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Suppression of material facts proves fatal in passing-off action India - Ranjan Narula Associates

Passing off

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In *Eveready Industries India Ltd v Chadha* (December 22 2010), a passing-off action filed by *Eveready Industries India Ltd* against Sanajay Chadha and Kamlesh Chadha, the High Court of Delhi has ruled that an injunction granted against the defendants should be modified as Eveready had withheld material information from the court.

Eveready claimed that:

- it was the registered proprietor of the trademarks EVEREADY and EVEREADY (and design) in respect of cell batteries, rechargeable batteries and flash lights, among other things; and
- it had acquired a unique reputation among the trade and the public due to the quality of the products sold under the mark.

In September 2008 Eveready became aware of the defendants' use of EVEREADY when its application to register the mark in Class 8 of the [Nice Classification](#) was opposed by the defendants, who claimed to own the EVEREADY mark in Class 8 in relation to hand tools.

Eveready filed a suit for passing off and sought an injunction preventing the defendants from using the EVEREADY mark, or any other mark identical or deceptively similar to it. An *ex parte* interim injunction was granted in favour of Eveready.

The defendants sought to have the injunction set aside on the following grounds:

- Eveready had suppressed material facts. In 2000, when Eveready applied for the registration of EVEREADY in Class 8, the examination report issued by the Trademark Registry clearly showed that the mark was registered in the name of the defendants in respect of screw drivers, cutting pliers and hand tools. To overcome the citation, Eveready had amended the specification of the goods by excluding screw drivers and cutting pliers. However, this fact was not disclosed to the court.
- Eveready was guilty of delay, laches and acquiescence: it had been aware of the defendants' registered mark EVEREADY since 2000, but filed suit only in August 2009.
- The goods sold by the parties and their channels of trade were completely different.

The court, after hearing the arguments of the parties and considering the evidence, modified the injunction and allowed the defendants to use the mark EVEREADY in respect of screwdriver pliers and hand tools. The court held as follows:

- Eveready had been aware of the defendants' registration for the mark EVEREADY since 2000. However, it had withdrawn this fact and made a false statement claiming that it had become aware of the registration only in or around September 2008. In arriving at this conclusion, the court took into account the fact that Eveready, during the examination of its application for the mark EVEREADY in Class 8, had specifically excluded screw drivers and cutting pliers in view of the citation of the defendants' mark.
- As the relief of injunction is a discretionary equitable relief, the plaintiff should have come to the court with clean hands and should have disclosed all material information.
- Inordinate delay in initiating an action amounted not only to laches, but also to condoning the use of the EVEREADY mark by the defendants in respect of screw drivers and cutting pliers.
- The goods of the parties are sold through different channels of trade and the defendants have been using the mark since 1985/86.

Therefore, no case of passing off had been made.

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