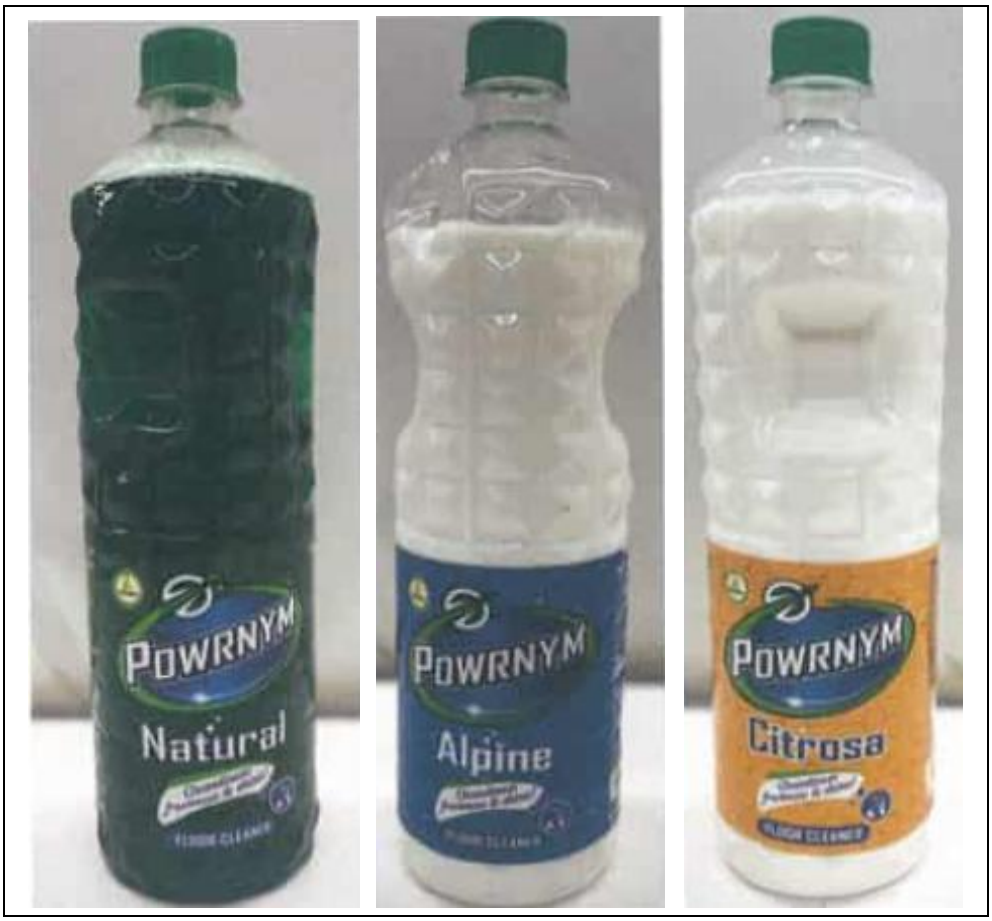
1st April, 2019-31st March, 2020	55.9
1st April, 2020-31st March, 2021	96.0
1st April, 2021-31st March, 2022	109.1
1st April, 2022-31st March, 2023	112.6
Total	**408.9**

SALES TURNOVER FOR NIMEASY AND NIMWASH

FINANCIAL YEAR	**TOTAL SALES TURNOVER (INR (₹) in Crores**
1st April, 2020-31st March, 2021	15.5
1st April, 2021-31st March, 2022	6.3
1st April, 2022-31st March, 2023	4.5
Total	**26.3**

M. The respondent claimed that it was towards the end of August 2023, that the respondent came across an advertisement for 'POWRNYM' floor cleaner in The Telegraph dated 24.08.2023, marketed by the appellant no. 1. Upon inquiry, the respondent discovered that the appellants, despite their business relationship and contractual obligations prohibiting them from using any derivative or similar marks of the assigned trademarks, were using the impugned mark. The respondent further claimed that the appellant no. 1, who previously manufactured 'NIMYLE' for the respondent using bottles supplied by appellant nos. 4 to 6, was now selling 'POWRNYM' in deceptively similar packaging, depicted herein below:

PACKING OF POWRNYM FLOOR CLEANER



N. The respondent gave the comparative illustration of the competing products as under:

COMPARISON OF PACKAGING OF NIMYLE AND POWRNYM

O. The respondent claimed that it has validly acquired all rights to prepare derivative marks under the Brand Assignment Agreements, making the appellants' use of 'POWRNYM' unlawful and a violation of contractual obligations. It claimed that in terms of the Brand Assignment Agreement(s) dated 19.04.2018 and 05.04.2018, the appellants have assigned all rights to prepare derivative marks along with the primary trademarks *'*NIMYLE*'* and *'*JOR-POWR*'* and, therefore, the impugned trademark *'*POWRNYM*'*, which is a derivative of the two trademarks cannot be used by the appellants. The respondent is further aggrieved of the packaging of the same, which it claimed was deceptively similar to that of the respondent.

P. The respondent claimed that the use of the impugned mark by the appellants amounts to infringement of its trademarks, passing off and unfair competition as also the infringement of its copyright.

AD-INTERIM EX-PARTE ORDER:

4. The Suit was listed before the learned Single Judge on 05.10.2023. The Court passed an *ad interim ex-parte* order in favour of the respondent and against the appellants, observing as under: -

> *"31. The adoption by the Defendants is as recent as of August, 2023 the Court is satisfied that a prima facie case has been established by the Plaintiff. Balance of convenience also lies in favor of the Plaintiff as the products being sold by the Defendants is imitative and deceptively similar to the Plaintiff's products and can cause confusion to the customers which will lead to irreparable loss/harm to the Plaintiff. This is a fit case for grant of any ex parte injunction. Accordingly, till the next date of hearing, the Defendants and any one acting for or on their behalf shall stand restrained from manufacturing, selling, offering for sale any cleaning products or any other cognate and allied products under the trademark "POWRNYM" or any other marks which are identical or deceptively similar to the mark "NIMYLE" or "JOR-POWR", so as to amount infringement and passing off of the Plaintiff's marks. The Defendants shall also stand restrained from using the artistic works, copyright in which the Plaintiff is assigned rights.*
>
> *32. The injunction in respect of manufacture shall come into effect immediately. The Defendants are also directed to immediately de-list all the online listings of the products*

> *under the impugned mark as also the Plaintiff's mark "NIMYLE".*
> *33. Insofar as sale is concerned, the Defendants are permitted to exhaust the current stock. To determine the said stock, Local commissioners are being appointed."*

5. The appellants thereafter filed the application under Order XXXIX Rule 4 of the CPC, being I.A. No. 21893/2023, *inter alia*, contending as under: -

a) The appellants initiated the marketing of the floor cleaner bearing the mark 'POWERNYM' only after the Non-Competition Clause, as specified in the Assets Purchase Agreement dated 05.04.2018, had expired.

b) The appellants contended that the mark 'POWERNYM' is a distinct word and is neither identical nor similar to the trademark 'NIMYLE'. It was stated that the appellant no.1 does not have any distributor or marketing partner in New Delhi for its products under the trademark 'POWERNYM', and the same has never been sold in Delhi. It was also contended that the appellants have not listed their products with the impugned mark on www.baazaarhai.com.

c) They contended that the word 'POWERNYM' has no connection with the respondent's trademark 'NIMYLE' or 'JOR-POWR' and that there is no infringement or passing off. They submitted that the respondent has not used the trademark 'JOR-POWR' after 05.04.2018, and did not even object to the mark of the appellants

'POWERNYM' in spite of knowledge of the same having been applied for registration. Additionally, they submitted that there is also a marked difference in the artwork of 'NIMYLE' and 'POWERNYM'.

d) It was contended that several other products containing the word 'NIM', which are openly been sold on platforms such as Amazon and Flipkart, among others. It was contended that the words 'NIM' or 'NEEM' are commonly used in trademarks because of the Neem plant being a component used in those products.

6. The learned Single Judge, by the Impugned Order, as noted hereinabove, has passed an *interim* order, restraining the appellants from using the mark 'POWERNYM' or any other mark deceptively similar to the mark of the respondent 'NIMYLE' or 'JOR-POWR', or any other mark of the 'NIM' family of trademarks, and/or from using the mark/label/getup/trade dress, which is a colourable imitation, and/or substantial reproduction of the respondent's NIMYLE label/packaging/getup/trade dress.

7. Aggrieved thereof, the appellants have filed the present appeal.

SUBMISSIONS OF THE LEARNED COUNSEL FOR THE APPELLANTS:

8. Mr.Anirudh Bakhru, the learned counsel for the appellants submits that the respondent has not been able to make out a case of infringement under Section 29 of the Trade

Marks Act, 1999. He submits that though the respondent pleads that the mark of the appellants 'POWRNYM' is an amalgamation of the two trademarks 'NIMYLE' and 'JOR-POWR', it fails to show how the mark 'POWRNYM' is deceptively similar to either of these marks. He submits that the claim of infringement is to be determined by comparing the rival marks, and not by comparing a mark with two different registered trademarks, even though they both are owned by the same proprietor. Infringement cannot be alleged by taking up partial components of two distinct registered trademarks and then comparing the same with the impugned trademark.

9. He further submits that the respondent having alleged that the part of its mark 'POWR' lacks distinctiveness, it cannot claim exclusive rights over the same. He submits that the learned Single Judge has, therefore, erred in passing an order of *interim* injunction without giving reasons as to how the mark used by the appellants is deceptively similar to either of the two trademarks used by the respondent. He submits that the Impugned Order does not even indicate what are the essentials features of the respondent's marks leave alone finding any phonetic, structural or visual similarities in the same. Placing reliance on the celebrated judgment of the Supreme Court in ***Kaviraj Pandit Durga Dutt Sharma v. Navartna Pharmaceuticals Laboratories***, 1964 SCC OnLine SC 14, he submits that the onus of proving that the impugned mark is deceptively similar to the registered mark is on the respondent

and has to be ascertained by the degree of resemblance between the mark, which is likely to cause deception. He submits that the learned Single Judge has not applied the said test to the facts of the case.

10. He submits that the learned Single Judge has laid emphasis only on the prior business dealings between the parties without applying the statutory guidelines or legal principles applicable to the case of infringement and/or passing off.

11. He submits that the learned Single Judge has failed to appreciate that the respondent is currently not even using its marks 'JOR-POWR'. Therefore, there can be no case of deception or confusion. He submits that a case of passing off cannot be made out for the said mark, which does not have any goodwill or reputation in the market. He submits that when the mark of the appellants is compared with the two separate marks of the respondent, no case of confusion or deception is made out as there are various differences in the depiction of the same.

12. He submits that the learned Single Judge has further failed to give any reasoning with respect to the trinity test of passing off.

13. He submits that similarly, the learned Single Judge has not given any reasons for restraining the appellants with respect to their trade dress.

14. He submits that the respondent had also filed the Suit with unexplained delay of nearly two years. He submits that the

mark of the appellants was published in the Trade Marks Journal on 06.09.2021; the respondent was aware of the same, but did not file any objections within the statutory period, nor issued any notice to the appellants to stop the user of the same. The respondent filed the Suit only in October 2023, without explaining this delay, which itself was sufficient to deny the *interim* injunctions to the respondent.

15. He submits that the learned Single Judge further failed to appreciate that the Non Compete Clause, being Clause 9.9 of the Asset Purchase Agreement, had lapsed and, therefore, the appellants were not prevented from competing with the respondent. He submits that to further prevent the appellants from competing with the respondent would not only be contrary to Section 27 of the Indian Contract Act, 1872, but also a violation of their constitutional right to trade under Article 19(1)(g) of the Constitution of India.

16. He submits that the learned Single Judge further erred in leaving the question of jurisdiction of the Court to be decided at the Trial, and proceeded on the basis that the suit was maintainable.

SUBMISSIONS OF THE LEARNED COUNSEL FOR THE RESPONDENT:

17. On the other hand, Mr. Sandeep Sethi, the learned senior counsel appearing for the respondent, submits that the appellants assigned their rights in the two trademarks, that is, ‘NIMYLE’ and ‘JOR-POWER’ to the respondent for a valuable

consideration of more than Rs. 100 crores and have now, with a *mala fide* intent, adopted a deceptively similar mark as to take advantage of the goodwill and the reputation of the assigned marks. He submits that there can be no explanation for such deceptive *mala fide* adoption and for this reason alone, the *interim* injunction has rightly been granted in favour of the respondent.

18. He further submits that all exclusive ownership rights, title and interest in the trademarks 'NIMYLE' and 'JOR-POWR' stood transferred by the appellants to the respondent, including the know-how, regulatory information, advertising materials and all formulations, specifications, manufacturing processes, quality processes and design rights. Subsequent to execution of the aforesaid agreements between the respondent and the appellants in 2018, the respondent has spent tremendous time, effort and resources for promoting and marketing the trademark 'NIMYLE' and other 'NIM' family of trademarks *via* print and electronic media, as also social media in India and worldwide, and has also made huge investments in promoting and popularizing the herbal floor cleaners marketed under the said trademarks as also other 'NIM' family of trademarks, such as, NIMEASY and NIMWASH.

19. He submits that the respondent is the owner of the registered trademarks ‘JOR-POWR’, ‘NIMYLE’ and NIM family marks (NIMEASY, NIMWASH, NIMGLO, NIMKLIN) by virtue of Assets Purchase Agreement dated 05.04.2018,

Brand Assignment Agreement dated 05.04.2018 and Brand Assignment Agreement dated 19.04.2018, executed by the appellants in its favour. In terms of these agreements, the appellants have undertaken not to use or apply for any mark that is confusingly similar to the assigned marks. He submits that the adoption of the mark by the appellants is also in violation of the contractual obligations.

20. He submits that the mark of the appellants is deceptively similar to the two marks of the respondent. The appellants have also imitated the trade dress including get-up, identical shape of bottle and label. This, itself, shows the dishonest intention of the appellants.

21. He submits that adoption of a prefix or a suffix or essential feature of a mark can also amount to infringement. Infringement can take place even when a part of the mark is taken by the appellants.

22. He submits that mere expiry of the Non-Compete Clause would not allow the appellants to infringe or pass off the marks of the respondent.

ANALYSIS AND FINDING:

23. We have considered the submission of the learned counsels for the parties and perused the records.

24. At the outset, we will make a reference to the celebrated Judgment of the Supreme Court in ***Wander Ltd. v. Antox India P. Ltd.,*** 1990 (Supp) SCC 727, wherein the Supreme Court cautioned that the Appellate Court should not interfere with the

exercise of discretion by the Court of first instance, and substitute its own discretion for the same, except where such 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 the grant or refusal of interlocutory injunctions. The Appellate Court should not re-assess the material and seek to reach at a conclusion different from that reached by the Court below. If the conclusion of the learned Court below was reasonably possible, based on the material before it, the Appellate Court would not be justified in interfering with the exercise of discretion only on the ground that it would have arrived at a contrary conclusion.

25. Having reminded ourselves of the above principle, we now proceed to examine whether a case for interference with the Impugned Order has been made out by the appellants.

26. The appellant no. 1 entered into the Asset Purchase Agreement dated 05.04.2018 with the respondent, *inter alia*, for transferring all its rights in the trademarks, including 'NIMYLE' and other 'NIM' marks, described in Annexure A and B thereto, for a total consideration of Rs. 100 crores. Some of the relevant terms thereof are reproduced herein below:

> *"**Clause 1.1:***
>
> *"*Trade Marks" shall mean trademarks, service marks, trade dress, trade names, logos, brand names and other similar marks or insigne used by AAPPL for the Business and includes:
>
> *a)* registered trademarks as set out in ***Annexure A*** hereto***;***
>
> *b)* trademarks applied for and pending

registration as set out in ***Annexure B*** hereto;

c) trademarks, trade dress, get-up and labels used by AAPPL in relation to the Trade Marks set out in ***Annexures A, B and I*** hereto;

d) any and all common law rights in, or to, the trademarks Set out in (a), (b) and (c) immediately above;

e) all goodwill associated with any of the items in sub-clauses (a), (b) and (c) immediately above; in each case owned by, used by, and/or applied for, by AAPPL and/or any Affiliate of AAPPL, from time to time in the Territory, details of which are set out in *Annexures A, B and I* hereto.

Clause 2.1:

*"Upon the terms and subject to the conditions set forth herein, on the Closing Date**,** AAPPL shall, irrevocably sell, convey, assign, transfer and deliver (as the case may be), and ITC shall outright purchase, acquire and accept from AAPPL, all rights, title, property and interest of AAPPL (existing as of the Closing Date), free of all Encumbrances, in and with respect to, the assets set forth below ('Transferred Assets"):*

a) the Trade Marks;

b) the Knowhow;

c) the Regulatory Information related solely to the Products in the Territory, to the extent transferable;

*d) the Advertising Material; and e) all the formulations, specifications, manufacturing processes (including any seasonal variations in such processes), quality processes and design rights (if any), relating to the production/manufacture of products which are in the pipeline (that is, for which pilot scale production has been initiated in the Manufacturing Premises), and which are related to the Products (collectively, "**Pipeline Knowhow**");*

*For the purposes of this clause, "Encumbrances" shall exclude the list of oppositions filed against any of the Trade Marks which are detailed in **Annexure B***

hereto."

Clause 9.5:

"AAPPL undertakes that it shall not challenge the validity or assist any third party in challenging the validity of the Intellectual Property assigned or transferred to ITC at Closing."

Clause 9.10:

"AAPPL shall not use, nor apply for registration of any Trade Marks that are part of the Transferred Assets or any trademarks that are confusingly similar, visually or phonetically, to the Trade Marks, and will not withdraw any existing applications for Trade Marks which are pending registration."

Clause 9.13:

"*9.13 AAPPL shall have no objection to ITC applying for registration of the trademarks set out in* ***Annexure I*** *hereto, within the Territory, or otherwise."*

27. The appellant no. 1 and the respondent also entered into the Brand Assignment Agreement dated 19.04.2018, whereby the appellants assigned to the respondent all its rights in the trademark 'NIMYLE' and other 'NIM' marks. Clause 1 thereof reads as under:

"1. ***Assignment:*** *The Assignor does hereby irrevocably assign to the Assignee, all rights with respect to the said Trademarks listed in* ***Schedule A*** *of this Brand Assignment Agreement in India, in perpetuity and free from all encumbrances. The Assignor also acknowledges having assigned all rights, title and interest including* ***all rights to prepare derivative marks*** *along with the goodwill in and to the said Trademarks."*

28. In addition to the above, the appellant nos. 1 and 2 entered into a Deed of Assignment of Copyright dated 30.04.2018, assigning the copyright in the art work of the 'NIMYLE' marks to the respondent. Some of the important terms thereof are reproduced herein below:

> *"3. The Assignor and the Assignee have entered into an asset purchase agreement dated April 5, 2018 and thereafter a brand assignment agreement dated April 19, 2018 by way of which inter alia several trade marks including the trade marks NIMYLE, NEEM NIMYLE PINE (label), HERBAL NIMYLE (label), and NEEM NIMYLE CITRO (label) (hereinafter referred to as the 'said trade marks'), in respect of goods falling in Class 5 of the NICE Classification of goods and services have been assigned by the Assignor to Assignee, for valuable and adequate consideration.*
>
> *4. The Confirming Party is the Managing Director and promoter of the Assignor and has created artwork, including product labels and stylized versions of various trade marks, including the said trade marks. The details of the artwork are detailed in the attached "Schedule of Artworks" appended to this Assignment. The artwork detailed in the "Schedule of Artworks" are hereinafter also referred to as the "said artworks" in this Assignment.*
>
> *XXX*
>
> *9. Through mutual discussions between the Assignee and the Assignor, it has been agreed that the said artworks are so closely linked to the said trade marks, and also form a part of the said trade marks, assigned to the Assignee and now owned by the Assignee, that all rights, titles and interests to the said artwork would be assigned to the Assignee, for the purpose of business convenience and for*

ensuring peaceful and complete enjoyment of the said trade which are now owned by the Assignee. The Assignee and the Assignor have agreed that the said artworks or any artwork comprising of the trade mark NIMYLE, now owned by the Assignee, cannot be separated from the said trade marks already assigned to the Assignee and therefore the same ought to be assigned to the Assignee, as well.

10. The Assignor has further represented that the artistic work  *stands registered in the name of the Assignor, details whereof are set out in the "Schedule of Artworks". The Assignor has also represented that the registration over the trade mark*  *, was obtained by placing reliance on few of the said trade marks which have already been assigned to the Assignee for valuable and sufficient consideration and has therefore agreed that the said artworks, including the artwork*  *, ought to be assigned to the Assignee for the aforementioned reasons.*

11. In respect of the artistic work  *, the Confirming Party had submitted a letter of no objection dated January 14, 2017, to the Registrar of Copyright. In the said letter of no objection, the Confirming Party declared that the artistic work*  *had been developed by him, that the Assignor was the exclusive owner of the copyright in the artistic work*  *and he had no objection to the copyright in the said artistic work being registered in the name of the Assignor*

12. The Parties have agreed that the effective date of this Deed of Assignment shall be April 19, 2018 ("Effective Date"), the date on which

the said trade marks had been assigned to the Assignee, by the Assignor.

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4. The Assignor relinquishes all right(s), title(s), interest(s), demands in and to the said artworks and undertakes to not do any act or omission which may jeopardize and / or disturb and/ or cause any kind of interference in the peaceful enjoyment of ownership in the said artworks by the Assignee and shall not use or register or create or cause to use, register and create the said artworks or any artwork similar to the said artworks.

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16. The Confirming Party further agrees and undertakes to:

a. Render all possible assistance to the Assignee at the cost of the Assignee in seeking recordal / registration of the said artworks inclusive of executing discharge letters, no objection letters and all assistance as may be deemed necessary by such procedure.

b. Not challenge the right and title of the Assignee in respect of the said artworks, nor take any steps against the Assignee under Section 19A of the Copyright Act, 1957.

c. Not create any artwork resembling the said artworks.

d. Not represent to any third party that the said artworks are owned by him

e. Not to use or cause to use any artwork resembling the said artworks."

29. The appellant no. 1 also entered into another Brand Assignment Agreement dated 05.04.2018, with the respondent, transferring its rights in the trade mark 'JOR-POWR' to the respondent. Clause 1 thereof reads as under:

*"1. **Assignment:** The Assignor does hereby irrevocably assign to the Assignee, all*

*rights with respect to the said Trademarks listed in **Schedule A** of this Brand Assignment Agreement in India, in perpetuity and free from all encumbrances. The Assignor also acknowledges having assigned all rights, title and interest including all rights to prepare derivative marks, along with the goodwill in and to the said Trademarks. The Assignor also acknowledges having assigned all rights, title and interest in and to the Knowhow to the Assignee."*

30. In addition to the above, the parties have also entered into Agreement for Supply of Products dated 19.04.2018 and 09.09.2021, whereby the appellants agreed to manufacture the products for the respondent using the assigned trademark.

31. As noted hereinabove, there is no dispute that the relationship between the parties, that is, the appellants on the one hand and the respondent on the other, stems out of six agreements, whereby the appellants have transferred their rights in the trademark 'NIMYLE' and other "NIM" marks, for a consideration of Rs.100 crores, the copyright associated therewith, and also their trademark 'JOR-POWR' to the respondent. The appellant nos.1 to 3, thereafter, started manufacturing the goods, that is, the floor cleaner, insect repellents, toilet soaps, liquid hand wash and scouring bars, etc., for the respondent under the trademark 'NIMYLE' under the Agreement dated 19.04.2018, which was later extended by another Agreement on 09.09.2021. Therefore, not only did the appellants assign the trademark 'NIMYLE' and 'JOR-POWR' to the respondent, but also became the manufacturers of the

goods bearing those marks for the respondent.

32. The appellants, therefore, are not strangers who can be attributed for lack of knowledge regarding the marks, which they had themselves assigned to the respondent for valuable consideration.

33. The test to be applied for determining the case of infringement or passing off of the trademarks of the respondent by the appellants, therefore, has to be stricter against the appellants. The appellants must stay absolutely clear of the marks, which they themselves have assigned to the respondent, and in their case, even a remote resemblance to those marks would be a sufficient ground to injunct them from using such marks. The burden of proof for establishing deceptive similarity would be lighter on the respondent, as there can be a presumption drawn against the appellants that the adoption of a mark, which even remotely takes the features of the assigned marks, was with a *mala fide* intent of causing deception and confusion in the minds of an unwary consumer, and to capitalize on the reputation of the marks, which they have already assigned to the respondent.

34. In the present case, the appellants have proceeded to take the two prominent parts from the marks that they have assigned to the respondent, that is, ‘POWR’ from ‘JOR-POWR’ and ‘NYM’ from the mark ‘NIMYLE’, and combined the same to make their mark ‘POWRNYM’. Though the learned counsel for the appellants sought to explain the reason for the adoption of

the said mark by stating that its tagline "YOUR POWER MY POWER, only POWRNYM – Synonym of POWER" shows that the mark reflects the power of the product, in our view, the said explanation is most fanciful and cannot be accepted.

35. *Prima facie*, it appears that the appellants have only taken two prominent parts of the marks and combined them together so as to create a facade of distinction, however, maintaining the intent of causing deception, capitalize on the goodwill of the respondent, and causing dilution of the respondent's marks.

36. The learned counsel for the appellants has submitted that infringement in terms of Section 29 of the Trade Marks Act can arise only when the rival mark is deceptively similar to a registered mark, thereby causing consumer confusion. He submits that the said provision would not allow the comparing of a rival mark with two distinct registered marks.

37. While in a given case, the said submission may have found merit, in the background of the facts of the present case, we are unable to accept the said submission. In the present case, the appellants are infringing both the registered marks, that is, 'NIMYLE' and 'JOR-POWR', by taking their prominent parts with the intent to deceive and cause consumer confusion.

38. In ***South India Beverages Pvt Ltd. v. General Milla Marketing Inc. & Anr.*** 2014 SCC OnLine Del 1953, this Court highlighted the concept of the dominant feature of a mark and held that while a trademark is supposed to be looked at in entirety, yet the consideration of a trademark as a whole does

not condone infringement where less than the entire trademark is appropriated. Dominant features are significant because they attract attention, and consumers are more likely to remember and rely on them for purposes of the identification of the product.

39. In ***M/s Kirorimal Kashiram Marketing and Agencies Pvt. Ltd v. M/s Shree Sita Chawal Udyog Mill***, 2010 SC OnLine 2933, this Court held that copying a prominent part of another trademark is prohibited, more so, when the same is a registered trademark.

40. In the impugned judgment, the learned Single Judge also highlighted the above concepts, as under:-

> *"24. Under such circumstances, the defendants ought to have given the basis, much less an explanation and/ or a reasoning for its having adopted the impugned mark 'POWRNYM' which is identically similar to the registered trademarks 'NIMYLE' and 'JOR-POWR' in the identically similar bottles having the very same get up, style and shape as that of the plaintiff's products offered/ sold under the registered trademark 'NIMYLE'.*
>
> *25. The defendants have totally remained silent about the adoption of the impugned mark 'POWRNYM'. Moreover, though the defendant no.1 in its written statement initially claimed that the impugned mark 'POWRNYM' uses prefixes and suffixes that are not exclusive to the plaintiff's registered trademarks 'NIMYLE' and 'JOR-POWR' as also that the products are sold under the name of 'NYM' or 'NEEM' to indicate 'NEEM' as a constituent thereof, however, in its rejoinder to the application under Order XXXIX rule 4 CPC filed by the defendant no.2, the contrary stance taken by them is that 'POWR' stands*

for 'POWER' while 'NYM' is representative of 'NAME' meaning thereby, that the impugned mark 'POWRNYM' is another name for 'POWER'. Even otherwise, the defendants cannot seek to claim that NIM/ NYM are derivative of NEEM and/ or are common to the trade since it is the very same defendant no.1 who has itself chosen to apply for registration of its impugned mark 'POWRNYM' before the Trademark Registry.

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27. However, considering the past history involving the defendants being the erstwhile owners of the registered trademarks 'NIMYLE' and 'JOR-POWR', who were using the registered trademark 'NIMYLE' for almost twenty years till the execution of the aforesaid agreements in the year 2016 and who had sold them for a valuable consideration of Rs.100 Crores to the plaintiff for all times to come, none of the so-called reasoning of the defendants appeal to the conscience of this Court. On the contrary, in the considered opinion of this Court, it is hard to believe that the impugned mark 'POWRNYM' of the defendants is not a derivative of the registered trademarks 'NIMYLE' and 'JOR-POWR' of the plaintiff.

28. Therefore, under the peculiar facts and circumstances, it is highly implausible to expect that the competing marks involved are not phonetically, structurally, visually and otherwise identically similar to each other. They need not be so in all cases, particularly, when the issues involved are of the present nature herein. Even otherwise, the impugned impugned mark 'POWRNYM' of the defendants is a combination/ derivative/ amalgamation of the registered trademarks 'NIMYLE' and 'JOR-POWR' of the plaintiff it is sufficient to hold that the defendants are guilty of infringement and passing off. In fact, it appears that there seems to be a clear intention of the defendants to show to the general public at large that the impugned

> *mark 'POWRNYM' is another variant/ byproduct/ alternative/ amalgamation of the registered trademark 'NIMYLE' of the plaintiff.*
> *29. The defendants cannot be allowed to take benefit thereof by merely taking note of the essential features of both the competing marks involved and combined into one as the same is impermissible and defies plain logic. Allowing the defendants to do that would result in them reaping undue benefits with no investments from their side, and in this case, even after having earned/ willingly accepted a valuable consideration of Rs.100 Crores from the very same plaintiff. Also, the same is likely to cause immense confusion and deception amongst the minds of the general public as also the members of the trade, especially since the trade channels, the routes/ manner adopted and the end user customer base for both the competing products are the same and as the plaintiff is also the owner of other NIM family of marks for the same products already circulating/ available in the open markets since long."*

41. The submission of the learned counsel for the appellants that the mark 'JOR-POWR' was not being used by the respondent, therefore, a claim of passing off cannot lie, also cannot be accepted. First of all, the learned Single Judge has rightly held that a reading of Section 18 of the Trade Marks Act shows that the registration of a trademark can be obtained by its proprietor if it is being used or is proposed to be used. Furthermore, where such a registered mark is used by another unauthorisedly, or where a mark identical or deceptively similar to the registered mark is used by another in relation to the goods or services for which the trademark is registered, it would

constitute infringement of the registered trademark under Section 29 (1) of the Trade Marks Act. Non-user of the said mark by the registered proprietor shall not be of much significance or offer a defence to the infringer of the mark.

42. Even otherwise, as noted hereinabove, the appellants have also adopted the prominent part of the mark 'NIMYLE'. As the two marks, prominent parts of which have been adopted by the appellants to coin their mark, belong to the respondent, the intent of the appellants appear to be piggyback on the reputation and goodwill of the respondent. The adoption itself shows that the appellants also saw the combination of the prominent part of the two marks to invoke an initial interest in the mind of the consumers. It is to be remembered that the appellants had not only assigned their trademarks to the respondent, but were also manufacturing the products under the transferred trademark for the respondent. The consumer is, therefore, likely to presume that this new product also has an association with the respondent and its marks.

43. In ***Cadila Health Care Ltd***. *v*. ***Cadila Pharmaceuticals Ltd***., (2001) 5 SCC 73, the Supreme Court laid down the test for deciding the question of deceptive similarity in an action for passing off as under:

> *"35. Broadly stated, in an action for passing-off on the basis of unregistered trade mark generally for deciding the question of deceptive similarity the following factors are to be considered:*
> *(a) The nature of the marks i.e. whether the*

marks are word marks or label marks or composite marks i.e. both words and label works.
(b) The degree of resembleness between the marks, phonetically similar and hence similar in idea.
(c) The nature of the goods in respect of which they are used as trade marks.
(d) The similarity in the nature, character and performance of the goods of the rival traders.
(e) The class of purchasers who are likely to buy the goods bearing the marks they require, on their education and intelligence and a degree of care they are likely to exercise in purchasing and/or using the goods.
(f) The mode of purchasing the goods or placing orders for the goods.
(g) Any other surrounding circumstances which may be relevant in the extent of dissimilarity between the competing marks."

44. Applying the above test to the facts of the present case and keeping in view the nature of goods, the past relationship between the parties, the resemblance of the marks, the intent of the appellants to adopt the prominent parts of the marks of the respondent, and other surrounding circumstances, in our view, no fault can be found in the findings of the learned Single Judge that a case of passing off was made out against the appellants and in favour of the respondent.

45. The submission of the learned counsel for the appellants that the learned Single Judge has failed to give any reasons for granting the injunction, specially keeping in view the trinity test of passing off, in our view, is totally unfounded. The learned Single Judge has thoroughly considered the case of the parties for reaching the conclusion that the respondent has made out a

prime facie case in its favour, the balance of convenience was also in favour of the respondent and against the appellants, and that the respondent, having paid substantial consideration for obtaining a right in the trademarks, would suffer irreparable injury in case the *interim* injunction was not granted in its favour and against the appellants.

46. The learned counsel for the appellants also submitted that there was a delay in filing the Suit inasmuch as the application filed by the appellants for seeking registration of their mark was published in the trademark journal on 06.09.2021, while the Suit was filed only in 2023. We are not impressed by the said submission as well. The respondent in the Suit has asserted that it gained knowledge of the use of the Impugned Mark by the appellants only in 2023, when it came across an advertisement published by the appellants for the said mark. We may quote from the plaint as under:

> *"20. Towards the end of August, 2023, the Plaintiff came across advertisement of POWRNYM floor cleaner in the newspaper "The Telegraph" dated 24.08.2023 marketed by the Defendant No. 1. The Plaintiff initiated enquiry to find out about the availability of such product in the market and also the course of action to be adopted to address the concern behind such use of impugned mark by the Defendants who were in the business relationship with the Plaintiff. The perusal of the agreements signed between the parties bind the Defendants not to use any derivative of the assigned trade marks or any similar mark. Hence, while the Plaintiff was contemplating its options to object to the impugned use by the Defendants, the Plaintiff*

came across the advertisement of Defendant No. 1 of the impugned trade mark POWRNYM in the newspaper "The Times of India" dated 28.09.2023. The Plaintiff conducted further investigation and found that the Defendant Nos. 1-3 are also offering for sale the said product under the impugned trade mark POWRNYM on its website www.arpitaagro.in. To the utter shock of the Plaintiff, it also found that the Defendants are continuing to sell/offer to sell the product on the websites https://bazaarhai.com/Arpita-Agro-Products-Pvt-Ltd, http://bazaarhai.com/Mp-produts/nimyle-Neem-Anti-Insect-Naturally-Fragrant?manufacturer_id=22 and https://bazaarhai.com/MP-product/Nimyle-Herbal-Anti-Bacterial-5-Ltr?manufacturer_id=22 under the trade mark NIMYLE despite having assigned the trade mark to the Plaintiff in the year 2018. The Plaintiff further came across advertisement of the impugned trade mark POWRNYM used by the Defendants in relation to floor cleaners on a television program "Didi No. 1" telecasted on Zee Bangla channel which has extensive viewership amongst large Bengali population living in Delhi and in particular well-known Bengali colonies and markets situated in Chittaranjan Park of Delhi. Such segment of inhabitants of Delhi are also consumers of Plaintiff's NIMYLE floor cleaners which has beers in the market as a product marketed by the Plaintiff and manufacturered by the Defendants, Such Bengali consumers, in addition to other consumers who are already consumers of Plaintiff's NIMYLE herbal cleaners, are residing in Delhi and familiar with Plaintiff's well-known product NIMYLE. The Plaintiff conducted further investigation in Delhi market in respect of sale of the said products and came across such sale in Chittaranjan Park market of Delhi. Invoice of such sale and photograph of the product is placed on record."

47. In any case, in the facts of the present case, mere delay in filing of the Suit would not have provided a ground for rejecting *interim* injunction in favour of the respondent, as the very adoption of the mark by the appellants was *mala fide*.

48. The submission of the learned counsel for the appellants, placing reliance on Clause 9.9 of the Assets Purchase Agreement dated 05.04.2018, and submitting that since the Non Compete Clause had expired by efflux of time, an order of injunction could not have been passed against the appellants, is also fallacious.

49. Clause 9.9 of the Assets Purchase Agreement dated 05.04.2018, reads as under:

> *"9.9 AAPPL acknowledges and agrees that it shall not, and that its Affiliates, directors, promoters, officers, or any Relatives thereof shall not, directly or indirectly, be involved in the manufacture, packaging, testing, development, marketing, distribution, or sale of any products that compete, directly or indirectly, with any of the Products in the Territory for a period of 4 (four) years from the Closing Date, except if such activities are carried out pursuant to an agreement with ITC, or with prior written consent of ITC. Provided, however, that AAPPL shall be free to manufacture and market soaps, liquid handwash or insect repellent for use in agriculture without infringing and/ or passing off the intellectual Property rights of ITC."*

50. A reading of the above Clause would show that it would merely permit the appellants to manufacture and sell the

'products that compete' with the respondent. In the present case, the injunction against the appellants is not on the appellants manufacturing or selling competing products, but from using a deceptively similar mark to that of the respondent for such products. Clause 9.9 of the Assets Purchase Agreement dated 05.04.2018, therefore, would have no application to the facts of the case. Similarly, Section 27 of the Contract Act, 1872, cannot come to the aid of the appellants.

51. On the issue of lack of territorial jurisdiction to entertain the Suit, we again do not find any infirmity in the findings of the learned Single Judge, so as to warrant any interference therewith.

52. In view of the above, we do not find any merit in the present appeal. The appeal as well as the pending application is dismissed.

53. We must, however, clarify that our observations hereinabove, are only *prima facie* in nature and should not be considered as a final opinion on the merits of the contentions raised by the parties in the Suit. The same shall have to be determined in the trial of the Suit, remaining uninfluenced by what is observed by us.

NAVIN CHAWLA, J

SHALINDER KAUR, J

FEBRUARY 21, 2025/*rv*/*DG*

Click here to check corrigendum, if any