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

+ CS(COMM) 594/2022 & I.A. 13723/2022, I.A. 15696/2022

APOLLO TYRES LIMITED Plaintiff

Through: Mr. Peeyoosh Kalra, Mr. C.A.
Brijesh and Mr. Krisna Gambhir, Adv.

versus

PIONEER TRADING CORPORATION & ORS.... Defendants

Through: Ms. Anuradha Salhotra, Mr.
Naval Kastia and Ms. Saloni Chowdhry,
Advocates for D-1 and 2

Mr. Pramod Kumar Singh, Adv. with Ms.
Aastha Shukla, Adv. for D-3

CORAM:

HON'BLE MR. JUSTICE C. HARI SHANKAR

J U D G M E N T (O R A L)

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19.12.2022

**I.A. 13723/2022 (under Order XXXIX Rules 1 and 2 of CPC) and
I.A. 15696/2022 (Under Order XXXIX Rule 4 of CPC – filed by
Defendants 1 and 2)**

1. By this judgment, I proceed to dispose of the aforesaid two applications.

2. IA 13723/2022 has been preferred by Apollo Tyres Ltd., the plaintiff, under Order XXXIX Rules 1 and 2 of the Code of Civil Procedure, 1908 (CPC), seeking interlocutory injunctive relief.

3. *Ad interim* injunction already stands granted by this Court by order dated 30th August 2022.

4. IA 15696/2022 has been preferred by Defendant 1 Pioneer Trading Corporation (PTC) and seeking vacation of the interlocutory injunction already granted.

5. I have heard Mr. Peeyoosh Kalra, learned Counsel for the plaintiff, Ms. Anuradha Salhotra, learned Counsel for Defendants 1 and 2 and Mr. Pramod Kumar Singh, learned Counsel for and Defendant 3.

6. The mark that forms subject of dispute in the present case is unregistered. As such, no aspect of infringement is involved. The dispute relates to whether Defendants 1 and 2 have, by using a deceptively similar mark, passed off their goods as goods of the plaintiff.

Facts



7. The plaintiff manufactures and sells vehicle tyres, of which the present suit is concerned with tyres manufactured for use on trucks. The plaintiff asserts that the tyres manufactured by the plaintiff and sold under the mark “ENDURACE LD” have a unique tread pattern (hereinafter referred to as the “suit pattern”).

8. The plaintiff has provided a pictorial view of the tread of the ENDURACE LD tyre, to emphasise its unique tread pattern, thus:

APOLLO



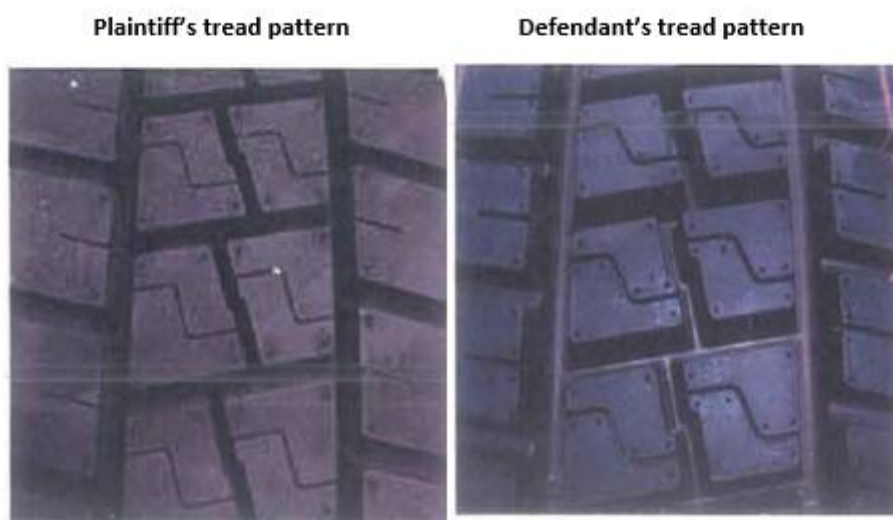
9. The case of the plaintiff is that the tread pattern of the plaintiff's "ENDURACE LD" tyres has been copied by Defendants 1 and 2 in their "MA Gold" and "909 LD Gold" range of tyres, in a manner which would confuse or deceive an average purchaser of the tyre into believing the defendants' tyre to be that of the plaintiff or in presuming an association of the defendants' tyre with the plaintiff. By using such a confusingly similar tread pattern, the plaintiff alleges that the defendants are effectively passing off their tyres as those of the plaintiff. To illustrate this, magnified views of the tread pattern of the plaintiff's tyre and the defendants' tyre are provided in the plaintiff, thus:

TREAD PATTERN OF PLAINTIFF'S TYRE	TREAD PATTERN OF DEFENDANTS TYRES
	

10. The plaintiff claims to be the second largest tyre manufacturer in India and one of the twenty largest tyre manufactures in the world. The plaintiff refers to various awards, recognitions and encomiums that the plaintiff has, from time to time, been conferred, so as to underscore the plaintiff's reputation and goodwill in the market. The plaintiff further asserts that the tread pattern of a tyre is one of its most unique and identifying characteristics, as the tread pattern determines the grip that the tyre would have on the road, both when the vehicle is stationary as well as when it is in motion.

11. The suit pattern is stated to have been launched by the plaintiff on 9th June 2010 for its ENDURACE LD 10.00 R20 truck tyre, and is stated to be designed to cater to moderate to heavy loads, without compromising on mileage. The plaintiff claims to have developed the said tyre, with its unique tread pattern, after considerable research, over a period of four years. It is further asserted that the ENDURACE LD tyre figures prominently in the plaintiff's product portfolio. The plaintiff refers to the suit pattern as a "close shoulder tread pattern". The tyres of the plaintiff, with the suit pattern, are stated to be sold in various countries including India, Bangladesh, Brazil, Dubai, Hong Kong, Indonesia, Kenya, Myanmar, Philippines, Singapore, South Africa, Sri Lanka, Thailand and Turkmenistan, and to have been purchased by various noted truck manufacturers such as Ashok Leyland, TATA, Eicher etc. The plaintiff has also provided, to underscore its market presence, sales figures, from tyres bearing the suit pattern which, in 2021, is stated to be in the region of ₹ 1547.50 crores.

12. The plaint avers that, in or about June 2015, the plaintiff came to know of the use, by Defendant 1 Pioneer Trading Corporation, of a tread pattern which was identical to that of the plaintiff, on truck tyres marketed under the mark “HIFLY HH505”. The following depiction of the tread pattern on the said tyres has been provided in para 22 of the plaint, to indicate that they were identical to the suit pattern:



13. This persuaded the plaintiff to approach this Court by way of CS(OS) 2802/2015 which was subsequently renumbered CS(Comm) 739/2017 (*Apollo Tyres Ltd. v. Pioneer Trading Corporation*).

14. The application of the plaintiff under Order XXXIX Rules 1 and 2 of the CPC as preferred in CS(Comm) 2802/2015, came to be decided by a Coordinate Bench of this Court of Hon'ble Mr. Justice Vipin Sanghi (as he then was) *vide* a detailed judgment dated 17th August 2017. This Court, in the said decision, held, inter alia, that the tread pattern in a tyre distinguishes it from other tyres. A contention, which had been sought to be raised by Defendants 1 and 2, in the said

case, that Defendants 1 and 2 could not be said to be passing off their product as those of the plaintiff, as the tyre of Defendants 1 and 2 and the tyre of the plaintiff had the brand name of the tyres clearly emblazoned on the face of the tyres was negated, by holding that, as advertised, what was prominently disclosed to prospective tyres was the tread pattern, and not the front face of the tyre which had the brand name. Besides, this Court was of the view that purchasers of such tyres were normally either illiterate or semi-literate and could not, therefore, be expected to meaningfully distinguish between one tyre and another on the basis of the brand name displayed on the face of the tyre. Rather, the court felt that the tread pattern on the tyre was the main feature which attracted the customer to purchase that particular tyre. In that view of the matter, the order dated 17th August 2017 confirmed the *ad interim* injunction granted by this Court *vide* order dated 15th September 2015.

15. Subsequently, the plaintiff and the defendant arrived at a settlement of the disputes in that matter, fructifying in a settlement agreement dated 27th February 2018. It is necessary to reproduce the said agreement, in full, thus:

““DELHI HIGH COURT MEDIATION AND CONCILIATION
CENTRE
DE.LHI HIGH COURT, SHER SHAH ROAD, NEW DELHI

Date: 27.02.2018

SETTLEMENT AGREEMENT

This SETTLEMENT AGREEMENT is entered into on 27.02.2018

BETWEEN

Apollo Tyres Ltd., Apollo House, Plot No.7, Institutional Area,
Sector-32, Gurgaon- 122001 through its Authorised Representative

Ms. Shruttee Sondhi, authorised vide Board Resolution dated 30.10.2015, a certified extract whereof is annexed herewith as ANNEXURE-A (hereinafter referred to as 'First Party')

AND

Pioneer Trading Corporation, 178, Chadha House, Mhada Layout Jankidevi Public School Road, Andheri (west), Mumbai-400053, Maharashtra through its proprietor Mr. Satvinder Singh Chadha (hereinafter referred to as 'Second Party').

The FIRST PARTY and the SECOND PARTY are hereinafter referred to individually as "Party" and collectively referred to as the "Parties".

WHEREAS the First Party, a company established in the year 1972, is as a single brand enterprise that manufactures and sells a range of automotive tyres for passenger cars, truck and bus, farm, off-the-road, industrial and specialty applications like mining, retreaded tyres and retreading material.

AND WHEREAS the Second Party is the proprietorship concern of Mr. Satvinder Singh Chadha which has been engaged in the business of selling tyres, tubes, flaps, etc. since the year 2007.

AND WHEREAS the First Party has filed a suit for injunction etc. bearing S(COMM) No.739/2017, (hereinafter referred to as the Suit) against the Second Party before the Hon'ble High Court of Delhi. In the said Suit, Pioneer Trading Corporation is 'arrayed as Defendant No. 1 and erroneously a Mr. Sukhvinder Singh Chadha rather than Mr. Satvinder Singh Chadha as Defendant No.2. The suit alleges that the Second Party is distributor of tyres and as such distributing / selling tyres with a tread pattern identical to that of one of the First Party's unique and distinguishable tread pattern which was launched in India on 9.06.2010 in respect of ENDURACE LD 10.00R 20 truck tyres. The First Party claimed that their aforesaid tyre is intended for moderate to heavy load application where good mileage is also a requirement and that the tread pattern was arrived at as a result of the efforts of the First Party's research and development department and was developed over a span of four years. It further claimed that the tyre under the mark ENDURACE LD finds a prominent place in the First Party's product portfolio, is extremely popular amongst consumers and in 2014 alone generated a turnover of approx INR 1,356 Crores. The First Party in these circumstances sought *inter alia* a decree of permanent /perpetual injunction against the Second Party restraining him from using the offending tread pattern and/or any, other tread pattern identical with or similar to the First Party's tread patterns. .

AND WHEREAS the Second Party in their written statement refuted the allegations made by. the First Party and stated that it is not the manufacturer of the impugned tyres but had imported the same.

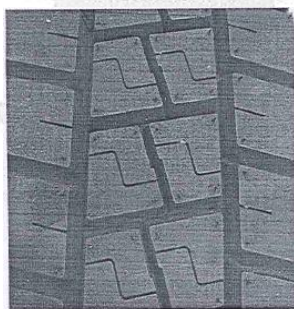
AND WHEREAS the Second Party has handed over a demand draft bearing No.480600 dated 26.02.2018 drawn on Kotak Mahindra. Bank, Model Town, New Delhi, favouring 'Apollo Tyre Ltd.' for an amount of INR 50,000/- (Rupees Fifty thousand only) as costs awarded to the First Party in the suit Vide order dated 17.08.2017.

AND WHEREAS the aforesaid matter was referred to Samadhan (Delhi High Court Mediation and Conciliation Centre) vide an order dated 08.02.2018 passed by Hon'ble Mr. Justice Manmohan.

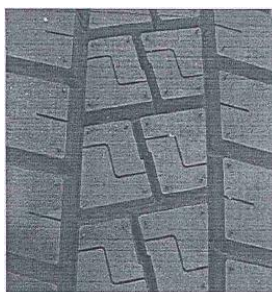
AND WHEREAS the parties agreed that Ms. Vaishalee Mehra, Advocate would act as their Mediator in the matter of mediation proceedings.

AND WHEREAS mediation sessions were held with the parties and their respective counsel on 19.02.2018 and 27.02.2018 and the parties have with the assistance of the Mediator and their respective counsel voluntarily arrived at a resolution of their disputes in the manner described hereinbelow:-

- i. The Second Party admit and acknowledge that the First Party is the exclusive proprietor of the tread pattern depicted below:



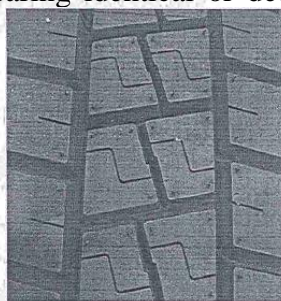
- ii. The Second Party therefore undertakes not to use the tread pattern and/or any other tread pattern identical with or similar to



the First Party's tread pattern in any manner whatsoever in respect of their business, *inter alia*, of importing, exporting, sale, distribution etc. of tyres or any other goods/services identical thereto so as to pass off or enable others to pass off their business and/or goods/services as that of the First Party or in some manner to show a connection with the First Party;

iii. The Second Party undertakes to remove all references to 'Apollo' and any other trade mark(s)/tyre tread design(s) pending/registered in the name of First Party and its subsidiaries and step subsidiaries from its website www.pioneertrading.in and from any other medium of which the First Party is unaware.

iv. Second Party declare that they have no stocks/inventory, products, tyres, materials bearing identical or deceptively similar



tread patterns to First Party's tread pattern.”

v. The First Party agrees to quantify the liquidated damages sought by it in the Suit vide prayer (d) of para 35 against the Second Party to an amount of Rs.2,00,000/- (Rupees Two Lakhs only). The Second Party agrees to the same and has accordingly handed over a demand draft bearing No.480599 dated 26.02.2018 drawn on Kotak Mahindra Bank, Model Town, New Delhi, favouring 'Apollo Tyre Ltd.'

vi. The Parties agree they that they will seek to have CS(COMM) No.739/2017 decreed in terms of the present settlement by the Hon'ble Court and the Second Party agrees to suffer a permanent injunction in terms of prayer (a) of paragraph 35 of the Plaint in CS(COMM) No.739/2017.

This settlement has been arrived at voluntarily without any coercion, force, fraud or undue influence. The same is as per law

and not opposed to public policy. This settlement shall inure to the benefit of both the parties and shall be binding forever on the parties, their 'successors-in-interest, business entities, companies, directors, partners, servants and agents and all those who may hereafter claim, inherit or derive rights titles or interests in any manner, in respect of the subject matters covered by the Suit and the present Application.

By signing this Settlement Agreement the parties hereto state that on the terms of the present settlement being honoured by them, they will have no further claims or demands against each other with regard to the reliefs sought in CS(COMM) No.739/2017 and that all the disputes and differences raised therein would have been amicably settled by the Parties hereto through the process of Mediation.

Parties Signatures


Sd/-
Apollo Tyres Ltd.
through its Authorised Representative
Ms. Shruttee Sondhi
(First Party)


Sd/-
Pioneer Trading Corporation
through its proprietor
Mr. Satvinder Singh Chadha
(Second Party)''

16. The parties having thus entered into the aforesaid settlement agreement dated 27th February 2018, this Court, *vide* order dated 20th March 2018, decreed CS (Comm) 739/2017 on the basis of the said settlement agreement.


17. The grievance of the plaintiff, in the present case, is that Defendants 1 and 2 have breached the aforesaid settlement agreement dated 27th February 2018, and have brought out their new range of “MA Gold and “909 LD Gold” tyres which bear a tread pattern nearly identical to the tread pattern forming subject matter of controversy in

CS (Comm) 739/2017, with a few minor cosmetic changes. Reverting to the comparative magnified depictions of the tread pattern of the plaintiff and the defendant, already provided in para 12 supra, the case of the plaintiff is that the placing of the individual pieces/cubes (as one may refer to them) on the basis of the tread pattern in the plaintiff's and the defendants' tyre were identical. The only change, points out the plaintiff, is that in the cubes forming the outer rows in

the tread pattern, a cut which was straight () is now slightly

curved () and that, in the cubes forming part of the central row

in the tyre, the Z-shaped pattern () has been replaced by a

waived pattern "". Otherwise, points out the plaintiff, there is no discernible distinction between the tread pattern of the defendants' tyre and the tread pattern of the plaintiff's tyre.

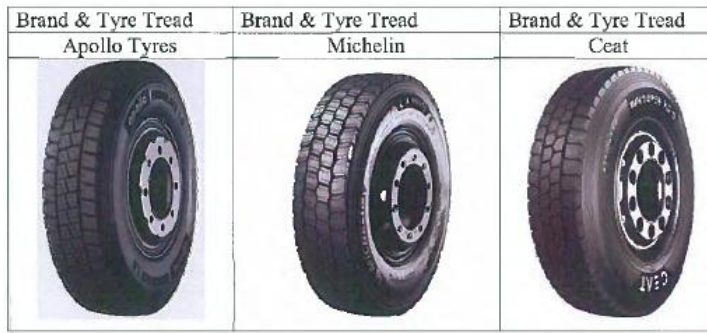
18. The minor changes in the tread pattern of the defendants' tyre, *vis-à-vis* the impugned tread pattern in CS (Comm) 739/2017 only relates to the shape of the cut on the tyre. Insofar as the placement of the various cubes/pieces on the truck or the number of rows, etc., are concerned, the plaintiff points out that there is no distinction between the impugned tread pattern in CS (Comm) 739/2017 and the impugned tread pattern in the present case.

19. As such, submits the plaintiff, there has been a clear breach, by the defendants, of their undertaking in the settlement agreement dated 27th February 2018. The differences between the impugned trade pattern of the defendant and the trade pattern of the plaintiff's tyre, it is submitted, are so minor that an average purchaser who would purchase the tyre would easily mistake the latter for the former.

20. It is in these circumstances that the plaintiff has approached this Court by means of the present suit seeking a permanent injunction, restraining the defendants from using the impugned tread pattern or any other tread pattern deceptively similar to that used by the plaintiff, apart from directions for rendition of accounts, delivery up, damages and costs.

21. Defendants 1 and 2 and Defendant 3 have filed separate written statements by way of response to the suit instituted by the plaintiff.

22. Defendants 1 and 2 have, in their written statement, categorically denied the allegation that the impugned tread pattern is in any way deceptively similar to the tread pattern of the plaintiff's tyres. The written statement contends that tread patterns of radial tyres were bound to have similarities in design, for which purpose the written statement sought to provide, side-by-side, tread patterns of tyres manufactured by the plaintiff, Michelin and Ceat, thus:



23. The written statement places reliance on a certificate issued by the Indian Rubber Manufacturers Research Association (IRMRA), certifying that the trade patterns of the tyres of the plaintiff and the defendants were distinct. It is asserted that the said certificate was issued after a detailed tyre footprint test was conducted for both tyres and their technical aspects were analysed threadbare. The IRMRA report, certified thus:

“Difference is also seen in tread pattern as well as pressure map after comparison of both samples”

24. Defendants 1 and 2 further contend, in their written statement, that there were no discernable similarities between the tread pattern of the impugned tyres in the present case and the tread pattern of the tyres under challenge in CS (Comm) 739/2017.

25. The defendants submit that the impugned tread pattern is unique to the defendants and is a result of research and analysis conducted by them. The written statement further disputes the plaintiff’s claim of passing off by stating that the tread pattern of the plaintiff’s tyre was common to the trade, as there are several other tyres with similar tread patterns. Defendants 1 and 2 also dispute the plaintiff’s contention that tyres were distinguished on the basis of their tread pattern. Over a period of time, it is contended, tread patterns have lost their

distinguishing characteristics.

26. Rather, contends the written statement, as the name of the manufacturer of the tyre was clearly shown on its front face, there could be no question of confusion, in the minds of the buyer, between one tyre and another.

27. For all these reasons, the written statement contest the plaintiff's claim that the defendants were, by using the impugned trade pattern, seeking to pass off their tyres as those of the plaintiff. It was, therefore, prayed that the plaintiff's prayer for interlocutory injunction be rejected and that the *ad interim* injunction already granted be vacated.

28. Defendant 3 has filed a separate written statement, the averments in which largely overlap the averments contained in the written statement of Defendants 1 and 2. Defendant 1 also sought to contend that the tread pattern of the plaintiff tyre was, by now, *publici juris*, and that the plaintiff could not, therefore, claim exclusivity therein.

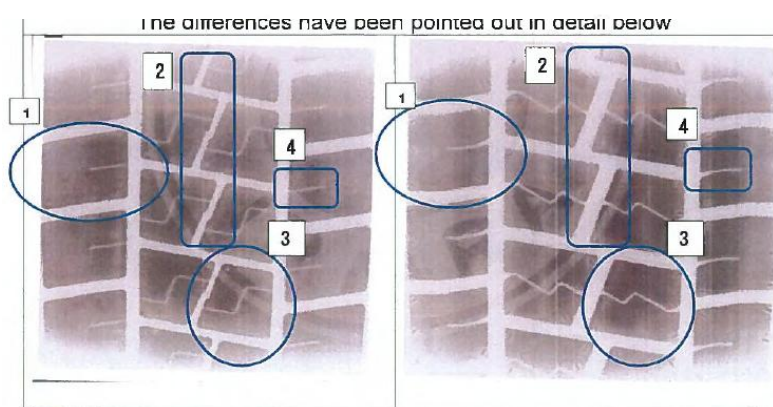
29. Arguing on behalf of the plaintiff, Mr. Peeyoosh Kalra basically reiterated the averments in the plaint which have already been noted hereinabove. He submitted that, by again using the tread pattern, for their "MA Gold" and "909 LD Gold" range of tyres, which was nearly identical to the trade pattern of the plaintiff's tyre, Defendants 1 and 2 had clearly breached the terms of the settlement agreement dated 28th February 2018. He submits that the changes between the trade pattern which was subject matter of challenge in CS (Comm) 739/2017 and

and the impugned trade pattern in the present case were so minute that a purchaser of the tyre would not be able to distinguish one from the other.

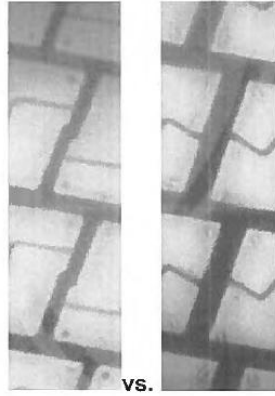
30. Responding to the submission of Mr. Kalra, Ms. Anuradha Salhotra, who appeared for Defendants 1 and 2, submitted that Defendants 1 and 2 could not be bound down, any further, by the terms of the settlement agreement dated 27th February 2018, as there had been a significant change in circumstances after the said settlement agreement had been executed. The trade pattern of the plaintiff's tyre which, at the time of execution of the aforesaid settlement agreement dated 27th February 2018, may have been unique to the plaintiff has, thereafter, with the passage of time, become common to the trade. With the pattern becoming common, therefore, submits Ms. Salhotra, the plaintiff has lost its right to claim exclusivity therein. Ms. Salhotra further contended that the tyre industry was peculiar in that slight changes in the tread would make one trade pattern significantly different from the other. She submits that, with the most minute of changes, the grip of the tyre on the road would change and, therefore, minute changes would also suffice to confer uniqueness to a particular trade pattern. She also submits that there is a considerable variety in truck tyres, which are of different types such as nylon tyres, radial tyres etc. In radial tyres, she submits, the trade pattern is an integral element of the functionality aspect of the tyre and, as such the trade pattern in different radial tyres look nearly the same. She has, for this purpose, referred me to the tabular comparison already reproduced in para 22 supra.

31. Ms. Salhotra further submitted that the suit deserves to be dismissed on the ground of concealment of material facts. She submits that the plaintiff had applied for registration of the suit pattern as a design under Section 5 of the Designs Act 2000 and had, thereafter, withdrawn the application. The withdrawal of the application, submits Ms. Salhotra, does not detract from the fact that, in fact, such an application had been made. By making such an application, Ms. Salhotra submits that the plaintiff has lost its right to ascertain any statutory or common law right in respect of the tread pattern treating it as a trademark in view of the statutory exception of Trademarks from the definition of “design”, contained in Section 2(d) of the Designs Act. She submits that these facts have been concealed in the plaint, which, even by itself, operate as a factor to non-suit the plaintiff.

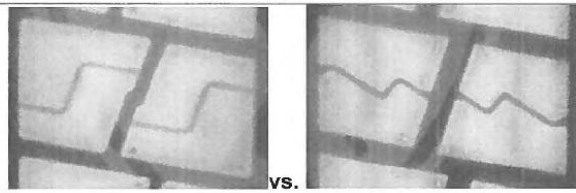
32. On merits, Ms. Salhotra submits that the trade pattern of tyres do not act as source identifiers. The following comparative tabular depiction has been provided by Defendants 1 and 2, to emphasise the distinctions between the suit pattern of the plaintiff and the tread pattern of the defendants’ tyres:



Grooves:



The Defendants' width of the central grooves running parallelly separating the outer edges from the centre is greater than that of the Plaintiff



The Plaintiff's sipes of its tyre tread pattern is an inverted "Z" whereas the Defendants sipes tread pattern is a wave pattern running across the tyre

4

Outer Sipes:



The Plaintiff's sipes on the outer edge is a straight line whereas the outer sipes of the Defendants' tyre tread pattern are bent inward

33. Ms. Salhotra has also invited attention to the following tabular depiction contained in the written statement of Defendant 3, which also, according to her, distinguishes between the trade pattern of the plaintiff's "ENDURACE LD" tyres and the "909 LD Gold" Tyres of Defendants' 1 and 2:



34. Ms. Salhotra has relied on the judgment of a Coordinate Bench of this Court in *Knitpro International v. Examiner of Trade Marks*¹, to contend that, in the case of passing off alleged in respect of shape or design trademarks, the level of scrutiny was much higher. The case of the plaintiff, she submits, would be distinguishable from the case, for example, of the Zigma range of tyres manufactured and marketed by MRF, in which there was a widespread advertisement campaign which underscored the distinct features of the trade pattern of Zigma tyres. No such effort having been undertaken by the plaintiff in the present case, and the trade pattern of the plaintiff tyres being similar to the trade patterns of several other radial truck tyres available in the market, Ms. Salhotra would seek to contend that the plaintiff's case has no legs to stand on.

35. Even insofar as the plaintiff is concerned, points out Ms. Salhotra, the plaintiff has as many as three different tyres in the ENDURACE range, namely, ENDURACE LDR, ENDURACE MA and ENDURACE MA 326.

36. Mr. Pramod Kumar Singh, appearing for CEAT (Defendant 3),

¹ 2022 SCC OnLine Del 2096

adopts the contentions advanced by Ms. Salhotra and further contends that the acronym "LD" had nothing unique about it, as it is merely an acronym for "long durability". The said acronym, it is submitted, has been in use since the 1950s and had, therefore, become *publici juris*.

37. Addressing the contentions of learned Counsel for the defendants, Mr. Kalra, in rejoinder, submits that most of the said contentions stand answered by the order dated 17th August 2017, of Sanghi, J. (as he then was) in CS(OS) 2802/2015, to which reference has already been made hereinabove. He has referred me, in this context, to paras 19 to 21, 78, 79 and 110 of the said decision, which read thus:

"19. He places reliance on the judgment of the Madras High Court in *MRF Limited v. Metro Tyres Limited*², , to submit that tread patterns have been recognized as having trade mark significance.

20. Mr. Chandra submits that the tread pattern adopted by the plaintiff for its tyre ENDURANCE LD 10.00 R 20 constitutes its trade dress, since the said unique tread pattern identifies the tyre bearing the said tread pattern as that originating from the plaintiff. He relies on *Anglo-Dutch Colour and Varnish Works Private Limited v. India Trading House*³, and *Vicco Laboratories, Bombay v. Hindustan Rimmer*⁴, – wherein the Courts protected the earlier adopted trade dress of the plaintiff against adoption of a similar trade dress by the defendant in respect of the same product.

21. He also places reliance on *Zippo Manufacturing Company v. Anil Moolchandani*⁵, wherein the Court protected the plaintiff's shape of a lighter on account of its uniqueness, by holding that the adoption of the same shape by the defendant would lead an unwary customer to believe that the lighter of the defendant originates from the source as that of the plaintiff.

² 1990 (10) PTC 101 (Mad)

³ 1984 (4) PTC 54 (Del)

⁴ AIR 1979 Del 114

⁵ 2011 (185) DLT 51: 2011 (48) PTC 390

78. In the present case, it is the case of the plaintiff that the tread pattern adopted by it in respect of its tyre “Endurance LD 10.00 R20” serves the purpose of a trademark, i.e. it is source identifier. According to the plaintiff, it is an industry practice that different manufacturers adopt different tread patterns in respect of their tyres. The plaintiff has placed on record the different tread patterns adopted by different manufacturers. Tyres of vehicles, by and large, are black in colour; they are made of the same material, namely rubber compounds; they are all round in shape like a wheel; and they all have grooves which are functional inasmuch, as, they provide the gripping and friction. In this background, prima facie, it appears to this Court that the tread patterns adopted by different manufacturers in respect of their tyres become one of the primary source identifiers apart from their brand names. The manner in which the tyres are displayed in the course of advertising also shows that the tread patterns adopted by the different manufacturers are prominently displayed along with the brand name of the manufacturer. The “face” of the tyre i.e. its tread pattern is what is displayed by all the manufacturers, while advertising their tyres in publications, hoardings, pamphlets etc.

79. The Madras High Court in *MRF Limited*² (supra) has also observed that similarity of tread pattern may also raise a presumption of common origin or close business association between the two manufacturers and it cannot be stated that the tread patterns on tyres are not without significance. In this case, the plaintiff MRF Limited was the prior adopter and user of its several marks in respect of scooter tyre, autorickshaw tyre, tractor and jeep tyres with its unique tread pattern having the symbol of MRF muscleman. The defendant adopted a different trademark for their own range of tyres, with a similar tread pattern. While injuncting the defendant and rejecting the defendant's submission that tread pattern is functional and utilitarian which cannot be appropriated by one manufacturer, the Madras High Court, inter alia, observed:

“87. It has been contended on behalf of the defendant that as regards of the tread pattern being functional and utilitarian, the tread patterns of the various manufacturers are not by any means exclusive to any one of the manufacturers as they are commonly adopted by different manufacturers. It has to be pointed out that the defendant has not produced tyres manufactured by different manufacturers having the same kind of tread pattern and the defendant's tyres of various manufactures are distinct by their names or by their trade marks bearing on the respective tyre; and purchasers of tyres do not purchase merely on looking at the tread pattern and they ask for tyres by names. Accepting the said contention, it has to be

pointed out as to why. the purchasers quote the name of particular manufacture of tyres and want their tyres act. certainly because of the good quality of the tyres manufactured by such of those manufacturers. Such good quality of tyres among other things must necessarily be including tread pattern also. It may be stated that when a purchaser goes to purchase a scooter tyre manufactured by the plaintiff if NYLOGRIP scooter tyre is not available and METRO scooter tyre being available in the shop quite likely the shopkeepers may point out the tread pattern in that tyre manufactured by the defendant and the purchaser may purchase the same having regard to the similarity of the tread pattern irrespective of the manufacturers. Similarity of the tread pattern may also raise a presumption of common origin or close business association between MRF and METRO as contended or behalf of the plaintiff. In such circumstances it may be stated that the tread patterns are not without significance". (emphasis supplied)

110. The manner in which the tyres of different manufacturers are advertised and marketed leaves no manner of doubt that the tread pattern on the tyre of the manufacturer is prominently displayed, apart from the brand name of the manufacturer. It is also not uncommon to see the customer –interested in buying a tyre, being shown the tyres by the vendor with the tread pattern in a vertical position i.e. by showing the “face” of the tyre, such that the tread pattern is the first thing that strikes and appeals to the eye of the customer. It is also not uncommon to see that even when tyres are wrapped in covering, the vendor removes the covering while displaying his tyres to the customers. Pertinently, the defendant does not display its tyres in question under the brand “HI FLY” in a wrapped condition in its advertisements. The defendant is displaying its tyre in question under the brand “HI FLY” in an unwrapped condition, and prominently showing the tread pattern on the tyre. This itself shows that the wrapping of the tyre does not inhibit the display and marketing of the tyre, by prominently displaying the tread pattern on the tyres.”

38. Mr. Kalra further submits, relying on the decision of the Supreme Court in *Parle Products Pvt. Ltd v. J.P & Co.*⁶ and *Cadila Healthcare Ltd. v. Cadila Pharmaceuticals Ltd*⁷ as well as

⁶ 1972 (1) SCC 618

⁷ 2001 5 SCC 73

judgments of coordinate Single Benches of this Court in *Colgate Palmolive Co. v. Anchor Health and Beauty Care Pvt. Ltd.*⁸, *Anglo-Dutch Colour and Varnish Works Pvt. Ltd. v. India Trading House*⁹ and *Seven Towns Ltd. v. Kidiveland Land*¹⁰, that where a product had two source identifiers, and one was infringed, courts have always held that a case of passing off is made out. He also points out that in such cases, there is every possibility of one of the source identifiers overshadowing the other. Specifically advertent to the facts of the present case, Mr. Kalra submits that there was every likelihood of a purchaser of a truck tyre, who would ordinarily be a person of limited literacy, purchasing the tyre on the basis of trade pattern, rather than by referring to the “PTC” acronym of Defendants 1 and 2, which figured on the front face of the tyre.

39. He further submits that there is no evidence or material cited by learned Counsel for Defendants to support their contention that the trade pattern of the plaintiff’s tyre had become common to the trade. Even if it were, Mr. Kalra presses into service the well-known principle that there is no requirement for a plaintiff to sue every infringer. Apropos Ms. Salhotra’s contention that the trade patterns were dependent on the functionality aspect of the tyre, Mr. Kalra submits that it is the tread of the tyre that is functional, and not the tread pattern. He also disputes Mr. Singh’s contention that the acronym “LD” stands for “long durability”.

40. In conclusion, Mr. Kalra referred me to para 118 of the report,

⁸ MANU/DE/1000/2003

⁹ AIR 1977 Delhi 41

¹⁰ MANU/DE/2510/2016

of the order passed by Sanghi, J. in CS(OS) 2802/2015, which reads thus:

“118. Last but not the least, I also find merit in the submission of Mr. Chandra that the aspect of public interest would also have to be considered by the Court while considering whether, or not, to continue the injunction granted against the defendant. The consumers in the Indian market, i.e. the public at large are entitled to be dealt with honestly, i.e. without any deceit or misrepresentation. They are entitled to receive full and complete information, and to be displayed the true picture, in relation to the product or service that they wish to buy or avail of, so that they can take an informed decision and make an intelligent choice keeping in view their circumstances, and not be duped. It is the duty of the Court to ensure that the public at large is protected against confusion, deceit and misrepresentation, when it is brought to its notice that the adoption of the same or similar mark-as that of another prior player in the field, has been resorted to. The Court should step in to prevent adoption of such tactics in the larger public interest.”

41. Ms. Salhotra, arguing in sur rejoinder, reiterated her contention that the reliance, by the plaintiff, on the settlement agreement dated 28th February 2018, is completely misconceived. She points out that, in para 33 of the plaint, the plaintiff has acknowledged the fact that the cause of action, for filing the suit, first arose on or about July 2022. She submits that, therefore, the plaintiff has to establish that, in July 2022, a case for passing off has been made out. In other words, according to Ms. Salhotra, Mr. Kalra would have to demonstrate that, given the market position of the tyres in July 2022, the tread pattern of the plaintiff's tyre was so unique that the tread pattern of the defendants' tyres could lead to a conclusion that the defendants were attempting to pass off its product as that of the plaintiff. The decisions on which Mr. Kalra relied, points out Ms. Salhotra, were decisions in

which, over a period of several years, a mark had been used and, therefore, a finding of passing off was returned by the court concerned. She reiterates her contention that the standard for substantiating an allegation of passing off, in the case of shape trademarks, is higher than in the case of other trade marks.

42. Apropos the terms of the settlement agreement dated 27th February 2018, Ms. Salhotra submits that, in the said settlement agreement, her client had only stated that it would not use the tread pattern which would in the result in the defendants passing off their product as that of the plaintiff. She emphasises the fact that the impugned tread pattern in the present case is different from the tread pattern in CS (Comm) 739/2017. That being so, she submits that, unless the plaintiff could make out a case that the impugned tread pattern in the present case, in July 2022, would result in the defendant's passing off their product as those of the plaintiff, no case of passing off could be made out against her client. She submits that the plaintiff has not been able to demonstrate any uniqueness of its tread pattern and reiterates her contention that even minor differences could result in one tread pattern becoming completely distinct from another.

43. Mr. Singh, appearing for CEAT, supplemented the submissions of Ms. Salhotra, by drawing my attention to the judgment of a Coordinate Bench of this Court in *Havells India Ltd. v. Panasonic Life Solutions India Pvt. Ltd*¹¹, particularly para 59 of the said decision, which reads thus:

¹¹ 2022 SCC OnLine Del 1662

“59. In *Dart Industries*¹² (supra), the Court held that no action for passing off would lie with respect to what was registered as a design, in as much as the Plaintiffs, by seeking registration thereof as a design, are deemed to have surrendered, abandoned, acquiesced and waived all rights to use such features as a trademark, whether during the pendency of the registration as a design or even thereafter. The Court then posed a question as to whether ‘something extra’ in the product of the Plaintiffs could qualify as a trademark and which was not registered as a design. Court examined the registered design and the alleged claim for passing off and on the facts of the case, came to a conclusion that there was no difference between what was registered as a design and what was claimed as a trade dress and get-up qua which relief on the ground of passing off was sought. But the significant point is that the pleas of infringement of the registered design and passing off in “something extra” were examined in a composite suit as they are not self-destructive. Relevant paras of the judgment are as follows:

“26. It thus follows that no action for passing off would lie with respect to what was registered as a design, inasmuch as the plaintiffs, by seeking registration thereof as a design, are deemed to have surrendered, abandoned, acquiesced and waived all rights to use such features as a trade mark, whether during the pendency of the registration as a design or even thereafter.

27. Thus, what has to be seen is, whether there is “something extra” in the product of the plaintiffs, which qualifies as a trade mark and which was not registered as a design.

31. I am afraid, the above demonstrates that there is no difference between what was registered as a design and what is being claimed as a trade dress and get up qua which relief on the ground of passing off is sought.” ”

Analysis

44. The first aspect that needs to be considered is as to whether the plaintiff is to be non-suited because of the fact that it had applied for registration of its tread pattern as a design. There is no dispute about the fact that no such registration was granted and that the plaintiff had

applied for cancellation of its application. Mr. Singh sought to submit that the plaintiff had acquired registration, as designs of tread patterns which were nearly identical to the suit pattern. Registration of a tread pattern which is nearly identical to the suit pattern as a design would not *ipso facto* operate to disentitle the suit pattern from being regarded as a “trade mark” within the meaning of the Trade Marks Act, 1999. At the highest, the matter would be one of trial, in which it would have to be examined whether the tread pattern which was registered as a design was identical or nearly identical to the suit pattern.

45. That apart, Section 2(d) of the Designs Act, properly read, excepts trademarks, as defined in Section 2(1)(b) of the Trade and Merchandise Marks Act, 1958 (which corresponds to Section 2 (zb) of the Trade Marks Act 1999), from the ambit of the definition of “design”.

46. There is no corresponding exception to be found in the definition of “trade mark” under the Trade Marks Act. The issue of whether a mark is, therefore, eligible to be regarded as a “trade mark” has to be decided, therefore, solely on the basis of the definition of “trade mark” and other associated definitions contained in the Trade Marks Act. It cannot be decided on the basis of Section 2(d) of the Designs Act. If a mark is eligible to be regarded as a “trade mark” under the Trade Marks Act, that would, by virtue of Section 2(d) of the Designs Act, make it ineligible to be regarded as a “design” under the Designs Act. That is the direction in which these two statutes operate, and not *vice versa*.

¹² (2019) 80 PTC 73 (Del)

47. I am aware that, by so stating, I might be expressing an opinion somewhat different from the view expressed in *Dart Industries*¹², as followed in *Havells India Ltd*¹¹. The need for any further debate on the issue is, however, obviated by the fact that, in the present case, the subject pattern has not been registered as a design. The ineligibility for being regarded as a “trade mark”, even as per the decisions in *Dart Industries*¹² and *Havells India Ltd*¹¹. would operate only in respect of registered designs. The suit pattern is not a registered design. Though the plaintiff had applied for registration of the design, the plaintiff had subsequently applied for cancellation of the earlier application.

48. At this *prima facie* stage, therefore, I cannot treat the fact that the plaintiff had at one stage applied for registration of the suit pattern as a design as a ground to non-suit the plaintiff from interlocutory relief.

49. Proceeding on the merits of the matter, in the peculiar facts of the present case, this court may be saved the exercise of entering into the thicket of the various decisions cited by both sides. The court is presently at a *prima facie* stage, and all that the plaintiff has to make out is, therefore, a *prima facie* case for grant of injunction.

50. A glance at the suit pattern of the impugned tread pattern of the defendants’ tyres, as provided side-by-side in para 32 *supra*, makes it apparent that there is very little difference between the two, especially when the impugned pattern in the present case is juxtaposed with the impugned pattern in CS(Comm) 739/2017. A holistic reading of the terms of settlement dated 27th February 2018, on the basis of which

CS(Comm) 739/2017 was decreed, reveals the following:

(i) The Settlement Agreement clearly notes the contention of the plaintiff that the tread pattern used by it in respect of its ENDURACE LD 10.00 R20 truck tyre, launched in India on 9th June 2010, was “unique and distinguishable”

(ii) The Settlement Agreement further notes the statement of Defendants 1 and 2, in their written statement filed by way of response to CS(Comm) 739/2017, that they were not the manufactures of the impugned tyres in that case but were only importers thereof.

(iii) In the very first clause of the terms of settlement, Defendants 1 and 2 “admitted and acknowledged” that the plaintiff was the exclusive proprietor of the suit tread pattern.

(iv) Defendants 1 and 2 categorially undertook not to use the suit tread pattern and/or any other tread pattern identical that or similar to the suit tread pattern in any manner whatsoever so as to pass off or enable others to pass off their business and/or goods/services as that of the plaintiff or show some connection to the plaintiff.

(v) There is an implied acknowledgement, in the aforesaid terms of settlement agreement, that the impugned tread pattern in CS(Comm) 739/2017 did, in fact, result in passing off, by the defendants, of their goods as those of the plaintiff. In any event, the settlement terms record the undertaking, by defendants, not

to use either the tread pattern which was impugned in that case *or any other similar tread pattern*, so as to pass off or enable others to pass off their goods/service as those of the plaintiff.

51. In view of the terms of settlement as aforesaid, it cannot lie in the mouth of Defendants 1 and 2, at least at this *prima facie* stage, to contend that the suit tread pattern was common to the trade or that it was a tread pattern which was used by several radial truck tyre manufacturers. The implied acknowledgement of the fact that the impugned tread pattern in CS (Comm) 739/2017, read with the recording, in the settlement agreement, of the plaintiff's contention that its tread pattern was unique and distinct, indicates, at the very least, that the defendants acknowledged the impugned tread pattern in CS (Comm) 739/2017 as being deceptively similar to that of the plaintiff, so as to made out a case of passing off.

52. Once this factual position is acknowledged and recognised, all that the court would have to examine is as to whether the impugned tread pattern in the present case is so different from the impugned tread patter in CS (Comm) 739/2017 as to defeat the case of passing off.

53. On comparing the two tread patterns, as already noted, the only difference that one can espy in the two patterns is in the nature of the cuts/incisions on the cubes on the two tread patterns. Otherwise, the placement of the various cubes/ pieces in the two tread patterns is identical.

54. The aspect of passing off, it is well-settled, has to be decided

from the point of view of an average consumer who purchases the tyres.

55. Ms. Salhotra has sought to emphasise the fact that CEAT has, by agreeing to manufacture and sell the tyres, recognised the distinctive nature of their tread pattern. She has also referred to the certificate issued by the IRMRA in that regard.

56. The ordinary purchaser of truck tyre does not have access either to the expertise of the CEAT personnel or to the IRMRA certificate. The tread pattern which was impugned in CS (Comm) 739/2017 is, to an average purchaser, nearly identical to the tread pattern impugned in the present case.

57. This Court has already, in its order dated 17th August, 2017, held that the tread pattern is a source indicator and that a purchaser of a truck tyre would purchase the tyre on the basis of the tread pattern. Extrapolating from the said reasoning, the impugned tread pattern in the present case may justifiably be regarded as deceptively similar to the tread pattern of the plaintiff's tyres.

58. *Vis-à-vis* the settlement agreement dated 27th February 2018, therefore, this Court is *prima facie* of the view that the defendants have, in fact, carried out only cosmetic changes to the tread pattern forming subject matter of CS (Comm) 739/2017. These changes cannot be treated as sufficient compliance with the undertaking in the said settlement agreement, whereby the defendants had agreed not to manufacture any tread pattern which was similar to the plaintiff's tread pattern and which could, therefore, result in passing off.

59. Ms. Salhotra had sought to contend that there has been a change in circumstances after the aforesaid settlement agreement was executed and that, with the passage of time, the plaintiff's tread pattern has become common to the trade. She also relied, in this context, on para 33 of the plaintiff's suit, in which the cause of action for instituting the plaint is stated to have first arisen in July 2022. She, therefore, sought to contend that, the plaintiff would, independently of the settlement agreement, have to demonstrate, positively, that, as things stood in July 2022, the use of the impugned tread pattern by Defendants 1 and 2 made out a case of passing off, by them, of their tyres as those of the plaintiff.

60. Ms. Salhotra also seeks to contend that the plaintiff is disentitled from any equitable relief as, despite its having a multitude of design registrations for its various tread pattern, it has no registration of any tread pattern as a trade mark. She submits that the plaintiff had applied for registration of two nearly identical tread patterns as designs and subsequently applied for withdrawal of the said patterns.

61. Be that as it may, there is no dispute about the fact that the plaintiff has never applied for registration of the tread pattern that the plaintiff seeks to assert in the present case as a design. As such, even if the *defendants* were to have applied for registration of other tread patterns as designs, that cannot, at least at a *prima facie* stage, disentitle the plaintiff to interlocutory relief in respect of the suit tread pattern.

62. I am unable to subscribe to this line of reasoning. An undertaking before the court continues to bind the parties to the undertaking unless it is modified. If the defendants were of the view that, owing to subsequent change in circumstances, the undertaking contained in the settlement agreement dated 28th February 2018 should not continue to bind them, they would have to approach this Court for appropriate orders in that regard. They have not done so. The undertaking, therefore, continues to remain in force. This Court cannot, therefore, proceed to a presumption that, though the suit tread pattern of the plaintiff was unique in 2018 when the settlement agreement dated 28th February 2018 was executed, it no longer remains unique. At the very least, that is a matter which would have to be tested in trial. At a *prima facie* stage, when dealing with an application under Order XXXIX Rules 1 and 2, this Court would proceed on the presumption that the undertaking dated 28th February 2018 still continues to bind the defendants, even on facts.

63. In view of the aforesaid discussions, I am of the opinion that the plaintiff has made out a clear *prima facie* case for confirmation of the *ex-parte ad interim* injunction passed by this court in the plaintiff's favour on 30th August 2022.

64. For the aforesaid reasons, IA 13723/2022, filed by the plaintiff, is allowed.

65. IA 15696/2022, filed by Defendants 1 and 2, is dismissed.

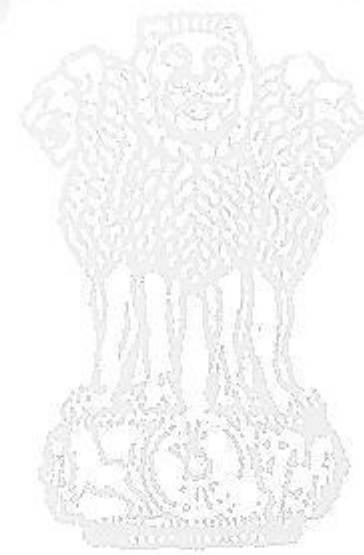
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66. List before the learned Joint Registrar (Judicial) for completion of pleadings, admission and denial of documents and marking of exhibits on 7th February 2023, whereafter the matter would be placed before the court for case management hearing.

DECEMBER 19, 2022

dsn

C. HARI SHANKAR, J.



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