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IN THE HIGH COURT OF JUDICATURE AT MADRAS

RESERVED ON : 17 / 03 / 2026
PRONOUNCED ON : 17 / 04 / 2026

Coram:

THE HONOURABLE MR. JUSTICE P.VELMURUGAN
and
THE HONOURABLE MRS. JUSTICE K.GOVINDARAJAN THILAKAVADI

O.SA.Nos.241 & 255 of 2020 &
C.M.P.Nos.12328 of 2021, 12340 of 2021 &
12334 of 2021 and 12339 of 2021 & 8669 of 2023

Rubinetterie Bresciane Bonomi SpA
Via M.Bonomi 1, 25064, Gussago,
Brescia (Italia),
Through its authorized representative
Mr.Federico Salatini ... Appellant in both Appeals

Vs.

Lehry Instrumentation & Valves Pvt. Ltd.,
No.78/Old No.51, Sembudoss Street,
Parrys, Chennai - 600 001,
Tamil Nadu,
Through its Managing Director. ... Respondent in both Appeals

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Prayer in O.S.A.No.241 of 2020: This Original Side Appeal is filed under Clause XV of Madras High Court Letters Patent read with Order XXXVI Rule 1 of Madras High Court Original Side Rules and Section 13(1) of the Commercial Courts Act, 2015, against the judgment dated 21.11.2019 passed by the learned Single Judge of this Court in C.S.No.405 of 2014.

Prayer in O.S.A.No.255 of 2020: This Original Side Appeal is filed under Clause XV of Madras High Court Letters Patent read with Order XXXVI Rule 9 of Madras High Court Original Side Rules and Section 13 of the Commercial Courts Act, 2015, against the judgment dated 21.11.2019 passed by the learned Single Judge of this Court in C.S.No.891 of 2015.

For Appellant in both Appeals : Mr.M.S.Bharath
Mr.K.Premchandar
Mr.N.C.Vishal

For Respondent in both Appeals : Mr.P.S.Raman
Senior Counsel
Assisted by
Mr.V.P.Raman
Mr.M.S.Seshadri
Mr.K.Seshasayee
Mr.R.B.Rishab

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COMMON JUDGMENT

P.VELMURUGAN, J.

These Original Side Appeals arise out of the common judgment dated 21.11.2019 passed by the learned Single Judge in C.S.No.405 of 2014 and C.S.No.891 of 2015. The appellant herein was the plaintiff in C.S.No.405 of 2014 and the defendant in C.S.No.891 of 2015. The respondent herein was the defendant in C.S.No.405 of 2014 and the plaintiff in C.S.No.891 of 2015. For convenience, the parties are referred to as the plaintiff and the defendant as per their ranking in C.S.No.405 of 2014.

2. The present appeals have been filed challenging the common judgment of the learned Single Judge whereby the suit filed by the plaintiff in C.S.No.405 of 2014 came to be dismissed and the suit filed by the defendant in C.S.No.891 of 2015 came to be decreed.

3. The plaintiff is a company engaged in the manufacture and sale of brass ball valves, fittings, pressure reducing valves and other related

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plumbing products. According to the plaintiff, it is the proprietor of the trademarks "Rubinetterie Bresciane" and "RB", which are used in connection with its products. The plaintiff states that the defendant was appointed as its distributor in India for marketing and selling the plaintiff's products and that the business relationship between the parties continued for several years.

4. According to the plaintiff, during the course of its business it received a complaint from one of its customers stating that certain valves bearing the plaintiff's trademark appeared to be different from the original products manufactured by the plaintiff. The customer is stated to have forwarded certain documents including invoices and quality certificates relating to those products. Based on these materials, the plaintiff suspected that counterfeit products bearing its trademark had been circulated in the market.

5. The plaintiff states that upon examining the documents and materials received from the customer, it noticed that certain products bearing

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its trademark appeared to have been supplied though they were not manufactured by it. According to the plaintiff, the accompanying quality certificates were also not issued by it and therefore the plaintiff suspected that counterfeit products were being dealt with in the market in the name of the plaintiff.

6. In the above circumstances, the plaintiff instituted C.S.No.405 of 2014 before this Court seeking a permanent injunction restraining the defendant and persons claiming through it from passing off its valves and other plumbing products by using the offending, identical or well-known trademark or by advertising the same. The plaintiff also sought a direction to the defendant to render true and faithful accounts of the profits earned by using the said mark and to pay such profits to the plaintiff, a mandatory injunction directing disclosure of the identity and full particulars of the manufacturer of the alleged counterfeit products and seizure and destruction of the counterfeit products stocked with the defendant at its cost, and also claimed damages of Rs.10,00,000/- together with costs.

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7. After the institution of the said suit, the plaintiff also issued communications to customers and persons in the trade stating that its business relationship with the defendant had been terminated and cautioning them against dealing with the defendant in respect of the plaintiff's products.

8. The defendant objected to the said communications and argued that the plaintiff's allegations were false and defamatory. According to the defendant, the communications issued by the plaintiff had caused serious damage to the reputation and goodwill of the defendant in the market. On that basis the defendant issued a legal notice and subsequently instituted C.S.No.891 of 2015 seeking damages and an injunction restraining the plaintiff from making such allegations.

9. Both suits were tried together by the learned Single Judge and framed the following issues:-

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C.S.No.405 of 2014

"1. whether the defendant sold its own products by saying that it was imported from the plaintiff?

2. Whether the defendant has falsely applied the plaintiff's trademark on its products?

3. Whether M/s.Apco Trading Company is a proper and necessary party?

4. Whether the defendant also manufactures certain types of plumbing equipments and whether it is different from the products of the Plaintiff?

5. Whether the advertisements relating to plaintiff's products have been published by the defendant and also by other importers?

6. Whether the defendant has copied or sold or counterfeited the products of the Plaintiff?

7. Whether the plaintiff has used the trademark RB (inside a diamond shaped device) along with the words `RUBINETTERIE BRESCIANE`?

8. Whether the plaintiff is entitled to relief as prayed for and to what other relief the plaintiff is entitled to?"

Following additional issues have also been framed in C.S.No.405 of 2014:

"1. Whether Defendant is liable to disclose identity of the counterfeit goods being sold by using the trademark of Plaintiff with full particulars of the manufacturers of the same?

2. Whether Defendant is entitled to cost of the present suit?

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3. Whether Defendant is passing off Plaintiff's Defendant's trademark?

4. Whether Defendant had applied for registration of Trademark belonging to Defendant in India and later withdrew it?"

C.S.891 of 2015 filed by the Defendant in C.S.No.405 of 2014 for the following reliefs:

"(i) Whether the termination of the dealership agreement between the Plaintiff and Defendant on 08.07.2014 was wrongful or in bad faith?

(ii) Whether the Plaintiff is entitled to the amount of Rs.60,61,400/-; as compensation for termination of its dealership by the Defendant?

(iii) Whether the Plaintiff is entitled to a sum of Rs.3,02,57,868/- along with further interest on Rs.2,46,68,371/- as claimed in the suit

(iv) Whether the Plaintiff is entitled to a permanent injunction restraining the Defendant from communicating or causing to be communicated, publishing or causing to be published any allegation against the Plaintiff directly or indirectly relating to manufacturing of counterfeit product of the Defendant by the Plaintiff to anyone?

(v) Whether the Plaintiff is entitled to damages of a sum of Rs.50 lakhs for the alleged loss of reputation?

(vi) Whether the Plaintiff is entitled to cost of the present suit?

(vii) Whether the Defendant-Rubinetterie Bresciane Bonomi Spa's goods sold in India contained defects?

(viii) Whether the Defendant-Rubinetterie Bresciane Bonomi Spa sold other products apart from Pressure Reducing Valves, ball Valves and Non-Return Valves to the Plaintiffs?

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(ix) Whether the Defendant-Rubinetterie Bresciane Bonomi Spa is obligated to take back the goods imported by the Plaintiff from the Defendant upon termination of the dealership?

(x) To what other reliefs the parties are entitled to?"

10. On the side of the plaintiff, two witnesses were examined as P.W.1 and P.W.2, and 19 documents were marked as Exs. P1 to P19. On the side of the defendant, Mr.Abbas Lehri was examined as D.W.1, and 48 documents were marked as Exs. D1 to D48.

11. Upon consideration of the pleadings and evidence, the learned Single Judge analysed the materials placed before the Court. The learned Single Judge observed that the main allegation of the plaintiff was that the defendant had sold counterfeit or non-genuine products bearing the plaintiff's trademark. The learned Single Judge noted that such an allegation is a serious one and requires clear and convincing evidence. The learned Single Judge found that the plaintiff had not produced any material object representing the alleged counterfeit products before the Court. The learned Single Judge also found that the documentary evidence relied upon by the plaintiff did not conclusively establish that the products supplied by the defendant were counterfeit products.

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12. The learned Single Judge further examined the documents relied upon by the plaintiff such as invoices and quality certificates and found that the same did not clearly establish that the products supplied by the defendant were not manufactured by the plaintiff. The learned Single Judge also observed that the investigation reports relied upon by the plaintiff were not sufficient to establish the allegation of counterfeiting. The learned Single Judge therefore concluded that the plaintiff had failed to prove that the defendant had manufactured or sold counterfeit products bearing the plaintiff's trademark.

13. In view of the said finding, the learned Single Judge dismissed the suit in C.S.No.405 of 2014 filed by the plaintiff.

14. Insofar as the suit in C.S. No.891 of 2015 filed by the defendant was concerned, the learned Single Judge examined the communications issued by the plaintiff to customers and persons in the trade. The learned Single Judge found that the plaintiff had circulated communications

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accusing the defendant of selling counterfeit products. Since the plaintiff had failed to establish the allegation of counterfeiting in the suit filed by it, the learned Single Judge held that the communications issued by the plaintiff were not justified. The learned Single Judge further observed that such allegations would have the effect of seriously affecting the reputation and goodwill of the defendant in the market. The learned Single Judge therefore held that the defendant had made out a case for damages on account of defamation and decreed the suit in C.S.No.891 of 2015 by awarding damages and granting an injunction restraining the plaintiff from making such allegations.

15. Aggrieved by the said common judgment, the plaintiff has filed the present appeals.

16. The learned senior counsel appearing for the appellant/plaintiff assailed the impugned judgment and submitted that the findings rendered by the learned Single Judge were contrary to the pleadings and the evidence available on record. According to the learned senior counsel, the learned

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Single Judge failed to properly appreciate the documentary evidence, the admissions made by the respondent and the surrounding circumstances which, according to the appellant, clearly indicated acts of passing off and misrepresentation. It was contended that the conclusions reached by the learned Single Judge were based on an incomplete appreciation of the materials placed before the Court and that several material aspects of the evidence had either been overlooked or misinterpreted.

17. The learned Senior Counsel for the appellant submitted that the learned Single Judge erred in dismissing the suit by overlooking the clear and categorical admissions made by the respondent/defendant with regard to the appellant's ownership of the trademark "RB" and the associated design. It was contended that, in light of such admissions, the suit ought to have been decreed in favour of the appellant. It was further submitted that the learned Single Judge failed to take note of the admissions elicited during the cross-examination of the respondent's witness, particularly in response to Questions 140 to 145, wherein it was unequivocally acknowledged that the appellant was the prior adopter and user of the trademark "RB" (depicted within a diamond-shaped device) along with the words "Rubinetterie

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Bresciane". The learned Senior Counsel also contended that the learned Single Judge ignored the express admission and undertaking given by the respondent in its reply to the injunction application, wherein the respondent had stated that it would not deal in or sell counterfeit products bearing the trademark "RB". It was submitted that such an undertaking further reinforces the appellant's case and ought to have been given due weight by the Court.

18. The learned senior counsel further submitted that the respondent had also admitted that quality certificates relating to certain products were generated internally by them based on earlier certificates received from the appellant. This admission was stated to be evident from the email dated 13.06.2014 marked as Ex.P-13. According to the appellant, such conduct amounted to generating documents resembling the appellant's quality certificates without authority and could potentially mislead customers into believing that the products in question were certified by the appellant. The learned senior counsel submitted that this circumstance clearly indicated misrepresentation and ought to have been given due weight by the learned Single Judge while assessing the overall conduct of the respondent.

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19. The learned senior counsel also pointed out that the respondent had admitted during the course of evidence that certain similar products were sourced or procured from other manufacturers during the subsistence of the distributorship arrangement, including suppliers in China. When questioned regarding the details of such manufacturers, the respondent declined to disclose the same on the ground that it constituted a "business secret". According to the appellant, the existence of such parallel sourcing arrangements, coupled with the refusal to disclose the identity of the manufacturers, warranted closer scrutiny by the Court, particularly in the context of the allegations that products bearing the appellant's mark were being supplied through the respondent.

20. The learned senior counsel further relied upon invoices marked as Ex.P-15 and submitted that they indicated supply of certain pressure reducing valves of sizes which, according to the appellant, were neither manufactured nor supplied by it. It was submitted that the appellant did not manufacture pressure reducing valves of the size mentioned in the said invoices. According to the appellant, this circumstance suggested that the respondent had dealt with products which were represented as those of the

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appellant even though such products did not originate from the appellant. The learned senior counsel submitted that this aspect constituted important circumstantial evidence supporting the appellant's case of passing off.

21. Reference was also made to Ex.P-19, which comprised certain invoices and documents relied upon by the appellant to show that the respondent had claimed sale of RB products which, according to the appellant, had not been supplied by it. It was submitted that these documents included materials filed by the respondent before the Trade Marks Registry wherein the respondent had claimed sale of products bearing the RB mark. According to the appellant, the details contained in those documents indicated sale of items which were not supplied by the appellant. The learned senior counsel contended that these documents constituted relevant admissions by the respondent and demonstrated that the respondent had projected itself as dealing in RB products beyond the scope of the distributorship arrangement.

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22. The learned senior counsel also submitted that the respondent had, at one stage, applied for registration of the trademark "RB" and the associated device mark in its own name before the Trade Marks Registry. Although the application was subsequently withdrawn, the appellant contended that such conduct clearly indicated an attempt on the part of the respondent to usurp the appellant's trademark rights. According to the learned senior counsel, the learned Single Judge had noticed this aspect in the judgment but failed to draw the necessary inference regarding the respondent's conduct.

23. The learned senior counsel further submitted that the learned Single Judge had placed undue reliance on certain discrepancies in the dates mentioned in documents such as Exs.P-9, P-14 and P-15. According to the appellant, the discrepancy arose due to a typographical error in an email sent by Apco Trading Company. It was pointed out that the appellant's witness had explained during cross-examination that the invoice number remained the same and that the incorrect date appeared to be a typographical error in the email communication. According to the appellant, this explanation was not disproved by the respondent. The learned counsel therefore submitted

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that the learned Single Judge ought not to have rejected the appellant's documentary evidence solely on the basis of such discrepancies.

24. The learned senior counsel further submitted that the documents marked as Ex.P10 and Ex.P14, relied upon by the appellant, were discredited by the learned Single Judge primarily on procedural grounds, such as the absence of certified translations of documents originally prepared in a foreign language and the non-examination of the author of the report. According to the appellant, these were curable procedural defects and ought not to have resulted in the rejection of the entire body of documentary evidence produced by the appellant. It was further submitted that some of these documents represented reports of independent examination of the products and therefore constituted relevant corroborative evidence in support of the appellant's case.

25. The learned senior counsel also referred to the investigation conducted by an independent agency engaged by the appellant during the pendency of the proceedings. According to the appellant, the agency

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conducted investigations at several sites where products supplied by the respondent were installed. The reports indicated the presence of products bearing the appellant's marks along with invoices issued by the respondent. According to the appellant, these materials constituted circumstantial evidence suggesting that products represented as those of the appellant had been supplied through the respondent. The learned counsel submitted that these reports and related documents were not adequately appreciated by the learned Single Judge.

26. The learned senior counsel further submitted that during the interlocutory proceedings the respondent had given an undertaking that it would not sell products bearing the mark "RB" which were alleged to be counterfeit. According to the appellant, this undertaking itself demonstrated that the respondent was aware of the seriousness of the allegations and therefore the learned Single Judge ought to have taken this circumstance into consideration while evaluating the overall conduct of the parties.

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27. The learned senior counsel also contended that the learned Single Judge appears to have adopted inconsistent reasoning in certain respects. While it was observed in the judgment that Apco Trading Company was not a necessary party to the suit, the absence of testimony from the said company was nevertheless treated as weakening the appellant's case. According to the appellant, such reasoning was contradictory and resulted in an erroneous assessment of the evidence.

28. With regard to the findings rendered in C.S.No.891 of 2015, the learned senior counsel for the appellant submitted that the termination of the distributorship arrangement was bona fide. According to the appellant, complaints had been received regarding suspected non-genuine products bearing the appellant's marks. In such circumstances, it was submitted that the appellant was justified in terminating the distributorship arrangement and issuing communications to customers in order to protect the reputation of its brand.

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29. The learned senior counsel further submitted that the communications issued by the appellant merely informed customers about the termination of the distributorship arrangement and advised them to ensure that they dealt only with authorised sources. According to the appellant, such communications were issued in good faith and were intended to safeguard the reputation of the appellant's products in the market. It was also contended that the respondent had not produced clear evidence demonstrating actual loss of reputation or business resulting from the alleged defamatory communications.

30. The learned senior counsel further argued that the learned Single Judge appears to have proceeded on the premise that since the appellant had failed in establishing its claim in C.S.No.405 of 2014, the communications issued by the appellant would automatically amount to defamation. According to the appellant, such reasoning was legally unsustainable. It was submitted that the question whether the communications were defamatory required independent consideration and that the communications in question were issued in the context of protecting the appellant's commercial interests.

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31. The learned senior counsel further submitted that the direction issued by the learned Single Judge permitting the respondent to continue marketing and liquidating products imported from the appellant was erroneous. It was pointed out that the impugned judgment did not prescribe any specific time frame for such liquidation. In circumstances where allegations had been raised regarding the mixing of genuine and non-genuine products, such an open-ended direction could potentially enable the respondent to continue passing off its own goods as those of the appellant, thereby causing confusion in the market and prejudice to the appellant's trademark rights.

32. The learned senior counsel also submitted that the learned Single Judge had awarded damages of Rs.10,00,000/- in favour of the respondent without there being sufficient evidence demonstrating actual loss of reputation or business. According to the appellant, the award of damages was not supported by adequate reasoning or evidence on record.

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33. Lastly, the learned senior counsel submitted that the learned Single Judge had not adequately considered certain judicial precedents relied upon by the appellant, including the decision of the Bombay High Court in ***Nippon Steel & Sumitomo Metal Corporation vs. Kishor D. Jain & Anr.***, [NML.No.810 of 2019 in COMIP(L)No.383 of 2019] which according to the appellant dealt with similar issues relating to counterfeiting and misuse of product certification documents. In support of his contentions, the learned Senior Counsel also relied upon the judgments in ***Cadila Health Care Ltd. v. Cadila Pharmaceuticals Ltd.*** *[(2001) 5 SCC 73]*, ***Ruston & Hornsby Ltd. v. Zamindara Engineering Co****. [(1969) 2 SCC 727],* ***Laxmikant V. Patel v. Chetanbhai Shah and Another*** *[(2002) 3 SCC 65],* ***BCH Electric Limited v. Eaton Corporation and Another*** *[(2016) SCC OnLine Del 3639],* and ***Shahed Kamal and Others v. A. Surti Developers Pvt. Ltd. and Another*** *[(2025) SCC OnLine SC 811].* For all these reasons, the learned counsel submitted that the impugned judgment suffered from errors in appreciation of evidence and required interference by this Court.

34. On the other hand, the learned Senior Counsel appearing for the respondent supported the judgment of the learned Single Judge and

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submitted that the findings recorded therein were based on a proper appreciation of the pleadings, oral evidence and documentary materials available on record. According to the respondent, the plaintiff had made serious allegations of counterfeiting and passing off but had failed to produce convincing evidence to substantiate those allegations.

35. The learned Senior Counsel submitted that no alleged counterfeit product had been produced before the Court and that the documents relied upon by the plaintiff did not conclusively establish that the products supplied by the defendant were counterfeit products. It was contended that the materials relied upon by the plaintiff contained inconsistencies and were rightly disbelieved by the learned Single Judge. The learned Senior Counsel further submitted that certain reports relied upon by the plaintiff cannot be given much weight, as the authors of those reports were not examined before the Court.

36. The learned Senior Counsel further submitted that the defendant had been dealing in the plaintiff's products for several years as an authorised distributor and had developed a market for those products in India.

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According to the respondent, the allegations of counterfeiting were raised only after disputes arose between the parties and were not supported by reliable evidence.

37. With regard to the communications issued by the plaintiff to its customers, the learned Senior Counsel submitted that the plaintiff had circulated statements accusing the defendant of selling counterfeit products without establishing such allegations. According to the respondent, these communications had seriously affected the reputation and goodwill of the defendant in the market. It was therefore submitted that the learned Single Judge was justified in dismissing the plaintiff's suit in C.S.No.405 of 2014 and in decreeing the defendant's suit in C.S.No.891 of 2015 by awarding damages and granting appropriate reliefs.

38. We have carefully considered the rival submissions and the entire materials placed on record.

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39. At the outset, it is necessary to briefly set out the factual background leading to the present appeals. The appellant is a company engaged in the manufacture and international sale of brass ball valves, fittings, pressure regulating valves, and other related plumbing products. These products are sold in various countries under the trademarks “RB” and “Rubinetterie Bresciane.” The record shows that the appellant is the proprietor of these trademarks and has been using them for a long period. It is also not in dispute that the respondent had acknowledged the appellant’s prior adoption and use of these marks.

40. The record further shows that the respondent was appointed as the distributor of the appellant’s products in India. Under this arrangement, the respondent imported and supplied the appellant’s products in the Indian market for several years. During this period, the respondent had access to the appellant’s invoices, catalogues, product specifications, and quality certification documents. Therefore, the respondent was fully aware of the appellant’s products, their specifications, and the manner in which quality certifications were issued.

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41. The dispute arose when the appellant received complaints from customers stating that products bearing its trademark were different from its genuine products. These complaints were accompanied by invoices and quality certificates. On examining these documents, the appellant formed the view that products bearing its trademark were being sold in the market even though they had not been manufactured or authorised by it.

42. The appellant further contended that certain quality certificates supplied along with the products were not issued by it but appeared to have been prepared internally by the respondent. According to the appellant, these certificates created a false impression that the products were manufactured and certified by the appellant. On this basis, the appellant believed that goods sourced from other manufacturers were being sold in a manner likely to mislead customers about their origin.

43. In these circumstances, the appellant filed a suit seeking an injunction restraining the respondent from misusing its trademark and from

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passing off goods as those of the appellant. At that stage, the distributorship between the parties came to an end. After termination, the appellant sent communications to customers informing them that the respondent was no longer its authorised distributor and advising them to purchase products bearing its trademark only from authorised sources.

44. The respondent objected to these communications and claimed that the allegations made by the appellant were false and had damaged its commercial reputation. On that basis, the respondent filed a separate suit seeking damages and an injunction on the ground that the statements made by the appellant were defamatory.

45. Both suits were tried together by the learned Single Judge. After considering the oral and documentary evidence, the learned Single Judge dismissed the suit filed by the appellant and allowed the suit filed by the respondent by awarding damages.

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46. The points that arise for consideration in these appeals are twofold:

(i) whether the appellant/plaintiff has established its case of passing off and circulation of counterfeit products so as to be entitled to the reliefs sought in C.S.No.405 of 2014; and

(ii) whether the communications issued by the appellant to its customers amount to actionable defamation, thereby justifying the decree granted in favour of the respondent in C.S.No.891 of 2015.

47. At the outset, it is necessary to examine the background in which the present dispute has arisen, as the nature of the relationship between the parties forms the foundation for deciding the issues involved. The appellant is engaged in the manufacture and international sale of plumbing products under the trademarks “RB” and “Rubinetterie Bresciane.” The record indicates that it is the prior adopter and proprietor of these marks. The respondent was the authorised distributor of the appellant’s products in India and was therefore fully aware of the products, specifications, and

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certification systems. The distributorship placed the respondent in a position of trust while dealing with goods bearing the appellant's mark.

48. The dispute arose when the appellant received customer complaints that products bearing its trademark differed from its genuine products. These complaints were supported by invoices and quality certificates. On examining the materials, the appellant formed a bona fide view that goods bearing its mark were being circulated without being manufactured or authorised by it. It was in this background that the appellant filed the suit alleging passing off and misuse of its trademark and thereafter issued communications to its customers after termination of the distributorship.

49. The appellant's case is not based solely on direct proof of counterfeiting but on a chain of circumstances which, according to it, show that goods bearing its mark were dealt with in a manner likely to mislead purchasers. The appellant relies on documentary evidence, admissions, and the conduct of the respondent to establish a likelihood of confusion.

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50. A significant circumstance emerging from the record is the admission made by the respondent during cross-examination that the appellant is the prior adopter and user of the trademark “RB” and its device mark. This admission clearly establishes the appellant’s prior rights and use of the marks in relation to the goods in question. Once prior adoption and user are admitted, the conduct of the opposite party has to be examined with greater care, particularly in cases involving passing off and alleged misuse of trademark, where the main concern is the protection of goodwill and prevention of confusion among consumers.

51. The records further indicate that certain quality certification documents accompanying the products were generated internally by the respondent. The email dated 13.06.2014 (Ex.P-13) shows that such certificates were prepared by relying upon earlier certificates issued by the appellant. In commercial transactions involving specialised goods, such certificates constitute representations of authenticity and conformity with prescribed standards. The preparation and circulation of such documents without proper authorisation is therefore capable of creating a misleading

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impression in the minds of purchasers regarding the origin and genuineness of the products. In this context, the principle laid down in ***BCH Electric Limited v. Eaton Corporation*** *[2016 SCC OnLine Del 3639]* is relevant, wherein it has been recognised that imitation or misuse of certification or product representation may itself contribute to deception in the market and therefore warrants closer scrutiny. The Court in the said decision held as follows:

> "66. In the aforesaid circumstances, the applications made by BEL for registration of the trademark *Cutler-Hammer* (application no. 1189782) showing its user since 31.2.1963 is *prima facie*, misleading; it is, plainly, intended to mislead the Trademark Registry to believe that BEL has been using the trademark as a proprietor since 31.12.1963. BEL applied for registration of brand *Bhartia CH Control Black* on 14.10.1992. The print out from the Office of Registrar of Trademark indicates user of the trademark as "proposed". This would imply that at the time of applying for registration, BEL did not claim any past user but only indicated that it was proposing to use that trademark. However, it was submitted on behalf of Eaton that BEL had represented in its application that it was using the trademark since 04.03.1968. BEL did not contest this assertion before us. Eaton had also produced a letter dated 28.09.1992 addressed by BEL to its agent Remfry & Sagar, in the context of registration of trademarks, which indicates that BEL was claiming the user of the trademark since 04.03.1968. The learned Single Judge has also *prima facie* returned the finding that BEL had misrepresented its user since 04.03.1968 for obtaining the registration of the trademark *Bhartia CH Control Black*. In this backdrop, we find no reason to differ from that view. Similarly, the applications for other trademarks in question are also misleading inasmuch as they indicated BEL to be a proprietor of those trademarks even during the period when the same were, admittedly, used under a licence from Cutler-Hammer, Inc.
>
> 67. The learned Single Judge, in the impugned order, held that BEL had failed to provide any *bonafide* reason for adopting or claiming ownership of the trademarks in question. The only explanation provided by BEL was that Eaton had abandoned the marks; the same were

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important to its business; and it had applied for registration to prevent third parties from securing the said trademarks. This explanation can most charitably be described as inconsiderable. BEL had an on-going business relationship with Eaton and if what BEL states is correct, it would have no difficulty in negotiating the purchase of those trademarks. But, the undisputed fact is that whilst BEL negotiated at least two Licence and Technical Service Agreements, it did not include any mention of trademarks therein.

68. According to BEL, the trademarks in question were important for its business. Therefore, even after the term of the 'Licence & Technical Service Agreement' dated 03.06.1977 and the 'Registered User Agreement' dated 19.02.1979 expired, BEL did not refrain from using the trademarks - as it was obliged to do under the abovementioned agreements - but continued to trade on the goodwill so associated with those trademarks. Eaton did not object to such use; but, that would not constitute BEL as the owner of trademarks and any endeavour to claim their ownership at the material time would *prima facie* amount to usurping Eaton's property. Thus, it is not possible to accept BEL's claim of ownership by way of its user even for the period when it was a licencee.

69. We are also not persuaded to accept the contention that Eaton had abandoned its trademarks in question. BEL has produced certain contemporaneous correspondence during the years 1992 to 1995 in support of its contention that Eaton had full knowledge of BEL's use of the trademark *Bhartia CH Control* as it was used as BEL's logo on the letterheads. It is worthwhile to note that most of the letters/facsimiles emanating from Eaton, which are relied upon by BEL, also clearly mention the words Cutler-Hammer. To mention a few : the letter dated 01.11.1993 addressed by Mr. M. M. Chantler, Manager, Multinational Sales, Eaton Corporation to the General Manager, BEL is on the letterhead which mentions "Cutler-Hammer Products"; the facsimile dated 06.01.1994 addressed to Mr. R. Sarkar of BEL also bears the caption "EATON Cutler-Hammer and Dynamatic"; the facsimile message dated 03.10.1994 is addressed by BEL to Cutler-Hammer, Pittsburgh; the letter dated 19.12.1994 and facsimile message dated 30.10.1995 sent by one David of Eaton is on the letterhead "Cutler-Hammer Westinghouse & Cutler-Hammer Products".

70. Eaton has also filed a list of countries where its trademarks, *Cutler/Hammer* and *CH logo*, are registered. In addition, it has also produced catalogues of its products which indicate the use of the trademarks as well as the trade name Cutler-Hammer. In view of the material produced by Eaton, we find no reason to fault the learned Single Judge's conclusion that Eaton had not abandoned its trademarks.

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71. It was earnestly contended on behalf of BEL that whilst the products under the brand name/trademark Cutler-Hammer may be sold in other parts of the world, Eaton had not sold its products under the said brand name/trademark in India where it was using the trademarks *Moeller* and *Eaton.* And, this according to BEL, constituted abandonment of the trademarks by Eaton.

72. We are not persuaded to accept this view for several reasons. First of all, for the reason that even if it is assumed that Eaton has not sold products under the trademark *Cutler-Hammer* in India, the same would not constitute abandonment of the trademarks if they were used extensively overseas. The learned Single Judge has noted in the impugned order - and in our view rightly so - that the tradename/trademark Cutler-Hammer had acquired trans-border reputation."

As laid down in ***Ruston & Hornsby Ltd. v. Zamindara Engineering Co.,*** *[(1969) 2 SCC 727]* it is sufficient if there is a likelihood of confusion arising from such misrepresentation to establish passing off, wherein it has been observed as follows:-

"5. The action for infringement is a statutory right. It is dependent upon the validity of the registration and subject to other restrictions laid down in Sections 30, 34 and 35 of the Act. On the other hand the gist of a passing off action is that *A* is not entitled to represent his goods as the goods of *B* but it is not necessary for *B* to prove that *A* did this knowingly or with any intent to deceive. It is enough that the get-up of *B*'s goods has become distinctive of them and that there is a probability of confusion between them and the goods of *A*. No case of actual deception nor any actual damage need be proved. At common law the action was not maintainable unless there had been fraud on *A*'s part. In equity, however, Lord Cottenham, L.C., in *Millington* v. *Fox* [(1838) 40 ER 956 : 3 My & Cr 338] held that it was immaterial whether the defendant had been fraudulent or not in using the plaintiff's trade mark and granted an injunction accordingly. The common law courts, however, adhered to their view that fraud was necessary until the Judicature Acts, by fusing law and equity, gave the equitable rule the victory over the common law rule.

...

7. In an action for infringement where the defendant's trade mark is identical with the plaintiff's mark, the Court will not enquire whether the

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infringement is such as is likely to deceive or cause confusion. But where the alleged infringement consists of using not the exact mark on the register, but something similar to it, the test of infringement is the same as in an action for passing-off. In other words, the test as to likelihood of confusion or deception arising from similarity of marks is the same both in infringement and passing-off actions.

8. In the present case the High Court has found that there is a deceptive resemblance between the word "RUSTON" and the word "RUSTAM" and therefore the use of the bare word "RUSTAM" constituted infringement of the plaintiff's trade mark "RUSTON". The respondent has not brought an appeal against the judgment of the High Court on this point and it is, therefore, not open to him to challenge that finding. If the respondent's trade mark is deceptively similar to that of the appellant the fact that the word "INDIA" is added to the respondent's trade mark is of no consequence and the appellant is entitled to succeed in its action for infringement of its trade mark."

52. It is also evident from the record that the respondent had sourced similar products from third-party manufacturers, including foreign suppliers, during the subsistence of the distributorship arrangement, while declining to disclose their identity. The respondent has, in fact, admitted that it had caused the manufacture of similar products in China during the course of its business relationship with the appellant, stored such goods in the same warehouse, and marketed them in the same geographical areas as the appellant's products. Significantly, in response to Question No.107, the respondent refused to disclose the details of such manufacturing, claiming it to be a "business secret." In a situation where the respondent was simultaneously dealing in the appellant's branded goods, such conduct

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assumes considerable significance. The possibility that goods sourced from third-party manufacturers may have entered the market in association with the appellant's trademark cannot, therefore, be ruled out, and this constitutes a relevant factor in assessing the likelihood of confusion in the minds of consumers.

53. The invoices marked as Ex.P-15 are of considerable importance, as they indicate the supply of goods with specifications which, according to the appellant, were never manufactured by it. Such invoices constitute primary evidence of commercial transactions and reflect the manner in which the goods were represented in the market. In particular, the invoices produced by the appellant, including those obtained during investigation, show that the respondent supplied "RB" valves, including Pressure Reducing Valves (PRV) of 65 mm size. The appellant has specifically stated that it neither manufactures nor supplied PRV of 65 mm to the respondent. This inconsistency is therefore a significant circumstance indicating the possibility that the goods were represented as those of the appellant, though they did not originate from it. However, the learned Single Judge did not properly consider these invoices, including a handwritten invoice issued by

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the respondent showing the sale of PRV 65 mm valves forming part of Ex.P-15. The learned Single Judge further held that Exs.P-15 and P-16 were prepared after the filing of the suit. A perusal of the record, however, shows that Ex.P-15 comprises invoices dated 11.03.2014, 04.04.2014, and 07.05.2014, whereas the suit was filed only on 21.06.2014. These documents therefore predate the institution of the suit and required careful consideration to assess whether they were capable of creating a misleading impression as to the source or origin of the goods. The failure to undertake such examination has materially affected the appreciation of the evidence.

54. The manner in which the learned Single Judge has dealt with Ex.P-19 does not appear to be justified. While the mere filing of a trademark application may not by itself prove passing off, the respondent's act of applying for registration of the mark "RB" and claiming prior use is an important circumstance which required proper consideration. If such a claim relates to goods not manufactured or supplied by the appellant, it becomes relevant evidence. The explanation given by the respondent that the application was filed by mistake cannot be accepted, especially since the application bears its signature. Though the learned Judge has rightly held

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that the subsequent withdrawal of the application does not remove the effect of the statements made therein, this aspect ought to have been considered along with the other evidence on record, including Ex.P-15 and the respondent's conduct in dealing with similar goods from other sources. Since this was not done, the conclusion reached is not fully supported by the materials on record.

55. Further, we are unable to concur with the finding of the learned Single Judge that there exists a material inconsistency in the dates mentioned in Ex.P-9. In our view, the said finding does not reflect a proper appreciation of the evidence on record. The discrepancy noted in Ex.P-9 arises only from a typographical error in the email dated 15.04.2014 issued by Apco, wherein Invoice No.MUM/14-15/12 has been incorrectly referred to as dated 07.04.2012, whereas the said invoice, bearing the very same number, is in fact dated 07.04.2014. This itself clearly demonstrates that the error is only clerical in nature and not a substantive inconsistency. The explanation offered by the appellant in this regard has not been duly considered. The evidence of P.W.1, particularly in response to Questions 75 to 77, clearly establishes that the reference to the year 2012 was a mistake and that the

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invoice in question pertains to the year 2014. This explanation has not been effectively discredited by the respondent. For better appreciation, the relevant portion of the evidence is extracted below:

> "Q.75. When was the products sample received by RB from Apco?
>
> A. Before the receipt of letter dated 15.05.2014 filed in Ex.P9.
>
> Q.76. Can you say when exactly?
>
> A. One week prior to 14th of May 2014.
>
> Q.77. The letter dated 15.05.2014 refers to an invoice of the year 2012, but the annexed invoice is of the year 2014.
>
> A. It is a mistyping, since the invoice number is the same in both."

In such circumstances, the discrepancy could not have been treated as a substantive inconsistency so as to disbelieve the appellant's case. The approach of the learned Single Judge, in placing undue reliance on such discrepancy without considering the explanation supported by the evidence, has resulted in a finding which is not sustainable on the materials available on record.

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56. We are unable to agree with the view of the learned Single Judge in rejecting Ex.P-10. The document has been discredited mainly on the ground that an official translation was not filed and that the author was not examined. In our view, this is not justified. The translation was provided by the plaintiff's witness, and the absence of an official translation is only a curable defect, especially when no serious objection was raised at the relevant time. Ex.P-10 is a report issued by a third party based on analysis of the samples received through Apco. The learned Single Judge has, however, discarded this report and concluded that there were multiple suppliers, without any clear evidence. At the same time, the respondent's refusal to disclose the place of manufacture on the ground of business secrecy has been accepted. In these circumstances, the evidence has not been properly appreciated, and the finding cannot be sustained.

57. The learned Single Judge, in our view, adopted an unduly strict approach by proceeding on the basis that the allegation required conclusive proof, including the production of material objects or technical evidence. While such evidence may strengthen a case, its absence cannot by itself be treated as decisive in an action for passing off. The settled position is that

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such cases are to be decided on the basis of whether the conduct complained of is likely to result in misrepresentation and consequent confusion in the course of trade, on an overall assessment of the evidence and on the standard of preponderance of probabilities. It is therefore not necessary for the appellant to establish actual counterfeiting by strict proof, so long as the materials reasonably indicate a likelihood of misrepresentation. The failure to adopt this approach has resulted in a narrow and restrictive assessment of the materials on record.

58. When the evidence on record is considered cumulatively, it discloses a series of circumstances which, though not conclusive when viewed in isolation, assume significance when taken together. The respondent's admission of the appellant's proprietary rights, the internal generation of quality certification documents, the sourcing of similar products from undisclosed manufacturers, the invoices referring to products not shown to have been manufactured by the appellant, and the respondent's own documents filed before statutory authorities, along with its conduct in seeking registration of the appellant's trademark, collectively point towards a course of conduct capable of misrepresenting the origin of the goods.

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When these circumstances are assessed together, they reasonably indicate a likelihood of misrepresentation in the course of trade, thereby giving rise to a corresponding likelihood of confusion among purchasers as to the source or origin of the goods.

59. In these circumstances, the case has to be assessed on the basis of the cumulative effect of the materials on record and the standard of preponderance of probabilities applicable to civil proceedings. This Court is not required to give a conclusive finding of counterfeiting, as the present case is sufficiently made out on the principles governing passing off. It is well settled that in such actions, it is sufficient if the defendant's conduct is likely to cause confusion or deception in the course of trade. While each circumstance by itself may not be decisive, when taken together they give rise to a reasonable inference of misrepresentation and a likelihood of confusion among purchasers. In a passing off action, such likelihood is sufficient to justify the grant of relief. The conclusion to the contrary reached by the learned Single Judge therefore calls for interference. As held by the Supreme Court in ***Cadila Health Care Ltd. v. Cadila Pharmaceuticals Ltd.*** *[(2001) 5 SCC 73]* ***and Laxmikant V. Patel v. Chetanbhai Shah*** *[(2002) 3 SCC 65]*, the object of an action for passing off

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is to protect the goodwill attached to a mark and to prevent deception or confusion in the minds of consumers. The test to be applied is whether the conduct of the defendant is likely to cause confusion or deception in the course of trade. At this juncture, it is useful to refer to the relevant observations made in the above decisions:

(i) ***Cadila Health Care Ltd. v. Cadila Pharmaceuticals Ltd.*** *[supra]*

> "31. Trade mark is essentially adopted to advertise one's product and to make it known to the purchaser. It attempts to portray the nature and, if possible, the quality of the product and over a period of time the mark may become popular. It is usually at that stage that other people are tempted to pass off their products as that of the original owner of the mark. That is why it is said that in a passing-off action, the plaintiff's right is
>
> > "against the conduct of the defendant which leads to or is intended or calculated to lead to deception. Passing-off is said to be a species of unfair trade competition or of actionable unfair trading by which one person, through deception, attempts to obtain an economic benefit of the reputation which another has established for himself in a particular trade or business. The action is regarded as an action for deceit". [See *Wander Ltd.* v. *Antox India (P) Ltd.* [1990 Supp SCC 727] , SCC p. 734, para 16.]
>
> .....
>
> 33. The decisions of English courts would be relevant in a country where literacy is high and the marks used are in the language which the purchaser can understand. While English cases may be relevant in understanding the essential features of trade mark law but when we are dealing with the sale of consumer items in India, you have to see and bear in mind the difference in situation between England and India. Can English principles apply in their entirety in India with no regard to Indian conditions? We think not. In a country like India where there is no single common language, a large percentage of population is illiterate and a small fraction of people know English, then to apply the principles of

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English law regarding dissimilarity of the marks or the customer knowing about the distinguishing characteristics of the plaintiff's goods seems to overlook the ground realities in India. While examining such cases in India, what has to be kept in mind is the purchaser of such goods in India who may have absolutely no knowledge of English language or of the language in which the trade mark is written and to whom different words with slight difference in spellings may sound phonetically the same. While dealing with cases relating to passing off, one of the important tests which has to be applied in each case is whether the misrepresentation made by the defendant is of such a nature as is likely to cause an ordinary consumer to confuse one product for another due to similarity of marks and other surrounding factors. What is likely to cause confusion would vary from case to case. However, the appellants are right in contending that where medicinal products are involved, the test to be applied for adjudging the violation of trade mark law may not be on a par with cases involving non-medicinal products. A stricter approach should be adopted while applying the test to judge the possibility of confusion of one medicinal product for another by the consumer. While confusion in the case of non-medicinal products may only cause economic loss to the plaintiff, confusion between the two medicinal products may have disastrous effects on health and in some cases life itself. Stringent measures should be adopted specially where medicines are the medicines of last resort as any confusion in such medicines may be fatal or could have disastrous effects. The confusion as to the identity of the product itself could have dire effects on the public health."

(ii) ***Laxmikant V. Patel v. Chetanbhai Shah*** *[supra]*

"10. A person may sell his goods or deliver his services such as in case of a profession under a trading name or style. With the lapse of time such business or services associated with a person acquire a reputation or goodwill which becomes a property which is protected by courts. A competitor initiating sale of goods or services in the same name or by imitating that name results in injury to the business of one who has the property in that name. The law does not permit any one to carry on his business in such a way as would persuade the customers or clients in believing that the goods or services belonging to someone else are his or are associated therewith. It does not matter whether the latter person does so fraudulently or otherwise. The reasons are two. Firstly, honesty and fair play are, and ought to be, the basic policies in the world of business. Secondly, when a person adopts or intends to adopt a name in connection with his business or services which already belongs to someone else it results in confusion and has propensity of diverting the customers and clients of someone else to himself and thereby resulting in injury.

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> 13. In an action for passing-off it is usual, rather essential, to seek an injunction, temporary or ad interim. The principles for the grant of such injunction are the same as in the case of any other action against injury complained of. The plaintiff must prove a *prima facie* case, availability of balance of convenience in his favour and his suffering an irreparable injury in the absence of grant of injunction. According to Kerly (*ibid*, para 16.16) passing-off cases are often cases of deliberate and intentional misrepresentation, but it is well settled that fraud is not a necessary element of the right of action, and the absence of an intention to deceive is not a defence, though proof of fraudulent intention may materially assist a plaintiff in establishing probability of deception. Christopher Wadlow in *Law of Passing-Off* (1995 Edn., at p. 3.06) states that the plaintiff does not have to prove actual damage in order to succeed in an action for passing-off. Likelihood of damage is sufficient. The same learned author states that the defendant's state of mind is wholly irrelevant to the existence of the cause of action for passing-off (*ibid*, paras 4.20 and 7.15). As to how the injunction granted by the court would shape depends on the facts and circumstances of each case. Where a defendant has imitated or adopted the plaintiff's distinctive trade mark or business name, the order may be an absolute injunction that he would not use or carry on business under that name (Kerly, *ibid*, para 16.97)."

The above principles clearly establish that in an action for passing off, it is sufficient if the defendant's conduct is likely to cause confusion or deception in the course of trade. Applying these principles to the present case, the materials on record, when considered cumulatively, are sufficient to establish such likelihood, and therefore the appellant is entitled to relief.

60. The next question that arises is whether the failure to establish counterfeiting by strict proof would, by itself, render the communications

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issued by the appellant defamatory. The communications were issued after termination of the distributorship and in response to customer complaints, with the object of informing customers and protecting the appellant's commercial reputation. In an action for defamation, it must be established that the statements are false and made without lawful justification. For such a claim, it must be shown that the statement is false and that it has caused harm. Statements made in good faith, for the protection of legitimate commercial interests and based on reasonable apprehension would not ordinarily amount to actionable defamation.

61. It appears that the learned Single Judge proceeded on the basis that the failure to establish counterfeiting would, by itself, render the communications defamatory. In our view, such an approach may not be appropriate. The issue of defamation requires an independent consideration of the context in which the statements were made, the intention behind them, and whether they were supported by reasonable justification.

62. Further, the respondent has not produced convincing material to show any actual loss of reputation or business directly caused by the communications. Despite this, damages were awarded. In the absence of

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such proof, the award of damages in favour of the respondent in C.S.No.891 of 2015 cannot be sustained.

63. Similarly, the appellant has also not produced clear or reliable evidence of actual loss or quantifiable damage arising from the respondent's conduct. In the absence of such proof, the claim for damages cannot be sustained. However, this does not affect the appellant's right to get an injunction. In a passing off case, an injunction is mainly meant to stop continued misrepresentation and to protect the goodwill associated with the mark.

64. Accordingly, insofar as the issue of passing off is concerned, this Court is of the view that the materials on record, when assessed on the standard of preponderance of probabilities, justify the grant of appropriate injunctive relief in favour of the appellant, as the respondent's conduct is reasonably likely to result in misrepresentation and confusion in the course of trade. The finding of the learned Single Judge to the contrary is therefore liable to be interfered with. On the issue of defamation, considering the

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circumstances in which the communications were made and in the absence of clear proof that they were false or that actual damage was caused, the decree granted in favour of the respondent cannot be upheld.

65. In these circumstances, the dismissal of the appellant's suit in C.S.No.405 of 2014 requires interference and is liable to be modified. Likewise, the decree in C.S.No.891 of 2015 also requires interference.

66. Accordingly, the impugned common judgment dated 21.11.2019 is set aside insofar as it relates to C.S.Nos.405 of 2014 and 891 of 2015. C.S.No.405 of 2014 is partly decreed by granting an injunction restraining the defendant, its agents and persons claiming through it from using the plaintiff's trademark, or any identical or deceptively similar mark, in a manner that is likely to represent its goods as those of the plaintiff and thereby cause confusion in the market. However, the claim for damages made by the appellant is rejected. The decree for damages granted in C.S.No.891 of 2015 is set aside.

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67. In view of the above findings, and the amounts deposited by the appellant, as stated in the memo filed by the appellant dated 15.11.2021 in compliance with the directions of this Court, the appellant is permitted to withdraw the amounts lying to the credit of O.S.A.Nos.241 and 255 of 2020, along with accrued interest.

68. In the result, the appeal in O.S.A.No.241 of 2020 is partly allowed and O.S.A.No. 255 of 2020 is allowed as indicated above. There shall be no order as to costs. Consequently, the connected miscellaneous petitions are closed.

[P.V.J.,] [K.G.T.J.,]
17 / 04 / 2026

Speaking Order
Neutral Citation case: Yes

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To

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P.VELMURUGAN. J.
and
K.GOVINDARAJAN THILAKAVADI, J.

r n s

Judgement in
O.SA.Nos.241 & 255 of 2020

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