$~

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

\+ RFA(OS)(COMM) 18/2024 & CM APPL. 56314/2024

Judgment reserved on: 08.01.2026
Judgment pronounced on:09.03.2026

CROCODILE INTERNATIONAL PTE. LTD. .....Appellant
Through: Mr. Saif Khan, Mr. Shobhit Agarwal, Mr. Prajjwal Kushwaha and Ms. Shayal Anand, Advs.
versus
LA CHEMISE LACOSTE AND ANR ....Respondents
Through: Mr. Chander M Lall, Sr. Adv. with Ms. Nancy Roy and Ms. Prakriti Varshney, Advs.

\+ RFA(OS)(COMM) 10/2025 & CM APPL. 26249/2025
LACOSTE .....Appellant
Through: Mr. Chander M Lall, Sr. Adv. with Ms. Nancy Roy and Ms. Prakriti Varshney, Advs.
versus
CROCODILE INTERNATIONAL
PTE. LTD. & ANR. .....Respondents
Through: Mr. Saif Khan, Mr. Shobhit Agarwal, Mr. Prajjwal Kushwaha and Ms. Shayal Anand, Advs.

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

JUDGMENT

% 09.03.2026

OM PRAKASH SHUKLA, J.

Facilitative Index

S. No.	Particulars	Pg. No.
1.	**Introduction**	3

2.	**Factual Background**	5
3.	**Proceedings Before the Ld. Single Judge** 3.1 The Plaint 3.2 The Written Statement 3.2.1 Pre-198 Agreement 3.2.2 1983 Agreement 3.2.3 1985 Agreement/Letter 3.2.4 1985 till Date 3.3 Other Miscellaneous Proceedings 3.4 The Impugned Judgment	7
4.	**Proceedings Before this Court** 4.1 Contentions on Behalf of Appellants/Defendants 4.2 Contentions on Behalf of the Respondents/Plaintiffs	27
5.	**Findings and Analysis** 5.1 Scope of Review 5.2 Issue No. 1: Whether the use of the impugned mark by Crocodile International amounts to infringement of the copyright of Lacoste? 5.3 Issue No. 2: Whether the Agreements dated 17.06.1983 and 22.08.1985 between Lacoste and Crocodile International extend to India? Whether the aforesaid Agreements entitle Crocodile International to use the impugned mark in India? 5.3.1 The 1983 Agreement	42

	5.3.2 Whether the 1983 Agreement included the impugned mark in its Schedule A? 5.3.3 The 1985 Agreement/Letter 5.3.4 Permissive Use Under Indian Trademark Law 5.4 Issue No. 3: Whether the use of the impugned mark by Crocodile International in India amounts to infringement of trademark rights of Lacoste? 5.5 Issue No. 4: Whether the use of the impugned mark by Crocodile International in India amounts to passing off? 5.6 Issue No. 5: Whether the suit suffers from acquiescence on behalf of Lacoste? 5.7 Issue No. 6: Whether the learned Single Judge erred in granting rendition of accounts to Lacoste? 5.8 Issue No. 7: Whether the learned Single Judge erred in awarding costs to Lacoste?	
6.	**Conclusion and Relief**	96

INTRODUCTION

1. The present cross appeals are filed under Section 96 of the Code of Civil Procedure, 1908[1] read with Section 13 of the Commercial Courts Act, 2015 and Section 10 of the Delhi High Court Act, 1966 assailing the impugned judgment dated 14.08.2024 passed by learned Single Judge of this Court in CS (OS) No. 894 of 2001 (subsequently renumbered as CS (Comm) No. 1550 of 2016).

[1] "CPC", hereinafter

2. For the sake of convenience, RFA (OS) (Comm) No. 18 of 2024 is treated as the lead matter. The parties herein are referred to by the same name and status as before the learned Single Judge in the civil suit. Thus, Appellant Nos. 1 and 2 in RFA (OS) (Comm) No. 18 of 2024 are referred to as "Defendant No. 1" and "Defendant No. 2" respectively, whereas the respondents are referred to as "Plaintiff No. 1" and "Plaintiff No. 2" respectively.

3. The present appeal concerns the issue of intellectual property rights pertaining to a crocodile emblem. Plaintiff No.1, is a French company, internationally renowned for its apparel and other products. Plaintiff No. 2 is a company incorporated in India and serves as the licensee of Plaintiff No. 1 in India by virtue of a User Agreement (Ex. PW 2/4) dated 23.07.1994.

4. Defendant No. 1, Crocodile International Pte. Ltd. (formerly known as "Li Seng Min Company Ltd."), is a company incorporated under the laws of Singapore by Dr. Tan Hian Tsing ("Dr. Tan"). Defendant No. 2, i.e., Crocodile Products Pvt. Ltd., was initially incorporated on 21.04.1994 by K.L. Narayansa and Associates (a joint venture and predecessor of Defendant No. 2) and is based in Bangalore, India. Defendant No. 2 allegedly began selling products bearing these marks in India around 1998.

5. The parties herein have been involved in a protracted cross-border legal dispute, with litigation and proceedings ongoing in various jurisdictions. The present controversy is neither recent nor

obscure, but one of significant international recognition in the realm of intellectual property law. The present dispute is also part of an ongoing series of litigation between the parties. This judgment aims to effectively adjudicate the issues between the parties within the jurisdiction of India.

FACTUAL BACKGROUND

6. The defendant's trademark was first registered in India in 1952, i.e., "" and then "" was registered in 1990. Subsequently, the defendants commenced the use of their trademark in India around the year 1998. Defendant No. 2 allegedly began the sale of products bearing these marks since around 1998 in India. However, the core issue in India arose when the defendants began using the impugned standalone saurian device mark, "" ("impugned mark"), without the accompanying word mark "CROCODILE".

7. According to plaintiffs, the impugned mark is deceptively similar to their registered crocodile device mark, "" which bears registration No. 400267 in Class 25.

8. It is pertinent to clarify that while both parties use various versions of the crocodile logo and emblems, the present dispute

specifically pertains to the use of the unregistered standalone crocodile mark (impugned) by the defendants, which is allegedly deceptively similar to the registered mark of the plaintiffs. For clarity and better understanding, illustrations of both marks are provided below:

Plaintiffs' mark	*Defendants' mark*
	

9. Aggrieved by the defendants' use of the impugned mark, the plaintiffs instituted a civil suit against the defendants. The defendants strongly relied on a Letter/Agreement of 1985, contending that it extends an agreement dated 17.06.1983[2] of mutual co-existence between the parties to India and, thus, authorising their use of the impugned mark in India.

10. The plaintiffs categorically denied the defendants' position, arguing that the 1985 instrument constitutes no more than a unilateral communication from the defendants and does not confer any enforceable right upon the defendants to use the impugned mark in India.

11. The learned Single Judge of this Court partly decreed the suit in favour of plaintiffs and against the defendants *vide* judgment dated

[2] "1983 Agreement" hereinafter

14.08.2024. It is against this judgment that the parties have filed the present cross-appeals.

12. The parties to the present appeals seek the following reliefs:

> **In RFA (OS) (Comm) No. 18 of 2024:**
> *"(a) Set aside the order and judgment/partial decree dated 14.08.2024 passed by the Ld. Single Judge in CS (Comm) No. 1550/2016 and dismiss the present suit with costs in favour of the Appellant and against the Respondent;"*
>
> **In RFA (OS) (Comm) No. 10 of 2025:**
> *"A. Allow the present appeal thereby setting aside the Impugned Judgment dated 14thAugust 2024 passed by the Ld. Single Judge in CS (COMM) 1550 of 2016 to the limited extent of findings on passing off and copyright infringement;*
> *B. Set aside the findings of the Ld. Single Judge in relation to the goodwill and reputation of the Appellant at the relevant time in India;*
> *C. Pass an order of permanent injunction against the Respondents restraining them from passing off their goods as that of the Appellant;*
> *D. Pass an order of permanent injunction against the Respondents restraining them from infringing the copyright of the Appellant;*
> *E. Reimbursement of costs of the present appeal be given to the Appellant;"*

PROCEEDINGS BEFORE THE LD. SINGLE JUDGE

THE PLAINT

12.1 The plaintiffs aver that the crocodile device was first registered as a trademark on 27.04.1933 in the Office of Clerk of the Commercial Court of Troyes (France), under registration No. 207916. This was followed by registration of the trademarks "LACOSTE" and "CHEMISE LACOSTE" in France on 22.06.1933 and 19.07.1935 under registration Nos. 287668 and 302681, respectively.

12.2 In India, the plaintiffs claim prior registration of their trademark in 1983 and assert proprietorship over various trademarks that are valid under Section 32 of the Trade and Merchandise Marks Act of 1958[3] in India. They contend that these marks ("LACOSTE" and the crocodile device mark) are globally well-known and possess international reputation due to superior product quality. These marks are reproduced below:

S. No.	Trademark	Registration No.	Date	Class and Goods Description
i.	CROCODILE device (Lacoste Label) 	400265B (Proposed to be Used)	19.01.1983	25 – Clothing including boots, shoes and slippers.

[3] **32. Registration to be conclusive as to validity after seven years.**
Subject to the provisions of section 35 and section 46, in all legal proceedings relating to a trade mark registered in Part A of the register (including applications under section 56), the original registration of the trade mark shall, after the expiration of seven years from the date of such registration, be taken to be valid in all respects unless it is proved--
(a) that the original registration was obtained by fraud; or
(b) that the trade mark was registered in contravention of the provisions of section 11 or offends against the provisions of that section on the date of commencement of the proceedings; or
(c) that the trade mark was not, at the commencement of the proceedings, distinctive of the goods of the registered proprietor.

ii.	CROCODILE device 	400267 (Proposed to be Used)	19.01.1983	25 – Clothing including boots, shoes and slippers.

12.3 Plaintiff No. 1 allegedly commenced commercial activities in India in 1993 through Plaintiff No. 2, after applying for trademark registration in 1983. The plaintiffs assert that they have established significant goodwill in India, and their trademarks have acquired a secondary meaning. As a result, consumers associate these marks exclusively with the plaintiffs' enterprise. They rely on their sale figures of approximately Rs. 25.10 crores and promotional expenditure of about Rs. 1.29 crores between 1993 to 1999 as reflected in their books of accounts maintained in the ordinary course of business to substantiate this claim.

12.4 The plaintiffs aver that the cause of action arose when they discovered that the defendants were selling products bearing the standalone crocodile device mark, without the "CROCODILE" word mark, i.e., , which was alleged to be deceptively and confusingly similar to plaintiff's registered crocodile device mark, i.e., "". Further, it was averred that the defendants were wrongfully using the symbol ® with the infringing crocodile device.

12.5 Aggrieved, the plaintiffs issued a letter dated 13.12.1999, seeking to prevent the defendants from using the impugned mark and followed up with further communications but to no avail. The defendants denied the plaintiff's objections by relying on the 1983 Agreement between Plaintiff No. 1 and Dr. Tan. The defendants claimed that the said instrument permitted coexistence between the defendants and plaintiffs and authorised the former to use the impugned mark in India.

12.6 However, the plaintiffs denied the applicability of the 1983 Agreement to India and contended that it did not allow the defendants to use the impugned mark without the "CROCODILE" word mark. The plaintiffs asserted exclusive rights in India over their registered saurian device, i.e., "  ".

12.7 The plaint sets out the manner in which the cause of action arose, specifically the defendants' continued use of the impugned mark despite objections from the plaintiffs, in paragraph nos. 31 and 36 as follows:

> *"31. The cause of action in the present suit arose when the Plaintiffs recently discovered that the second Defendant has started using in respect its goods a device of a crocodile which is deceptively and confusingly similar to the "crocodile device" of the plaintiffs. This device is also at variance with the logo in respect of which the first Defendant is the registered proprietor.*
> ***
> *36. The cause of action first accrued to the Plaintiff in December 1999 when they came to know of the Defendant's activities aforesaid. The cause of action thereafter accrued against the Defendants in January 2001 when the Plaintiff became aware that the Defendants were continuing to use a device of a crocodile*

which is deceptively and confusingly similar to the "crocodile device" of the Plaintiffs despite having been warned against the same. The cause of action thereafter accrued in March 2001 when the Plaintiffs were informed in no uncertain terms that the Defendants had no intention of giving up their offending activities. The cause of action is a continuing one and accrues each time the Defendants sell goods bearing a device deceptively and confusingly similar to the Plaintiffs "crocodile device", which device is also at variance with the logo in respect of which the first Defendant is the registered proprietor. The suit is within time."

12.8 Due to the defendants' failure to desist from using the standalone saurian device, the plaintiffs filed CS (Comm) No. 1550 of 2016 before learned Single Judge of this Court seeking, *inter alia,* permanent injunction and mandatory injunctions against the defendants.

THE WRITTEN STATEMENT

13. In their written statement, the defendants asserted that the saurian trademark was created and first adopted in 1947 in Singapore by Dato Dr. Tan Hian Tsin ("Dr. Tan"), the founder of Defendant No. 1, and has been in continuous use since then. Owing to its long-standing use and extensive, Dr. Tan is allegedly known as "Mr. Crocodile" in Singapore and certain other countries.

13.1 Dr. Tan initially carried on business as "Li Seng Min Company Ltd.", which was subsequently renamed as "Crocodile International Pte. Ltd." on 15.09.1983. The defendants asserted that the saurian trademark was first registered in Singapore in 1949, and that Defendant No. 1 has consistently used both the word mark "CROCODILE" and the standalone saurian device mark on a wide range of products over the years.

13.2 With respect to India, the defendants claimed that Dr. Tan registered the saurian trademark in India on 12.06.1952 under registration No. 154397 in Class 25 for shirts and singlets. This registration was later assigned to Li Seng Min Co. Ltd., and by virtue of this assignment, the mark currently vests in Defendant No.1. Subsequently, the word mark "CROCODILE" along with the device mark was registered by Defendant No.1 in Class 25 bearing No. 540315 for clothing accessories. The written statement sets out the following registrations of the defendants, as follows:

S. No.	Mark	Registration No.	Date	Class and Goods Description	Proprietor
1.	Device 	154397 (User Detail – 01.11.1949)	12.06.1952 (Valid up to 12.06.2029) (Publication – 01.03.1953)	25 – Shirts and Singlets.	Tan Siew Huy and Tan Hian-Tsin
2.	CROCODILE (LOGO) 	540315 (Proposed to be used basis)	21.11.1990 (Valid up to 21.11.2034)	25 – Articles of clothing.	Crocodile International Pte. Ltd. (First Defendant)

13.3 The defendants claimed that they commenced advertising using the "CROCODILE" word and device marks in 1997. Additionally, they began their operations in India in August 1998, with the opening

of showrooms in Southern India under the name "Crocodile Galleries".

13.4 The defendants contended that their long and uninterrupted use of the mark, along with substantial promotional expenses, has conferred upon them exclusive rights to use the impugned mark in India. To establish the extent of recognition, the defendants' relied on a survey conducted by "ORG MARG", which purportedly ranked the "Crocodile" brand among the top 15 brands in India, allegedly ranking higher than the plaintiffs' brand.

Pre-1983 Agreement

13.5 By way of their Written Statement, the defendants contended that historically, the plaintiffs operated mainly in European markets, whereas Defendant No.1 had a significant presence in Asian markets, and that this balance was disturbed in 1971 when the plaintiffs sought to enter Japanese markets. Defendant No. 1 challenged that plaintiff's use of a crocodile device mark before the District Court of Osaka. In those proceedings, the plaintiffs maintained that their mark comprised both the word "LACOSTE" and the saurian device, thereby distinguishing their mark from Defendant No. 1's mark, and that consumers primarily associated their products with the name "LACOSTE" rather than the device alone. The Osaka District Court accepted this contention and dismissed Defendant No.1's claim, ruling that there was no likelihood of confusion.

13.6 Subsequently, on 16.07.1980, the first defendant issued a cease-and-desist notice to Royal Sporting House, the Plaintiff No.1's licensee, objecting to the use of the saurian device in Singapore. In response, the plaintiffs reiterated that their device was an alligator, not a crocodile, and that their brand identity was primarily associated by the word "LACOSTE", thus negating any likelihood of confusion. Thereafter, on 09.12.1980, the plaintiffs offered to settle all legal disputes with the defendants, and by letter dated 21.01.1983, proposed a formal co-existence arrangement and offered USD 1 million as compensation.

The 1983 Agreement (Ex. PW 1/8)

13.7 The aforesaid proposal resulted in an agreement dated 17.06.1983 between the Plaintiff No.1 and Li Seng Min Company Ltd. (predecessor of Defendant No. 1) to, *inter alia,* amicably resolve legal disputes between the parties, to co-exist in certain territories, and co-operate against third-party infringers. The defendants claim that this 1983 Agreement grants them permissive use and forms the basis for amicable co-existence in the present dispute.

13.8 Under the 1983 Agreement, the parties agreed that the marks specified in Schedule A and B of the Agreement could co-exist in the mutually agreed territories, including Taiwan, Singapore, Indonesia, Malaysia and Brunei. They are reproduced as follows:

SCHEDULE A



SCHEDULE B



13.9 The defendants contended that Schedule A of this Agreement included *five* distinct marks owned by Defendant No.1, with the *fourth* mark being the impugned mark in the present dispute. It is further asserted that these five marks have been in use by the defendants in various countries since 1983.

13.10 The defendants claim that this Agreement expressly authorised their use of the impugned mark, thereby, precluding the plaintiffs from pursuing any legal action against them. They further assert that they consciously undertook to differentiate their marks from those of the plaintiffs and confined their use to the marks specified in Schedule A of the said Agreement, hence, following the principles of co-operation and coexistence.

The 1985 Agreement/Letter (Ex. DW 1/80)

13.11 The defendants rely on a communication dated 22.08.1985, wherein Defendant No.1 informed Plaintiff No.1 that the spirit of co-operation established *vide* the 1983 Agreement, also extended to other territories, including Korea, India, Bangladesh and Pakistan. The

Defendant No.1 therein also undertook to not oppose Plaintiff No.1's trademark applications in Korea and issue consent letters for India, Bangladesh and Pakistan. The defendants view this communication as an extension of the 1983 Agreement.

13.12 The defendants claim that the plaintiffs initially proposed a territorial exchange, offering Korea in exchange for India, and that Dr. Tan, as a gesture of goodwill, further included Pakistan and Bangladesh in this arrangement. The defendants rely on letters dated 16.09.1993 and 15.06.1990 to substantiate this claim.

13.13 The defendants assert that, but for the 1985 arrangement, the plaintiffs would have been unable to secure trademark registrations in India, Bangladesh, and Pakistan, due to Defendant No. 1's prior rights. They assert that both parties acted in conformity with the 1985 instrument, treating it as a binding agreement rather than a mere consent letter. They rely on multiple letters, including those dated 13.02.1989, 22.06.1990, 08.01.1991, 28.07.1995, 02.02.1998, 28.05.1998 and 13.12.1999, wherein the plaintiffs allegedly acknowledged this position.

13.14 More specifically, the defendants claim independent use of the impugned mark, i.e., saurian device without the word mark. To substantiate, they rely on a letter dated 10.02.1983, which they contend led to the 1983 Agreement, and assert that this letter depicted the impugned mark as an independent and distinct mark, thereby justifying their use of the standalone saurian device mark.

1985 till Date

13.15 The defendants assert that in furtherance of the 1983 and 1985 Agreements, they refrained from opposing the plaintiff's trademark registration in India and co-operated in protecting their marks from third party infringement. By letter dated 24.02.1994, the defendants undertook to create distinctions between their products and the plaintiffs' to facilitate co-existence. Reliance was placed on various letters, wherein Plaintiff No. 1 allegedly acted in accordance with the 1983 and 1985 Agreements by consenting to the registration of the defendants' marks in Pakistan. Further reliance was placed on a letter dated 13.02.1989, wherein Plaintiff No. 1 allegedly acknowledged Dr. Tan's letter of consent for India dated 10.02.1989 while referring to the 1985 Agreement. The defendants also relied on a letter dated 13.11.1997, wherein Plaintiff No.1 allegedly reiterated that the defendants were permitted to use the marks listed in Schedule A of the 1983 Agreement, which purportedly included the impugned mark.

13.16 The defendants claim that the plaintiffs' letter dated 13.12.1999 failed to specify the nature or extent of their objections raised, thereby depriving the defendants of a reasonable opportunity to respond. In response to the subsequent letter dated 25.02.2000, the defendants claimed that they had timely replied to the plaintiffs objections. However, the defendants asserted that the plaintiffs took more than a year to respond. During this period, the defendants expanded their business under the *bona fide* belief that no further objections subsisted. It was also contended that although the plaintiffs first raised an

objection to the use of the impugned mark on 18.12.1998, the substance of such objection was only elaborated in their letter dated 13.12.1999.

13.17 The defendants raised several preliminary objections based on the grounds of delay, laches, and acquiescence, asserting that they had openly used and advertised the impugned mark in India since 1997 with the plaintiffs' knowledge, as evidenced by their letter dated 18.12.1998; yet the suit was instituted after approximately three years. The defendants contended that the plaintiffs' delay in initiating the suit, coupled with their failure to object at an earlier stage implied acquiescence to their use of the impugned mark. Additionally, it was averred that the suit did not disclose a cause of action as required under Order VII Rule 11 CPC and challenged the territorial jurisdiction of the Court.

OTHER MISCELLANEOUS PROCEEDINGS

13.18 The plaintiff's chose not to file replication to the defendants' written statement.

13.19 Thereafter, *vide* order dated 14.01.2005, the learned Single Judge framed 11 issues for adjudication. The following were the eleven issues adjudicated upon by the learned Single Judge:

(i) Whether the plaintiff is the owner of the copyright in the "crocodile device"? ***Decided in favour of P.***

(ii) Whether plaintiff is the proprietor of the 'crocodile device' in India by virtue of registrations and use? ***Decided in favour of P.***

(iii) Whether the suit suffers from gross and unexplained delay and is hit by laches and acquiescence? ***Decided in favour of P.***

(iv) Whether the defendant is entitled to use the 'crocodile device' attached as Annexure 'A' to the plaint in India by virtue of an agreement dated 17.06.1983 between the parties? ***Decided in favour of P.***

(v) Whether this Court doesn't have territorial jurisdiction to entertain and try the present suit? ***Decided in favour of P.***

(vi) Whether the plaintiffs are not entitled to any relief as they are guilty of concealing (SIC) vital facts and documents? ***Decided in favour of P.***

(vii) Whether the plaint if liable to be dismissed on account of it being fictious with an intention of thwarting the legitimate business of the defendant? ***Decided in favour of P.***

(viii) Whether the use of 'crocodile device' attached as Annexure 'A' to the plaint by the defendant violates the plaintiff's copyright and trademark rights in India? ***Decided in favour of D.***

(ix) Whether the defendant is liable to be prosecuted and non-suited on account of use of the symbol ® with a view to misrepresent the members of the trade and public that the 'crocodile device' is a registered trademark in India? ***Decided in favour of D.***

(x) Whether the first defendant is the prior adopter and user of the saurian device and the owner of the trademark rights in the same? ***Decided in favour of P.***

(xi) Whether the first plaintiff and the first defendant signed and entered into co-existence agreement dated 17.06.1983 and 22.08.1985 for the respective territories? If so, whether such co-existence extends to Annexure A device in India? ***Decided in favour of P.***

13.20 The plaintiffs deposed two witnesses, namely, Mr. Christian London [PW1] and Mr. S.S. Negi [PW2]. The Defendants also examined two witnesses, namely, Mr. Trisno Kemat Leono [DW1] and Mr. Ramesh Babu [DW2].

THE IMPUGNED JUDGEMENT

14. By way of the impugned judgment, the learned Single Judge partly decreed the suit in favour of the plaintiffs and granted a permanent injunction in favour of the plaintiffs and against the defendants.

14.1 Out of eleven issues frames by the learned Single Judge, Issue Nos. 8 and 9 were decided in favour of the defendants.

14.2 The learned Single Judge held that the defendants had infringed the plaintiff's trademark and consequently permanently injuncted the defendants from using the impugned device mark in India. While the

Court recognised Plaintiff No.1's exclusive copyright, it did not award damages on account of the doctrine of merger. The passing off claim was decided in favour of the defendants since the plaintiffs failed to provide cogent evidence establishing the goodwill and reputation.

14.3 The learned Single Judge also took upon himself the arduous task of adjudicating the defendants' objection to the territorial jurisdiction of the Court. The defendants' objection was rejected by holding that under Section 62(2) of the Copyright Act, the suit was maintainable in Delhi since Plaintiff No. 2 carried on business within the Court's jurisdiction. Additionally, the sale of impugned goods in Delhi attracted jurisdiction under Section 20(c) of CPC. The Court further held that the defendants' commercial activities in Delhi were sufficient to confer territorial jurisdiction for trademark infringement and passing off claims.

14.4 With respect to Issue No. 1, the Court held that Plaintiff No. 1, being the registered proprietor of a valid and subsisting copyright registration bearing No. 62692/2002 dated 16.01.2002 (Ex. PW 1/10), i.e., "", possessed exclusive rights to control the reproduction of its artwork. The Court further noted that as per the registration, the first publication of the artwork took place in France in 1927 and in 1992 in India.

14.5 Pertaining to copyright infringement, the learned Single Judge applied the doctrine of merger and held that no infringement was made out. The Court analysed the originality and expression of Plaintiff

No.1's artwork and opined that mere similarity capable of causing consumer confusion, does not automatically constitute infringement of copyright, especially if the manner of expression is limited. The Court held that the impugned mark was an independent creation derived from the general idea of a crocodile.

14.6 While dealing with Issue No. 2, the learned Single Judge noted that the plaintiffs asserted ownership of the saurian device based on their trademark registrations and use since October 1993, which was not disputed by the defendants. The Court observed that Plaintiff No. 1 held a valid trademark registration bearing no. 400367 dated 19.01.1983 for a standalone saurian mark in India, i.e., "". It was reasoned that the said registrations along with the uncontroverted evidence of use by the plaintiffs, established the plaintiffs' exclusive rights over the impugned device mark.

14.7 In relation to Issue No. 10, the Court took note of the defendants' claim of use of various crocodile marks since 1947, their registrations bearing Nos. 154397 and 540315 dated 12.06.1952 and 21.11.1990 respectively, and their commercial use (advertising) in India since 1997 along with their documented sales activity from August 1998. It was observed that the defendants' advertisements depicted the impugned mark alongside the "CROCODILE/ CROCODILE INTERNATIONAL" word mark and there was no specific pleading of prior adoption or use of the impugned standalone saurian mark. It was held that though Defendant No. 1's composite mark was registered in 1952 and the same predated the plaintiff's 1983

registration, with respect to the impugned mark, the plaintiffs were the prior adopters and users. It was reasoned that the plaintiffs held valid registration for the standalone saurian device mark since 1983 and had launched it commercially in 1993.

14.8 Addressing Issue Nos. 4, 8, and 11 together, the Court undertook a detailed analysis. The learned Single Judge analysed individual elements of both marks, such as posture, angle, limbs, and overall appearance. The Court also took in account, the testimonies of DW1 and DW2, who acknowledged the similarities between the two marks. Thus, the Court concluded that the marks were, *"conceptually identical and leaving little room for dispute on the point of similarity"* and that, "*The near-exact duplication of the specific posture of the crocodile and other features by Crocodile International exacerbates the deceptive similarity between the two marks, creating a substantial likelihood of consumer confusion".* Thus, the Court found the marks to be deceptively similar and likely to cause confusion among consumers. The Court acknowledged that while the parties had agreed to co-exist in certain countries, a closer examination of the marks was required in light of the present dispute.

14.9 The learned Single Judge also analysed various judicial precedents cited by the defendants involving the present parties in other jurisdictions and assessed their relevance to the present proceedings. The Court reasoned that the marks involved in those cases were distinct from the rival marks herein and did not have any direct bearing on the issue before this Court.

14.10 The Court further examined the 1983 and 1985 Agreements (Ex. PW 1/8 and Ex. DW 1/80, respectively). While the existence of the 1983 Agreement was undisputed, the Court noted that the sole controversy pertained to its applicability in India. It was held that as per Article I of the said Agreement did not extend to India, as the territories for co-existence were explicitly specified. The Court further observed that the plaintiffs' conduct of pursuing litigation in jurisdictions beyond those specified in the Agreement supported the conclusion that co-existence did not extend beyond the specified territories.

14.11 The Court also considered the Partial Award dated 15.08.2011 (Ex. P-1) passed in Singapore, which examined the territorial applicability of the 1983 Agreement. The Tribunal held that the Agreement was explicit and did not apply to jurisdictions other than the ones stipulated in Article I. The Court relied on the cross-examination of DW1 dated 22.02.2018, wherein DW1 admitted that the 1983 Agreement did not extend to India.

14.12 The Court referred to the decision of the Supreme Court of China in a dispute between the same parties where despite holding that the 1983 Agreement did not apply to China, the Court considered its impact and directed the defendants to distinguish their marks from those of the plaintiffs. The learned Single Judge disagreed with this decision and reaffirmed the territorial limitation of the 1983 Agreement. With respect to the 1985 Agreement/Letter, the Court found it vague, ambiguous, and lacking mutual consent, and held that it did not confer any right to use the impugned mark. The Court relied

on letters issued by Plaintiff No. 1 dated 29.03.1995 (Ex. DW 1/36) and 28.05.1998 (Ex. DW 1/44), which objected to the use of the saurian device without the "CROCODILE" word mark in Korea. The Court concluded that the plaintiffs had not consented to the use of the impugned mark in India.

14.13 The Court also examined the probative value of the documents submitted by the defendants and noted the absence of any explanation for the non-production of originals or proof that the copies were true copies, as required under Section 65 of the Indian Evidence Act, 1872[4]. In light of the aforesaid and by placing reliance on ***Prem Chandra Jain (Deceased) represented by LRs v. Sri Ram (Deceased) represented by LRs***[5] and ***Vijay v. Union of India & Ors.***[6], it was held that Ex. DW 1/18 to Ex. DW 1/23, Ex. DW 1/24 to Ex. DW 1/35, Ex. DW 1/37 to Ex. DW 1/40 and Ex. DW 1/45 to Ex. DW 1/79 were not proved in accordance with law. Notwithstanding the aforesaid, the learned Single Judge examined the said documents to determine their relevance to the suit.

14.14 The learned Single Judge applied the classic trinity test for passing off and held that the plaintiffs failed to prove their reputation and consumer association with the impugned mark in India at the time of the defendants' adoption of the mark in 1998. The plaintiffs' survey report was deemed unreliable, as it pertained to the market in 2004 and lacked proper background documentation. Additionally, the chartered

[4] "IEA" hereinafter
[5] **2009 SCC OnLine Del 3202.**
[6] **2023 INSC 1030.**

accountant's certificate[7] (Ex. PW 2/5) was held to be unreliable due to the absence of supporting document. The lack of testimony of the concerned CA was also noted by the Court.

14.15 Succinctly, the learned Single Judge held as follows:

(i) The 1983 Agreement did not extend to India.

(ii) The 1985 Letter/Agreement lacked mutual consent and specificity regarding India and the impugned mark.

(iii) No mutual consent existed for the use of impugned mark in India.

(iv) The impugned mark, "  ", was found to be infringing due to its deceptive similarity to the plaintiffs' mark, "  "..

(v) The plaintiffs failed to prove passing off due to lack of goodwill in India.

(vi) Copyright infringement was not found as the defendants' artwork, "  " was an independent creation.

(viii) The plaintiffs were not barred by delay, laches and acquiescence.

(ix) The defendants' use of the ® symbol was deemed an honest oversight.

[7] "CA certificate" hereinafter

14.16 Aggrieved, both the plaintiffs and defendants filed cross appeals seeking to set aside the impugned judgment dated 14.08.2024 passed in CS (Comm) No. 1550 of 2016 titled as *"Lacoste & Anr. v. Crocodile International Pte. Ltd. & Anr."*.

PROCEEDINGS BEFORE THIS COURT

15. RFA (OS)(COMM) 18 of 2024 was first listed on 24.09.2025, whereby the Court issued a direction that the enforcement of the impugned judgment would remain stayed, subject to the defendant depositing the costs as determined by the Registry of this Court.

15.1 Subsequently, *vide* order dated 12.12.2024, this Court noted that there was scope for an amicable resolution between the parties; however, such resolution did not materialise.

15.2 Following this, both sides were heard, and the matter was reserved for judgment.

CONTENTIONS ON BEHALF OF THE APPELLANTS/DEFENDANTS

16. Mr. Saif Khan, the learned Counsel appearing on behalf of the appellants/defendants, premised the case on the assertion that they were not dishonest users and, therefore, had not infringed the plaintiffs' rights. Rather, it was emphasized that the defendants' use of the mark was *bona fide* and in light of the 1983 and 1985

Agreements, which provided for co-existence between the plaintiffs and defendants in India as well.

16.1 It was emphasised that the present dispute was unique and arose from an intricate chain of communications regarding the permission of the plaintiffs. The appellants/defendants contended that had the marks not been similar, the need for a co-existence arrangement would not have arisen in the first place.

16.2 The learned Counsel presented two major prongs of their case. The first prong was that the defendants' right to use the impugned mark arose from the 1983 Agreement of co-existence and its extension to India *vide* the 1985 Agreement, and subsequent letters acknowledging the same. The second prong focused on the alleged errors in the impugned judgment, thereby warranting interference by this Court. Besides these contentions, detailed submissions were advanced challenging the findings in the impugned judgment regarding copyright infringement and passing off.

16.3 With respect to the first prong, learned Counsel submitted that the impugned judgment suffered from lapses in both law and facts. It was submitted that Defendant No. 1 was a renowned international clothing brand that used a left-facing crocodile device mark with and without any accompanying "CROCODILE" word mark and that its first registration in India dated back to 1952, whereas the Plaintiff No. 1 used a right-facing crocodile with a registration in India from 1983.

16.4 The learned Counsel traced the history of both brands, asserting that it was the defendants who initially objected to the plaintiffs' use of the saurian device and in response, the plaintiffs asserted that their rival marks were distinct, primarily associating their brand with "LACOSTE" rather than the 'crocodile' device alone. This dispute ended with the 1983 Agreement of co-existence between Plaintiff No. 1 and Defendant No. 1.

16.5 It was argued that the 1983 agreement explicitly included the impugned mark, "" as one of the marks use by the defendants. Furthermore, the 1985 agreement was presented as an extension of the 1983 Agreement, which extended to certain other territories, including India.

16.6 It was submitted that subsequent letters acknowledged the 1985 Agreement. Specific reliance was placed on the letter dated 10.12.1989, wherein defendant No.1 undertook not to oppose Plaintiff No.1's registration application in India and offered assistance in obtaining registration in Pakistan. Reliance was also placed on letter dated 13.02.1989 from Plaintiff No. 1, which acknowledged the 1985 Agreement with respect to India and confirmed receipt Defendant No. 1's letter, and allegedly consented to the use of the impugned mark by defendant in India.

16.7 For the second prong, the learned Counsel identified four alleged errors in the impugned judgment that warranted interference.

Firstly, it was submitted learned Single Judge erred in holding that the letters depicting an enforceable co-existence relationship between the parties were inadmissible. It was submitted that under Indian contract law, an agreement does not need to be "clear, specific, and mutually acknowledged" to be binding by relying on Section 4 of the Indian Contract Act, 1872, to contend that the letter dated 10.02.1989 (Ex. DW 1/24), even if considered a unilateral proposal, was accepted by Plaintiff No.1 through the letter dated 13.02.1989 (Ex. DW 1/25), and there was no revocation of this acceptance placed on record. The learned Counsel further argued that the aforementioned letters (Ex. DW 1/24-1/25), read with the 1985 Agreement formed part of a series of transactions that, under Section 6 of the Indian Contract Act, 1872, established the existence of an overarching agreement of mutual co-operation and co-existence. These documents must, therefore, be read together.

16.8 The learned Counsel further contended that the learned Single Judge applied an unduly high threshold of proof akin to beyond reasonable doubt instead of preponderance of probabilities while examining documentary evidence. It was argued that the letters were sent by fax, rendering production of originals impossible, and further submitted that the plaintiffs did not challenge the veracity or existence of said documents which should have been considered by the learned Single Judge while assessing their evidentiary value.

16.9 The second error, as submitted by the learned Counsel, pertains to the erroneous application of trademark law. It was argued that co-existence agreement between the parties necessarily implies a degree

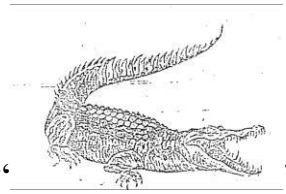
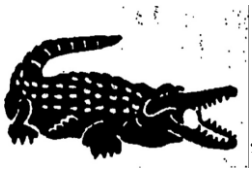
of similarity between their marks, and the learned Single Judge erred in reversing the impugned mark and comparing it with the mirror image of the plaintiffs' mark. It was contended that the plaintiffs failed to provide evidence of actual consumer confusion. It was also contended that the plaintiffs had benefitted from the 1985 Agreement by securing trademark registration without opposition by the defendants but failed to fulfil their reciprocal obligations. To bring out the *mala fides*, reliance was placed on Plaintiff No.1's attempt to register the "CROCODILE" word mark, the said application was later deemed fraudulent by the appellate court and the Supreme Court in France (Ex. DW 1/96 and Ex. DW 1/97). It was also submitted that the learned Single Judge had failed to consider the various international judicial decisions concerning plaintiffs and defendant.

16.10 The third error in the impugned judgment, as highlighted by the learned Counsel, was the lack of consideration of the defence of acquiescence. It was argued that defendants' use of the impugned mark was honest and concurrent, arising out of the understanding of co-existence and mutual co-operation between the parties established by the 1983 and 1985 Agreements and subsequent consent letters. The defendants further urged that the marks were not confusing or deceptively similar and that Defendant No. 1 honestly adopted the impugned mark.

16.11 As the fourth alleged error in the impugned judgment, the learned Counsel highlighted the disregard of the letter dated 10.02.1989 (Ex. DW 1/24) and its reply dated 13.02.1989 (Ex. DW 1/25). It was pointed out that Plaintiff No. 1 had applied for trademark

registrations bearing Nos. 400265 and 400267 on 19.01.1983 which were granted in 1990. Following the first application in Journal No. 949 on 16.12.1988, the three-month opposition period was set to expire in March of 1989. It was contended the decision to not oppose the applications that during this period was consistent with the 1985 Agreement to co-exist in India, which was communicated to the plaintiffs *vide* letter dated 10.02.1989 and acknowledged by Plaintiff No.1 on 13.02.1989. The plaintiffs' contention that they did not need such consent since they already held a registration prior to the 1985 Agreement, was argued to be incorrect, as the registrations were only granted in 1990. It was therefore submitted that the learned Single Judge erred in disregarding these letters merely on the ground that the applications were filed in 1983.

16.12 Regarding copyright infringement, the learned Counsel submitted that while the threshold in trademark law is based on the likelihood of confusion between marks, copyright law prohibits the reproduction or substantial reproduction of another's work. It was contended that the learned Single Judge did not make any finding that the rival marks are identical. It was submitted that copyright law operates without territorial limits, meaning that once an artistic work is independently created anywhere in the world, it does not become a reproduction for the purposes of copyright infringement merely by use in another jurisdiction, even if such use is deemed infringing under trademark law in that jurisdiction. The learned Counsel further argued that the impugned mark could not be considered a reproduction of the plaintiffs' mark because it had been recognised as Defendant No.1's mark under the 1983 Agreement.

16.13 The learned Counsel submitted that the artwork protected under Plaintiff No.1's copyright registration, "" (Ex. PW 1/10) substantially differed from their device mark, "". It was pointed out that the plaintiffs failed to provide specifics of the copyright registration, such as the authorship and creation details, in the plaint. Furthermore, the copyright registration, which was granted in 2002, was obtained after the filing of the present suit, and no amendment was made to the plaint to reflect this fact.

16.14 The learned Counsel submitted that, as per the plaintiffs' claim, the artwork was created in 1927, and thus, the protection was likely to have expired. It was further argued that the plaintiffs failed to establish the authorship of the artwork through evidence and did not assert that the impugned mark was a copy or a reproduction of their copyrighted work, either in India or anywhere. It was contended that had the impugned mark been infringing, it could not have survived in other jurisdictions.

16.15 It was submitted that while the similarity between the marks may constitute trademark infringement, it should not amount to copyright infringement, as it is not a reproduction of the plaintiffs' work, but rather an independent creation. The learned Counsel supported and reiterated the finding of the learned Single Judge that

the impugned mark was an independent creation. It was submitted that there are limited ways to depict a strong and ferocious crocodile, and the learned Single Judge correctly observed that copyright does not protect ideas, only their expression. Thus, independent creations of the same subject matter, such as a leaping tiger, may share inherent similarities without constituting copyright infringement.

16.16 It was submitted that the learned Single Judge rightly held that the plaintiffs failed to establish goodwill in India as of 1998, when the defendants began commercial use of the impugned mark. It was argued that by 1998, the plaintiffs had only been operating for approximately 5 years in India and did not provide sufficient proof of the goodwill and repute for the relevant year. Further, no evidence of actual consumer confusion or any demonstrable damage caused to plaintiffs was furnished. It was emphasised that therefore the essential elements of the classic trinity test to establish passing off were not sufficiently proved.

16.17 The learned Counsel further contended that the learned Single Judge correctly excluded certain evidence due to the lack of a certificate as under Section 65B of IEA. It was pointed out that the CA Certificate (Ex. PW 2/5) presented by the plaintiffs contained figures that differed from those stipulated in the plaint, and that the concerned Chartered Accountant[8] was not examined to verify the accuracy of the certificate. Instead, only PW2, who was not a chartered Accountant, was examined in relation thereto.

[8] "CA" hereinafter

16.18 The learned Counsel highlighted a typographical error in Plaintiff No.1's letter dated 13.02.1989 (Ex. DW 1/25), which referred to an agreement of 27.08.1985. The actual agreement was dated 22.08.1985 (Ex. DW. 1/80), and the learned Counsel argued that such a clerical error could not be used to dispute the authenticity of the agreement, especially when no such objection had been raised by the plaintiffs during the pendency of the suit for over two decades, and therefore, the plaintiffs must be estopped from raising this objection at a belated stage.

16.19 It was also argued that although the 1983 Agreement did not apply to India, it remained relevant for understanding the specific marks belonging to the parties. It was contended that the 1983 Agreement explicitly referred to 5 marks of the defendants, including the standalone impugned mark. The plaintiffs' claim that Schedule A of the 1983 Agreement only included 3 of the defendants' mark was contested, especially since the standalone device mark had been used and registered in five other countries covered by the Agreement. The learned Counsel relied on paragraph nos. 106, 108 and 132 of the arbitral award of Singapore, which acknowledged the existence of the standalone marks.

16.20 The learned Counsel relied upon Rule 20 of the Delhi High Court Intellectual Property Rights Division Rules of 2022[9] to contend

[9] **20. Damages/Account of profits–** A party seeking damages/account of profits, shall give a reasonable estimate of the amounts claimed and the foundational facts/account statements in respect thereof along with any evidence, documentary and/or oral led by the parties to support such a claim. In addition, the Court shall consider the following factors while determining the
quantum of damages:
(i) Lost profits suffered by the injured party;
(ii) Profits earned by the infringing party;
(iii) Quantum of income which the injured party may have earned through royalties/license fees, had the use of the subject IPR been duly authorized;

that the learned Single Judge erred in directing the examination of the defendants' accounts without the plaintiffs first proving that they had suffered any loss. It was also submitted that the prolonged pendency of the suit was attributable to the plaintiffs', since they took 11 years to present and examine their witnesses. It was argued that the learned Single Judge erred in awarding costs against the defendants, emphasizing the "conduct of party" criteria under Section 35(3)(a) of the Commercial Courts Act of 2015.

CONTENTIONS ON BEHALF OF THE RESPONDENTS/PLAINTIFFS

16.21 *Per contra*, Mr. Lall, the learned Senior Counsel appearing for the respondents/plaintiffs, submitted that their challenge to the impugned judgment rested on three major premises: (i) the finding of the learned Single Judge on copyright infringement, (ii) the claim of passing off, and (iii) the finding that the plaintiffs failed to establish their goodwill and reputation.

16.22 It was urged that the defendants were attempting to characterize the letter dated 22.08.1985 as an agreement. The plaintiffs vehemently denied that any letter/agreement existed whereby they gave consent to the defendants' use of the impugned mark. It was argued that the 1983 Agreement and the 1985 letter were distinct and that the latter lacked the necessary signatures of Plaintiff No. 1 to constitute a binding

(iv) The duration of the infringement;
(v) Degree of intention/neglect underlying the infringement;
(vi) Conduct of the infringing party to mitigate the damages being incurred by the injured party;
In the computation of damages, the Court may take the assistance of an expert as provided for under Rule 31 of these Rules.

agreement. The learned Senior Counsel reiterated the learned Single Judge's conclusion that the 1985 instrument was merely a unilateral communication, not a bilateral binding contract, and it did not specify which of the plaintiffs' marks Defendant No. 1 was permitted to use.

16.23 The learned Senior Counsel contended that the plaintiffs had successfully established their copyright ownership, which was duly recognised by the learned Single Judge. It was submitted that even if the defendants' adoption of the mark was honest, substantial similarity between the marks would still amount to copyright infringement. It was argued that if the conceptually identical crocodile mark was found to infringe the plaintiffs' trademark, it would necessarily violate their copyright as well.

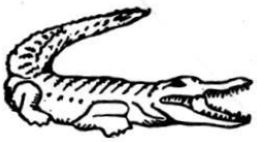
16.24 The learned Senior Counsel supported findings of the learned Single Judge that the 1983 Agreement did not extend to India, relying on the Arbitral Award dated 15.08.2011, which confined the 1983 Agreement to the territories explicitly mentioned in the agreement. It was noted that the Tribunal had denied Defendant No. 1 rights over "



" in Indonesia, which was part of the 1983 Agreement. This, it was argued, demonstrated that even in countries covered by the 1983 Agreement, the defendants could not use or register the standalone impugned mark. With respect to Plaintiff No. 1's trademark, it was pointed out that the defendants had never challenged the registration of the mark.

16.25 Reference was made to paragraph nos. 43, 44, 46, 47, 49 and 50 of the impugned judgment to submit that the impugned mark was rightly found to be conceptually identical, giving rise to a likelihood of consumer confusion.

16.26 It was further submitted that the learned Single Judge relied on the cross-examination of DW1 and DW2, whereby they acknowledged the similarities between the rival marks, the only distinction being the direction of the crocodile. It was argued that the learned Single Judge rightly held that the impugned mark was not an independent creation but a copy of the plaintiffs' mark, with no honest adoption by the defendants.

16.27 With respect to passing off, it was contended that the plaintiffs' goodwill was never disputed. Plaintiff No. 1 was the first to create and use the following marks since 1927 "" (copyright artwork), "", "" (the mark plaintiffs' herein seek to protect) and "". In contrast, Defendant No. 1 adopted their mark only in 1947, being "

". It was strongly contended that the defendants

were well-aware of the plaintiffs' use of the mark "  " as early as 1980, having issued a cease-and-desist notice to the Plaintiff No. 1 in Singapore. It was submitted that this led to negotiations culminating in the 1983 Agreement, which was limited to five countries, and it expressly included the plaintiff's mark "  ". Plaintiff No.1 applied for registration of in India in 1983 and commenced commercial use in 1993, while Defendant No. 1 began using the impugned mark in India in 1998 and applied for registration in 1999 on a proposed-to-be-used basis, which remains pending due to the plaintiff's opposition.

16.28 It was further submitted that the plaintiffs were able to establish their reputation and goodwill in the Indian market within 5 years (by 1998), i.e., by the time the defendants entered the Indian market with the impugned mark. This was substantiated by the following evidence:

(i) Sales figures of the plaintiffs between 1993-98 amounted to approximately Rs. 22,84,86,256/- as reflected in the CA certificate (PW 2/5).

(ii) Promotional expenditure between 1993-98 was around Rs. 1,10,64,607/- as verified by the same CA certificate (PW 2/5).

(iii) The plaintiffs' trademark registrations in other parts of the world prior to the defendants' entry into the Indian market were detailed in Exhibit PW 1/14A to PW 1/14K.

(iv) 14 Orders of this Court granted *ex-parte ad interim* and interim injunctions in favour of the plaintiffs prior to the institution of the suit (Ex. PW 1/17), further substantiated their claim of established goodwill.

(v) The plaintiff's "LACOSTE" word mark and crocodile device had been extensively advertised since 1933 in India, and their products were available at various international airports. Hence, the plaintiffs had acquired significant goodwill and reputation by 1998.

16.29 The learned Senior Counsel contested the rejection by the learned Single Judge of several crucial documents, including the CA certificate (PW 2/5), interim orders passed by this Court, worldwide trademark registration certificates of the plaintiffs, and Lacoste's book showcasing advertisements with the crocodile device mark since 1933, solely for the want of a Section 65B certificate under IEA, even though the plaintiffs had established the existence of dishonesty and misrepresentation by the defendants. It was further argued that the learned Single Judge incorrectly applied the test of significant reputation and consumer recognition, as conceptually similarity itself warranted the consideration of the injury to the plaintiffs.

16.30 Addressing the defendants' challenge to the plaintiffs' 1983 Indian trademark application, it was submitted that since the application for registration was filed in 1983, defendant's consent was not required. The defendant's non-opposition could not be construed as consent under the 1985 agreement.

16.31 On rendition of accounts, it was submitted that the learned Single Judge had correctly directed a separate trial to ascertain the profits incurred from sale of infringing goods, but the defendants had deliberately delayed proceedings by failing to file their evidence affidavit.

16.32 The learned Senior Counsel drew the Court's attention to an error in a document where the date "22.08.1985" was stipulated. It was submitted that the actual date was 27.08.1985, which was smudged and "22.08.1985" was mentioned. It was submitted that as per court record, the actual date was 27.08.1985, and that this letter was not placed on record.

16.33 With respect to the defendants' claim that the 1983 Agreement referred to only 3 marks of the defendants and not 5, it was argued that the markings A1, A2, etc. in Schedule A of the Agreement were not part of the original document but had been subsequently added by the defendants themselves. The learned Senior Counsel urged the Court to consider the entire context of the Agreement, which reflected that the defendant's standalone impugned mark was not agreed upon for co-existence.

16.34 The learned Senior Counsel assailed the rejection of the CA certificate (PW 2/5) on the ground that supporting invoices were unnecessary since the very purpose of a CA certificate is that such documents need not be exhibited, as they have already been audited.

16.35 In rejoinder, the learned Counsel on behalf of the defendants argued that copyright infringement required substantial copying of the protected artwork. It was further argued that the defendants did not have access to the plaintiffs' accounts and, as such, the concerned CA should have been deposed to validate the financial figures presented. With respect to the rendition of accounts, it was contended that there was no fiduciary or direct commercial relationship between the defendants and the plaintiffs. The defendants maintained that they were honest users of their mark, and thus, the rendition of accounts was not warranted in this case.

16.36 In sur-rejoinder, reliance was placed on Section 35(2) of the Commercial Courts Act, 2015, to submit that the general rule regarding the award of costs is that the unsuccessful party shall be ordered to pay the costs of the successful party. It was further submitted that as per Section 135 of the Trade Marks Act, 1999 there is no requirement of a fiduciary or direct commercial relationship between the parties for awarding damages and rendering accounts. Honesty was argued to be irrelevant once infringement was established. Thus, the plaintiffs contended that the defendants honest use of the mark was immaterial if their use was found to constitute infringement, and that the rendition of accounts was indeed warranted in the present case.

FINDINGS AND ANALYSIS

17. We have carefully considered the present *lis* in its entirety, heard the learned Counsels appearing on behalf of both parties at

length, meticulously examined the material placed on record and thoroughly analysed the impugned judgment.

17.1 For the sake of convenience, the appellants/defendants will be collectively referred to as "Crocodile International" and the respondents/plaintiffs as "Lacoste".

SCOPE OF REVIEW

17.2 It is needless to say that the first appellate court functions as the final court of fact and, and it is permissible for the appellate court to independently review and consider the evidence presented at the appeal stage.

17.3 It is equally well-settled that an appellate court's judgment must reflect a conscious application of mind and must provide clear findings supported by reasoned analysis on every issue that arises, as well as on the contentions raised and pressed by the parties for its determination.

17.4 Further, where an appellate court proposes to reverse a finding of fact, it must engage with the reasoning of the Trial Court and clearly articulate its own reasoning for arriving at a different conclusion.

17.5 In accordance with Order XLI Rule 31 of CPC, it is crucial to identify the points of determination in the present dispute. These points are as follows:

(i) Whether the use of the impugned mark by Crocodile International amounts to infringement of the copyright of Lacoste?

(ii) Whether the Agreements dated 17.06.1983 and 22.08.1985 between Lacoste and Crocodile International extend to India? Whether these Agreements entitle Crocodile International to use the impugned mark in India?

(iii) Whether the use of the impugned mark by Crocodile International in India amounts to infringement of Lacoste's trademark rights?

(iv) Whether the use of the impugned mark by Crocodile International in India amounts to passing off?

(v) Whether the suit suffers from acquiescence on the part of Lacoste?

(vi) Whether the learned Single Judge erred in awarding the rendition of accounts to Lacoste?

(vii) Whether the learned Single Judge erred in awarding costs to Lacoste?

17.6 In light of the above, we shall independently examine the findings of the learned Single Judge on each of the issues and address the submissions made by both the parties.

Issue 1: Whether the use of the impugned mark by Crocodile International amounts to infringement of the copyright of Lacoste?

17.7 To begin, it is essential to outline the relevant statutory framework applicable to the present issue.

17.8 The subject of copyright is well-articulated by the Supreme Court in ***Engineering Analysis Centre of Excellence (P) Ltd. v. CIT***[10], the same reads as follows:

> *"128.1. Copyright is an exclusive right, which is negative in nature, being a right to restrict others from doing certain acts.*
> *128.2. Copyright is an intangible, incorporeal right, in the nature of a privilege, which is quite independent of any material substance. Ownership of copyright in a work is different from the ownership of the physical material in which the copyrighted work may happen to be embodied. An obvious example is the purchaser of a book or a CD/DVD, who becomes the owner of the physical article, but does not become the owner of the copyright inherent in the work, such copyright remaining exclusively with the owner.*
> *128.3. Parting with copyright entails parting with the right to do any of the acts mentioned in Section 14 of the Copyright Act. The transfer of the material substance does not, of itself, serve to transfer the copyright therein. The transfer of the ownership of the physical substance, in which copyright subsists, gives the purchaser the right to do with it whatever he pleases, except the right to reproduce the same and issue it to the public, unless such copies are already in circulation, and the other acts mentioned in Section 14 of the Copyright Act."*

17.9 Section 14(c) of the Copyright Act, 1957 defines "copyright" as the exclusive right to, *inter alia*, reproduce a work, issue copies of the work to the public, and communicate the work to the public. The author of the work is the first owner of the copyright under Section 17 of the Act. Section 54 defines the "owner of copyright" as including the author of a literary, dramatic, musical or artistic work, whether known or unknown. The Act does not mandate compulsory registration of copyright, as evidenced by employing the term "may" in Section 45. This is further supported by Section 51, which stipulates the circumstances under which a copyright is said to have been infringed. The said provision does not impose any explicit requirement

[10] **(2022) 3 SCC 321**

of copyright registration to seek remedies. Section 55 and 63 outline civil and criminal remedies for copyright infringement.

17.10 Therefore, the Copyright Act, 1957 does not restrict protection solely to registered copyright holders. This view was also upheld by a co-ordinate Bench of this Court in ***Rajesh Masrani v. Tahiliani Design (P) Ltd.***[11] as follows:

> *"33. A person has an inherent copyright in an original composition or compilation without the necessity of its registration. [Satsang v. Kiron Chandra Mukhopadhyay, AIR 1972 Calcutta 533 (V 59 C 114)].* ***Registration of the work under the Act is not compulsory and registration is not a condition precedent for maintaining a suit for damages for infringement of copyright.*** *The safest test to determine whether or not there has been a violation of copyright is to find out if the reader, spectator or viewer after having read or seen both the works can get an impression that the impugned work or film is an imitation of the other. In the instant case, no prudent man who has seen the film and read the novel Alayazhi will come with an impression that the former is an imitation of the latter. (R. Madhavan v. S.K. Nayar, AIR 1988 Kerala 39). Registration of such right under Sec. 44 of the Act is not a condition precedent for availing the remedy, such as suing for an injunction restraining infringement of the right, damages and for accounting. Provision for registration under Section 44 is not mandatory but only intended to provide for prima facie proof of the particulars regarding the right as stated in Section 48. (Nav Sahitya Prakash v. Anand Kumar, AIR 1981 Allahabad 200)."*
>
> *(emphasis supplied)*

17.11 Section 13 of the Act provides that only "original" literary, artistic, dramatic, and musical works can be protected by copyright. The threshold for "originality" has evolved, as seen in ***Eastern Book***

[11] **2008 SCC OnLine Del 1283**

***Company* v. *DB Modak*[12]**, where the Supreme Court adopted a middle ground between 'sweat of the brow' doctrine[13] and the 'modicum of creativity'[14] standard.

17.12 Copyright law is rooted in the principle that "no man is entitled to steal or appropriate the result of another man's brain, skill or labour."[15] Copyright does not protect ideas, but rather their expression.[16] However, not every expression of an idea is protected.

17.13 One exception to copyright protection is the doctrine of merger. This doctrine holds that if an idea and its expression are so intrinsically connected that the expression becomes indistinguishable from the idea, the expression is not entitled to copyright protection to avoid monopolizing general ideas[17].

17.14 In relation to copyright infringement, the Supreme Court in ***R.G. Anand v. Delux Films*[18]** laid down the following test for infringement, which shall serve as a guiding principle in assessing infringement in the present case. The same merits reproduction, as follows:

> *"**46.** Thus, on a careful consideration and elucidation of the various authorities and the case law on the subject discussed above, the following propositions emerge:*
> *1. **There can be no copyright in an idea**, subject-matter, themes, plots or historical or legendary facts and violation of the copyright*

---

[12] **(2008) 1 SCC 1**
[13] ***University London Press* v. *University Tutorial Press*, [1916] 2 Ch. 601**
[14] ***Fiest Publication Inc.* v. *Rural Telephone Service*, 199 US 340 (1991)**
[15] **Eastern Book Company v. D.B. Modak, (2008) 1 SCC 1**
[16] ***Baker* v. *Seldon*, 101 US 99 [1879], *Nichols* v. *Universal Pictures Corp.*, 45 F.2d (2d Cir. 1930), *RG Anand* v. *Delux Films*, (1978) 4 SCC 118**
[17] ***Herbert Rosenthal Jewelry Corporation* v. *Kalpakian*, 446 F.2d 738 (1971); Mattel, Inc. v. Jayant Agarwalla, 2008 SCC OnLine Del 1059**
[18] **(1978) 4 SCC 118**

in such cases is confined to the form, manner and arrangement and expression of the idea by the author of the copyrighted work.

2. ***Where the same idea is being developed in a different manner, it is manifest that the source being common, similarities are bound to occur. In such a case the courts should determine whether or not the similarities are on fundamental or substantial aspects of the mode of expression adopted in the copyrighted work. If the defendant's work is nothing but a literal imitation of the copyrighted work with some variations here and there it would amount to violation of the copyright. In other words, in order to be actionable the copy must be a substantial and material one which at once leads to the conclusion that the defendant is guilty of an act of piracy.***

3. One of the surest and the safest test to determine whether or not there has been a violation of copyright is to see ***if the reader, spectator or the viewer after having read or seen both the works is clearly of the opinion and gets an unmistakable impression that the subsequent work appears to be a copy of the original****.*

4. Where the theme is the same but is presented and treated differently so that the subsequent work becomes a completely new work, no question of violation of copyright arises.

5. ***Where however apart from the similarities appearing in the two works there are also material and broad dissimilarities which negative the intention to copy the original and the coincidences appearing in the two works are clearly incidental no infringement of the copyright comes into existence****.*

6. As a violation of copyright amounts to an act of piracy it must be proved by clear and cogent evidence after applying the various tests laid down by the case-law discussed above.

7. Where however the question is of the violation of the copyright of stage play by a film producer or a director the task of the plaintiff becomes more difficult to prove piracy. It is manifest that unlike a stage play a film has a much broader prospective, wider field and a bigger background where the defendants can by introducing a variety of incidents give a colour and complexion different from the manner in which the copyrighted work has expressed the idea. Even so, if the viewer after seeing the film gets a totality of impression that the film is by and large a copy of the original play, violation of the copyright may be said to be proved."

(emphasis supplied)

17.15 A copyright registration does not automatically entitle the registered proprietor to a remedy for infringement. A remedy follows if copyright subsists, i.e., authorship and originality of the expression of an idea is proved and infringement under Section 51 is established.

Hence, the aforesaid test is to be employed in order to determine whether the similarities between the defendants' work and the plaintiffs' work are substantial enough to cause readers to believe that the defendant's work is a copy of the plaintiff's, or whether the defendants' work is merely a literal copy of the plaintiffs' work.

17.16 Upon applying the test laid down in ***R.G. Anand (supra)***, this Court observes that Lacoste holds a valid and subsisting copyright registration bearing No. A-62692/2002 in the artwork, "" (Ex. PW 1/10). The registration reveals Mr. Robert George as the author of the work. Lacoste contended that their saurian device was created by Mr. George in France back in 1927 and that Mr. George thereafter conferred his rights onto Lacoste (Plaintiff No. 1). This was duly supported by the testimony of PW1, which was notably not challenged by the Crocodile International. Therefore, by virtue of conveyance of rights, Lacoste (Plaintiff No.1) is the exclusive copyright owner of the said artwork and has the right to control its reproduction. It is also noted that this artwork functions as the logo of the Lacoste brand.

17.17 The learned Single Judge applied the doctrine of merger and concluded that there were a limited number of ways to express a fierce crocodile. The unique constituent elements of both works were examined, and it was concluded that the impugned mark was an independent creation. Consequently, both marks were deemed entitled to legal protection. The relevant excerpt reads as follows:

> *"138. The crocodile devices of Plaintiff No. 1 and Defendant No.1 are independent creations, flowing from the same abstract. Both parties have convincingly elucidated their narratives of having opted for an artwork of a crocodile, initially intended for commercial use in territories of origin. In these circumstances, the Court is unable to draw an inference of 'copying' of Plaintiff No. 1's design by Defendant No. 1. Similarities between the two designs, arising from the same underlying idea with limited means of manifestation, cannot constitute infringement of Lacoste's copyright. In the case of Allen v. Academic Games League of Am. (89 F.3d 614 (9th Cir. 1996), the Court held that "ideas contained in a copyrighted work may be freely used so long as the copyrighted expression is not wholly appropriated." The impugned artistic work "*  *" exhibits novel independent artistic qualities that do not support Lacoste's allegations of imitation of their design, as the creator was at liberty to draw from the general idea of a crocodile."*
>
> *(emphasis supplied)*

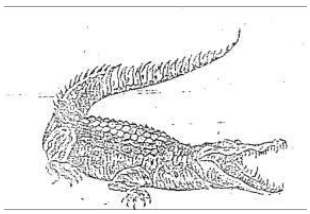
17.18 We respectfully disagree with the finding of the learned Single Judge for the following reasons.

17.19 The present case is unique due to findings of conceptual and visual similarity of the rival marks for the purposes of trademark infringement by the learned Single Judge. This peculiarity is further heightened by the application of the doctrine of merger for copyright infringement. It is pertinent that the said doctrine should only be applied in cases where there are no meaningful alternative ways to express an idea. If alternative expression exists, the doctrine of merger should not apply.

17.20 On the issue of independent creation, it is important to note that Crocodile International was aware of Lacoste's use of the mark as early as 16.07.1980, when they issued a cease-and-desist notice (Ex. DW 1/19) to Lacoste. This suggests that the defendants had reasonable

access to and knowledge of Lacoste's mark. While the doctrine of merger does not dependent on intent, in situations where access and near identity are present, courts should be hesitant to apply the doctrine of merger, especially where the work is used in trade and strongly associated with a particular brand.

17.21 The following is a comparison of the rival marks:

LACOSTE	**CROCODILE INTERNATIONAL**
	

17.22 This Court is in agreement with the view taken by the learned Single Judge on the issue of similarity between the rival marks. The findings on similarity between the two marks by the learned Single Judge is as follows:

> *"44. The visual analysis of the two trademarks "*  *" and "*  *" reveals* ***identical shape and posture****. Both crocodiles are depicted in a horizontal position with an upwardly curved tail.* ***Their body postures are quite similar****, with both showing a side view portraying the legs and tail in a similar fashion. The depiction of the feet and claws is also similar, entailing a detailed and realistic representation of a crocodile. Although there are certain distinctions in the limbs and other features of the impugned mark, the positioning mirrors that of*

Lacoste's logo, ***reinforcing the overall visual similarity****. Both the devices feature an open mouth with visible teeth, whose shape and placement are nearly alike. The detailed portrayal of the teeth and shape of the mouth are critical visual elements that consumers associate with Lacoste's mark. The arrangement and pattern of scale on the back of both reptiles is very similar, further contributing to visual resemblance. Besides,* ***the overall silhouette of both crocodiles, including the head shape, body curvature, and tail positioning, is almost indistinguishable****. Both designs convey a similar aggressive stance, enhancing the conceptual similarity.* ***This congruence in the overall silhouette not only heightens the visual similarity, but also strengthens the conceptual resemblance****. These elements are crucial in the holistic assessment of the marks, as they contribute to the overall impression retained by the average consumer.* ***The near-exact duplication of the specific posture of the crocodile and other features by Crocodile International exacerbates the deceptive similarity between the two marks, creating a substantial likelihood of consumer confusion****.*

45. Under Section 2(1)(d) of the Trade Marks Act, 1958, a mark is considered to be deceptively similar if it "so nearly resembles that other mark as to be likely to deceive or cause confusion." This principle of 'likelihood of confusion,' as elucidated by judicial precedents, warrants an examination of the contesting marks with a focus on their similarities, rather than their differences. In ***Cadila Healthcare Ltd. v. Cadila Pharmaceuticals Ltd.*** *((2001) 5 SCC 73) reinforcing the holding in* ***Amritdhara Pharmacy v. Satya Deo Gupta*** *(1962 SCC OnLine SC 13), the Supreme Court held that the assessment of deceptive similarity extends beyond a side-by-side comparison, entailing a consideration of the overall impression delivered by the marks and the imperfect recollection of an average consumer. In* ***James Chadwick and Bros. Ltd. v. National Sewing Thread Co. Ltd.*** *(1951 SCC OnLine Bom 33), the conflicting trademarks were a "representation of a bird perching on a cylinder of cotton sewing thread with its wings fully spread out" alongside the name 'Eagle brand' of the Respondent therein and "representation of an eagle with its wings half opened trying to stand erect on some flat object" with the brand name 'Eagley Sewing Machine Thread' of the Appellant therein. In these proceedings, arising out of grant of opposition to Respondent's trademark application,* ***the Division Bench of High Court of Bombay held that in ascertaining the possibility of confusion, courts must evaluate the resemblances in the distinguishing features of the trademark, rather than undertaking a meticulous examination to discover their points of differences.*** *In these circumstances, irrespective of the differences in the posture, poise and positioning of the birds and their wings, the Court ruled in*

favour of the Appellant therein, finding that a person of ordinary intelligence would mistake the impugned mark to be of the Appellant therein.

46. Having carefully compared the distinctive elements of both the Plaintiffs' and Defendants' crocodile logos, it becomes clear that the ***similarities are not only numerous, but also substantial****. Bearing the aforementioned principles of evaluation in mind, the noticeable difference in the orientation of the crocodiles – with* ***Lacoste's crocodile facing right, and Crocodile International's facing left – carries minimal weight and is likely to be perceived as insignificant by the average consumer****. The dominant visual similarities between the two marks discussed previously, create a strong overall ocular and conceptual resemblance. These elements are so closely mirrored that they overshadow the minute directional difference of the logos. To gain a deeper understanding, a comparison is made below between the reversed version of the Annexure-A device, oriented to face right, with Lacoste's crocodile device is drawn below:*

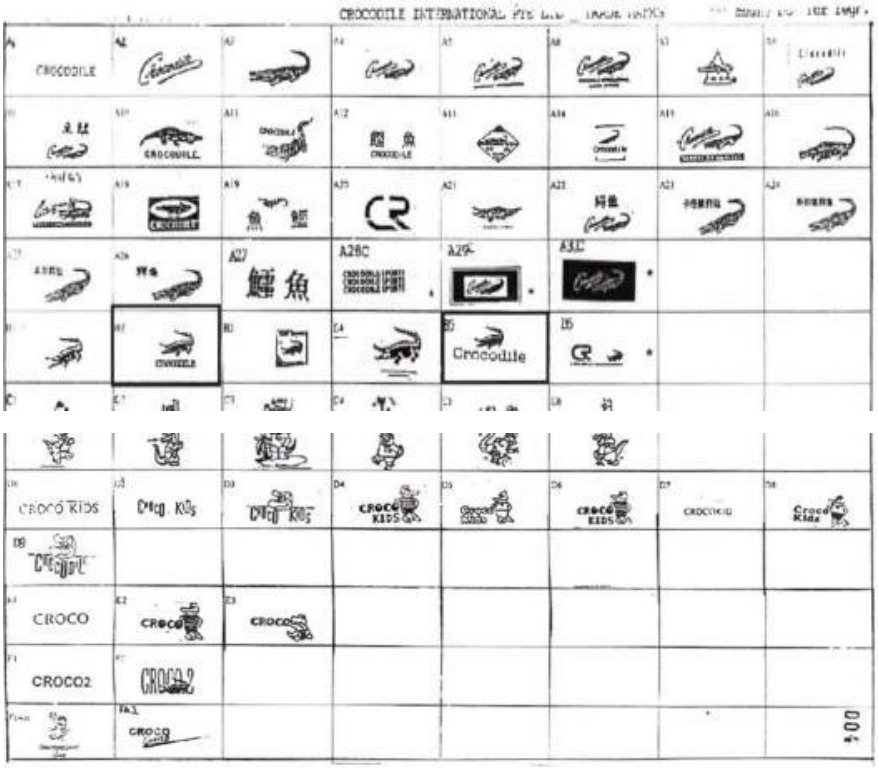
Lacoste's crocodile device	*Crocodile International's device*
	

47. Controverting the allegations of consumer misperception, Crocodile International stated in their defence that it is standard industry practice to emboss only the logo on the front pockets of t-shirts, while the tags and labels clearly identify Crocodile International as the manufacturer. Despite the apparent lack of supporting evidence, ***the Court finds that the striking resemblance between Lacoste's crocodile mark and the Annexure-A device across multiple key visual aspects, augments the prospects of 'initial interest confusion.'*** *This means that an average consumer might initially believe that the goods are from Lacoste based on the prominent and recognizable features of the impugned mark, even though this confusion may not persist throughout the transaction.*[19] *Thus, this substantial resemblance strongly supports a finding of deceptive similarity."*

(emphasis supplied)

[19] Vol. 4, J. THOMASMCCARTHY,MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION, §23:6 (5th edn., 2023).

17.23 Upon reviewing the rival marks, we conclude that the impugned mark reflects a specific choice of expression rather than an inevitable or dictated one. The defendants had alternative options for depicting a crocodile, as evidenced by the use of different crocodile depictions in other marks since 1952. The existence of other effective ways of expression of a crocodile is substantiated by the various marks already in use by Crocodile International, as follows:



17.24 We find that the expression used in the impugned mark was a choice, not a necessity. The mark's specific posture and visual characteristics are peculiar and not generic. The other marks in use by Crocodile International demonstrate that the defendants could have chosen a different representation of a crocodile.

17.25 Given the substantial similarity between the marks, the existence of other ways to depict a fierce crocodile, and the reasonable likelihood that the defendants had access to Lacoste's mark, we conclude that independent creation cannot be established. The marks are conceptually identical, and hence, the issue of copyright infringement is decided in favour of Lacoste (plaintiffs) and against Crocodile International (defendants).

17.26 Section 55(1) of the Copyright Act, 1957 provides for civil remedies for copyright infringement, which Lacoste may be entitled to.

17.27 Mr. Khan, the learned Counsel for the defendants argued that the plaint did not provide particulars of original creation, authorship, or date of creation. They also pointed out that the artwork had been recognised as Crocodile International's mark under 1983 Agreement.

17.28 However, upon reviewing the record, we note that PW1 provided a detailed deposition affirming the creation and publication history of the artwork. This position is further corroborated by the copyright registration bearing No. A-62692/2002 (Ex. PW-1/10) dated 16.01.2002, which records the initial publication date as 1927 in France. The said testimony of PW-1 and the claim of copyright were uncontested during the trial.

17.29 Therefore, we find that the submission of the learned Counsel for the appellant cannot be accepted, and the issue of copyright infringement is decided in favour of the plaintiffs.

<u>Issue No. 2</u>: Whether the Agreements dated 17.06.1983 and 22.08.1985 between Lacoste and Crocodile International extend to India? Whether the aforesaid Agreements entitle Crocodile International to use the impugned mark in India?

17.30 At the core of this dispute are two agreements under which Crocodile International, as the unregistered party, was purportedly authorised by Lacoste to commercially use the impugned mark in India. Although the present cross appeals arise out of allegations of copyright and trademark infringement, the dispute fundamentally revolves around questions of contract law. The determination of the extent of applicability of the aforementioned Agreements, particularly whether they extend to India, is critical to resolving this dispute.

17.31 In order to effectively address the issue of whether the co-existence agreement applies to India, it is first necessary to examine the relevant statutory provisions and guiding principles of contract law which are germane to the adjudication of the present controversy.

17.32 Section 2 of the Indian Contract Act, 1872, provides that a proposal must be accepted in order to constitute a promise. Upon the performance of the promise with the requisite consideration, it forms an enforceable agreement, thus creating a contract.

17.33 Section 7 of the Act provides that the acceptance of a proposal must be absolute and unqualified for it to become a binding promise. Section 8 further provides that acceptance may be communicated through actions. Section 10 of the Act establishes that an agreement

becomes a contract if the contracting parties enter it with free consent, lawful consideration, and a lawful object. As per Section 29, agreements whose terms are uncertain or incapable of being made certain are void.

17.34 A contract is based on the mutual understanding between parties, and it must be interpreted by giving the actual meaning to the words used in the agreement. It is impermissible for a court to rewrite or essentially create a new contract.[20] The terms of the contract must govern the dispute, and it is not within the jurisdiction of the court to amend or reinterpret these terms unless they are vague or ambiguous. Explicit terms of a contract always act as the final word with regard to intention of parties[21].

17.35 In ***Nabha Power Limited (NPL) v. Punjab State Power Corporation Limited (PSPCL) & Anr.***[22], the Supreme Court clarified the principles of interpreting commercial contracts. The Court referred to ***Trollope and Colls Ltd. v. North West Metropolitan Regl. Hospital Board***[23], underlining the importance of strict adherence to the terms of the contract, the relevant excerpt merits reproduction:

> *"... the court does not make a contract for the parties. The court will not even improve the contract which the parties have made for themselves, however desirable the improvement might be. The court's function is to interpret and apply the contract which the parties have made for themselves. If the express terms are perfectly clear and free from ambiguity, there is no choice to be made between different possible meanings: the clear terms must be*

[20] ***Rajasthan State Industrial Development & Investment Corpn.*** **v.** ***Diamond & Gem Development Corporation Ltd.,*** **(2013) 5 SCC 470 : (2013) 3 SCC (Civ) 153;** ***Shree Ambica Medical Stores*** **v.** ***Surat People's Coop. Bank Ltd.,*** **(2020) 13 SCC 564**
[21] ***GMR Warora Energy Ltd.*** **v.** ***CERC,*** **(2023) 10 SCC 401**
[22] **(2018) 11 SCC 508.**
[23] **(1973) 1 WLR 601 : (1973) 2 All ER 260 (HL)]**

applied even if the court thinks some other terms would have been more suitable. An unexpressed term can be implied if and only if the court finds that the parties must have intended that term to form part of their contract: it is not enough for the court to find that such a term would have been adopted by the parties as reasonable men if it had been suggested to them: it must have been a term that went without saying, a term necessary to give business efficacy to the contract, a term which, though tacit, formed part of the contract which the parties made for themselves."

17.36 It is also crucial to examine the principle of territoriality under trademark law.

17.37 Intellectual property rights, including trademarks, are territorial in nature. Trademark rights are enforceable only within the jurisdiction of the territory where they are registered and is not automatically extended globally. A mark may have goodwill in one country/jurisdiction/territory but be completely unknown in another. Granting worldwide exclusivity for such mark, without market presence or recognition, would be unjustified and may operate in an anti-competitive manner. Such territorial confines often lead to international disputes, as seen in the present case. The Supreme Court, in ***Toyota Jidosha Kabushiki Kaisha v. Prius Auto Industries Ltd.***[24] reiterated that trademark rights are inherently territorial and cannot be extended beyond the territory of registration.

17.38 Having established the principles of contract and trademark law, we now proceed to analyse the 1983 and 1985 Agreements/Letters in light of the above discussed principles.

[24] **(2018) 2 SCC 1**

1983 Agreement

17.39 The nature of the 1983 Agreement is undisputed, i.e., it is a co-existence agreement aimed at ensuring mutual co-operation between Lacoste and Crocodile International. However, the applicability of this agreement to India and the use of the impugned mark in India remains contentious in this *lis*.

17.40 The following sequence of communications precedes the 1983 Agreement:

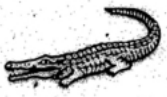
(i) 16.07.1980 (Ex. DW 1/19) – A cease-and-desist notice was issued to Lacoste's licensee in Singapore.

(ii) 30.07.1980 (Ex. DW 1/20) – The licensee responded by asserting that their logo featured an alligator, not a crocodile, and that the marks were distinguishable, with consumers associating the brand with the name "LACOSTE".

(iii) 09.12.1980 (Ex. DW 1/21) – Lacoste proposed a settlement, including compensation to resolve the legal disputes.

(iv) 21.01.1983 (Ex. DW 1/18) – Lacoste offered a draft settlement proposal, including compensation of USD 1 million to cover expenses arising from the disputes.

(v) 10.02.1983 (Ex. DW 1/22) – Crocodile International's licensee in Singapore submitted three marks being, "

", "" and "" for clarification regarding the scope of their registrations.

(vi) **17.06.1983 (Ex. PW 1/8)** – Following further negotiations, the 1983 Agreement was finalized, establishing co-existence in 5 countries, Taiwan, Singapore, Indonesia, Malaysia (Malaya, Sabah, Sarawak) and Brunei.

17.41 The 1983 Agreement refers to Plaintiff No. 1 as "LCL" and Defendant No. 1 as "LSM". For the sake of convenience, the excerpt of this Agreement is as follows:

> *"…WHEREAS LSM and LCL wish to cooperate in the countries listed in Article -1 of this Agreement.*
>
> ***
>
> *WHEREAS LSM and LCL agree that their respective emblem marks as shown in Schedule A and B can co-exist in the market concerned without confusion.*
>
> ***WHEREAS it is also the intention of the parties to cooperate in other parts of the world wherever possible.***
>
> ***
>
> ***ARTICLE I – TERRITORY***
>
> ***This Agreement shall cover the following countries:***
>
> ***- TAIWAN***
>
> ***- SINGAPORE***
>
> ***- INDONESIA***
>
> ***- MALAYSIA (Malaya, Sabah, Sarawak)***
>
> ***- BRUNEI***
>
> ***Herein referred to as the Territory.***
>
> *ARTICLE II – TRADEMARK REGSITRATIONS*
>
> *…3. LSM shall permit LCL to apply for the registration within the Territory of its various emblem trademarks as shown in Schedule B appended hereto and shall give LCL all possible assistance to obtain such registrations in the various classes of products and services under which LCL wishes to do business. However, it is hereby agreed between the parties that LCL shall not use nor apply for the registration in the Territory of any Saurianlike trademark other than those shown in the said Schedule B and shall take all necessary steps to cancel and/or withdraw registrations and/or applications, if any, for any Saurian-like trademark other than those shown in that Schedule B.*
>
> ***
>
> *4. Likewise, LCL shall give all possible assistance to LSM to apply for the registration within the Territory of its own emblem*

trademarks as shown in Schedule A appended hereto in the various classes of products and services under which LSM wishes to do business.
LSM shall not use nor apply for the registration in the Territory of any Saurian-like trademark other than those shown in the said Schedule A and shall take all necessary steps to cancel and/or withdraw registrations and/or applications, if any, for Saurian-like trademarks other than that shown in Schedule A.

***

ARTICLE III – COMPENSATION
In order to compensate LSM for the expenses incurred in the past for protection and defense of Saurian Trademarks within the Territory, LCL shall pay LSM the annual payments indicated in Schedule C appended hereto over the next 15 years commencing in 1982.

***

ARTICLE IV – COOPERATION
1. Both parties undertake to cooperate technically in every possible manner within their own means and rights in the defense of the Saurian Trademarks against any third party infringers.
2. However, a decision taken by either party not to join in any legal action against such infringers shall not prevent the other party from proceeding alone at its own expense.

ARTICLE V – TERMINATION OF EXISTING LEGAL PROCEEDINGS AND RELEASES
1. LSM and LCL agree that all law suits, legal actions, controversies, disputes and claims which are the subject of legal proceedings between them pending before any court or administrative body in any jurisdiction within the Territory shall be settled and discharged.
2. LSM and LCL therefore waive and abandon hereby any and all claims and counter-claims at any time made by them in respect of the use by either party of their respective Saurian Trademarks.
3. As a consequence of the foregoing, LSM and LCL shall take all steps to execute such documents as may be necessary to discontinue, with prejudice, all pending proceedings."

(emphasis added)

17.42 Lacoste argues that the 1983 Agreement does not apply to India, while Crocodile International asserts that it grants them permissive use of the impugned mark in India.

17.43 Upon examining the explicit terms of the 1983 Agreement, Article I clearly lists five countries within its scope, without any reference to India. The Agreement's application is limited to these five countries, and there is no mention of India. Therefore, the Agreement cannot be construed as extending its applicability to India.

17.44 Although Article I also indicates that the parties *may* co-operate in other regions if possible, this clause is merely indicative of goodwill and does not provide for enforceable legal obligations. It fails to meet the threshold of precision and certainty required under Indian contract law to be enforceable.

17.45 Further, while two communications, i.e., Letter dated 02.08.1995 (Ex. DW 1/40) and Letter dated 28.07.1995 (Ex. DW 1/39) are not admissible under Section 65 of IEA, they nonetheless support Lacoste's position. In these communications, Lacoste raised concerns regarding the use of the marks outside the agreed territories, such as in China, which was not a covered territory under the 1985 Agreement. This supports the view that the parties intended to limit their agreements to the explicitly stated territories.

17.46 After a thorough review of the case materials, this Court is convinced that the parties intended the 1983 Agreement to apply only to the five countries explicitly mentioned. This interpretation is reinforced by legal disputes in other territories outside the scope of the Agreement, such as China, Sri Lanka, and Myanmar. Notably, DW1 admitted during cross-examination conducted on 22.02.2018 that the 1983 Agreement did not extend to India. There is no evidence of an amendment to include India or any other supporting documentation to

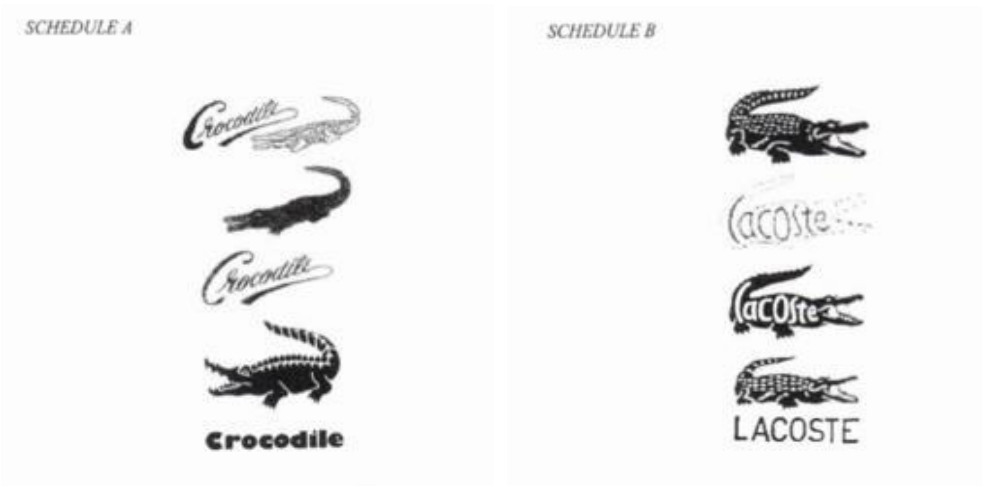
suggest that the parties ever agreed to extend the Agreement's scope to India. Accordingly, the 1983 Agreement does not apply to India.

17.47 An ancillary question arises from the above discussion, whether the 1983 Agreement, although not applicable to India *per se*, could nevertheless be extended to India through a subsequent instrument.

17.48 Before addressing this issue, it is imperative to first determine whether the 1983 Agreement included the use of the impugned mark within its Schedule A. This is a foundational question that must be resolved before considering any subsequent extension.

Whether the 1983 Agreement included the impugned mark in its Schedule A?

17.49 The Schedules A and B, as appended to the 1983 Agreement are critical to understanding its scope and intent, are as follows:



17.50 Crocodile International contended that *vide* their letter dated 10.02.1983 (Ex. DW 1/22), they enclosed the impugned mark to be included in the 1983 Agreement. They assert that Schedule A lists *five* of their marks, not *three*, as argued by Lacoste. In the copy of the Agreement on record, there are demarcations indicating marks as A1, A2, etc., which is claimed to have been added by Crocodile International. Although Ex. DW 1/22 was deemed inadmissible due to lack of proper foundational evidence, the central issue remains what the parties intended the Agreement to protect.

17.51 Lacoste, through various communications dated 29.03.1995 (Ex. DW 1/36), 13.11.1997 (Ex. DW 1/42) and 02.02.1998 (Ex. DW 1/43), raised objections to Crocodile International's use of the standalone impugned mark in Korea, Taiwan, and Myanmar respectively. These objections indicate that Lacoste did not consent to the use of the impugned mark even in the territories covered by the 1983 Agreement. Further, *vide* letter dated 28.05.1998 (Ex. DW 1/44), Lacoste expressed concerns regarding Crocodile International's use of the right-facing saurian device mark, "", reiterating that they had only consented to the Crocodile International's use of "" mark within specific bounds. By way of letter dated 18.12.1998 (Ex, DW 1/45), Lacoste alleged infringement in China and India, due to the use of the left-facing saurian device. From these communications, it can be inferred that Lacoste did not consent to the standalone impugned mark's use without the distinguishing word "CROCODILE". Thus, it is apparent that Lacoste did not permit the

use of the impugned mark by Crocodile International, either in the territories covered by the Agreement or beyond.

The 1985 Agreement/Letter

17.52 There exists a divergence of opinion regarding the nature and intent of the Agreement/Letter dated 22.08.1985 (Ex. DW 1/80). Its contents are as follows:

> *"22 August 1985*
> *I, Tan Hian Tsin, acting in my own name and on behalf of CROCODILE INTERNATIONAL PTE LTD of 89 Neil Road, Singapore 0208 (formerly known as LI SENG MIN CO SDN BHD) and/or of any individual or corporate body controlling, controlled by or under common control or affiliated with CROCODILE INTERNATIONAL PTE LTD, hereby undertake:*
> 1. *Not to oppose to present or future applications filed by LA CHEMISE LACOSTE for the hereunder LA CHEMISE LACOSTE's emblem marks or marks containing said emblems in Korea.*
>
> 
>
> 2. *Should CROCODILE INTERNATIONAL's application or registration in Korea be opposed or in conflict with LA CHEMISE LACOSTE application(s) as defined in paragraph 1 hereabove, to supply LA CHEMISE LACOSTE upon its requests with the appropriate consent letter.*
> 3. *To withdraw in Korea oppositions eventually filed against LA CHEMISE LACOSTE's applications as defined in paragraph 1 hereabove and never filed, directly or indirectly, any invalidation or cancellation actions against said defined marks.*
> 4. *To supply LA CHEMISE LACOSTE, **upon its request**, with the appropriate consent letter(s), that LCL might need to register the hereunder LA CHEMISE LACOSTE's emblem marks or marks containing said emblem in BANGLADESH, INDIA and PAKISTAN.*



Yours faithfully
For and on behalf of
CROCODILE INTERNATIONAL PTE LTD
TAN HIAN TSIN"

(emphasis supplied)

17.53 Crocodile International's case largely hinges on this alleged instrument, asserting that it extended the 1983 Agreement to India. On the other hand, Lacoste disputes its applicability, maintaining its unilateral nature since it was neither addressed to nor signed by them.

17.54 Crocodile International submitted that the 1985 letter was a response to an offer made by Lacoste for market access in Korea in exchange for market presence in India. Furthermore, it was contended that Dr. Tan, acting out of goodwill, included Pakistan and Bangladesh in this arrangement. Crocodile International relies on multiple correspondences, being Ex. DW-1/24 to DW-1/79, to demonstrate Lacoste's acknowledgment of the 1985 Agreement. They also claim that Lacoste's failure to object to Crocodile International's trademark application in India, filed in 1983, allowed the latter to secure its registration in 1990. They assert that the learned Single Judge erred in stating that Lacoste had obtained a registered trademark prior to the 1985 Agreement/Letter.

17.55 Crocodile International also contended that the plaintiff's letter dated 10.02.1989 (Ex. DW-1/24) was erroneously rejected by the learned Single Judge. They argued that this letter was crucial evidence

to demonstrate that the co-existence agreement was extended to India and Pakistan. It was further contended that the learned Single Judge wrongly concluded that Ex. DW-1/24 and Ex. DW-1/25 were not legally sound evidence of an agreement. It was argued that such a conclusion was contrary to Section 4 of the Indian Contract Act, 1872, which provides that a proposal becomes binding upon acceptance.

17.56 Crocodile International contended that the offer of mutual co-existence was accepted through letter dated 13.02.1989 (Ex. DW-1/25), and that there was no revocation of this acceptance.

17.57 However, upon reviewing the record, we find that the learned Single Judge meticulously examined both Ex. DW-1/24 and Ex. DW-1/25 and duly held as follows:

> "*93. Ex. DW1/24 is the letter dated 10th February, 1989 addressed by Defendant No. 1 to Plaintiff No. 1, which Crocodile International cites as evidence of the ongoing spirit of co-existence between the parties in Asia. This letter references to Defendant No. 1's intention to not oppose Plaintiff No. 1's trademark application in India, and a reciprocal offer to seek assistance of Plaintiff No. 1 in registering the "CROCODILE" mark in the Middle Eastern countries. Ex. DW 1/24 was responded to by Defendant No. 1 on 13th February, 1989 [Ex. DW 1/25], recognizing that Defendant No. 1's choice to not oppose Plaintiff No. 1's application was in line with the arrangement arrived at in 1985. The Defendants asserted that Ex. DW 1/25 contains an express acknowledgment of the '1985 agreement,' suggesting a mutual recognition of extension of terms beyond the specific territories initially outlined in the 1983 Agreement.*
>
> *94. Lacoste, on the other hand, contested the implications that Crocodile International seeks to draw fromthese documents. They pointed out that while Ex. DW 1/24 expresses a willingness from Defendant No. 1 not to oppose Plaintiff No. 1's mark in India, it lacks details about which particular mark the consent pertains to. Additionally, Lacoste argued that Ex. DW 1/24 is CC'd to Mr. Bernard Lacoste, linking it to an earlier correspondence dated 21st January, 1983, which initially proposed co-existence between*

> *the parties. This connection is being misused by Crocodile International to argue that there was a consistent, mutual understanding aimed at supporting each other's trademark registrations across various jurisdictions, including India.*
>
> *95. In the opinion of the Court,* ***these documents do not establish any binding agreement that was formally signed in 1985 in relation to India pertaining to the Annexure-A device. The reference to a general spirit of coexistence in Ex. DW 1/24 is insufficient to establish a binding agreement applicable to new territories, such as India. For an agreement to be enforceable, it must be clear, specific, and mutually acknowledged, which this letter fails to achieve, rendering it ineffective as a basis for use of Annexure- A device in India. Likewise, Ex. DW 1/25, even if taken at face value, does not constitute legal evidence of an enforceable co-existence agreement vis-à-vis Annexure-A device, and is thus, irrelevant to the instant lawsuit."***
>
> *(emphasis supplied)*

17.58 A plain reading of the impugned judgment indicates that the learned Single Judge did not blindly reject the letters dated 10.02.1989 (Ex. DW-1/24) and 13.02.1989 (Ex. DW 1/25). Instead, the learned Single Judge carefully considered the submissions of both sides before reaching a conclusion.

17.59 The learned Senior Counsel for the defendants relies on Section 4 of the Indian Contract Act, 1872, to argue that the letter dated 13.02.1989 (Ex. DW 1/25) constituted an acceptance of a unilateral offer. According to the learned Senior Counsel, this acceptance made the proposal binding, as per Section 4.

17.60 However, we find that Section 4 must be read in conjunction with Section 7 of the Indian Contract Act, 1872 which stipulates that an acceptance must be absolute and unqualified.

17.61 Upon perusal of the letter dated 13.02.1989 (Ex. DW 1/25), we do not find any unequivocal or unqualified acceptance of any offer.

The letter merely reflects the defendants' intention not to oppose the plaintiffs' trademark application, but it lacks the clarity required for it to constitute a binding acceptance.

17.62 The Supreme Court, in ***Padia Timber Co. (P) Ltd. v. Visakhapatnam Port Trust***[25], underscored the principle that offer and acceptance must rest on certainty, commitment, and communication. The relevant excerpt is as follows:

> *"**54.** It is a cardinal principle of the law of contract that the offer and acceptance of an offer must be absolute. It can give no room for doubt.* ***The offer and acceptance must be based or founded on three components, that is, certainty, commitment and communication.*** *However, when the acceptor puts in a new condition while accepting the contract already signed by the proposer, the contract is not complete until the proposer accepts that condition, as held by this Court in Haridwar Singh v. Bagun Sumbrui [Haridwar Singh v. Bagun Sumbrui, (1973) 3 SCC 889]. An acceptance with a variation is no acceptance. It is, in effect and substance, simply a counter-proposal which must be accepted fully by the original proposer, before a contract is made.*
> ***55.** In Union of India v. Bhim Sen Walaiti Ram [Union of India v. Bhim Sen Walaiti Ram, (1969) 3 SCC 146], a three-Judge Bench of this Court held that acceptance of an offer may be either absolute or conditional. If the acceptance is conditional, offer can be withdrawn at any moment until absolute acceptance has taken place."*
>
> *(emphasis supplied)*

17.63 Therefore, an acceptance of an offer under Section 7 of the Contract Act must be absolute, unconditional and unqualified.

17.64 In view of the above, this Court notes that the letter dated 10.02.1989 (Ex. DW-1/24) only expressed Defendant No.1's intention

[25] **(2021) 3 SCC 24**

not to oppose the plaintiffs' trademark application, which cannot be regarded as an absolute and unqualified acceptance of any offer.

17.65 Both Ex. DW-1/24 and Ex. DW-1/25 fail to exhibit the necessary commitment or certainty that would signify a binding acceptance. Mere reference of non-opposition does not establish an unequivocal agreement enforceable by law.

17.66 Therefore, the submissions advanced by the learned Senior Counsel regarding the acceptance of the proposal cannot be sustained.

17.67 In addition, we turn our attention to the documents heavily relied upon by Crocodile International to prove Lacoste's acknowledgement of the 1985 Agreement.

17.68 Out of the documents listed, Ex. DW 1/13 to Ex. DW 1/35, Ex. 1/37 to Ex. DW 1/40 and Ex. DW 1/45 to Ex. DW 1/79, Lacoste admitted only Ex. DW 1/36 and Ex. DW 1/44. The rest were objected to for the want of original documents or secondary evidence or certificate under Section 65B of IEA. The learned Single Judge rightly observed that no explanation was offered in the Written Statement to account for the absence of original documents. In the absence of such explanation, and in accordance with Sections 65 of IEA, the documents were deemed inadmissible.

17.69 Nevertheless, the learned Single Judge reviewed these documents to assess the merit of Crocodile International's claim. It was correctly concluded that even if these documents were taken at face value, they did not sufficiently establish Lacoste's

acknowledgment of the 1985 Agreement in relation to the use of the standalone impugned mark in India. Ultimately, the admissible exhibits namely, Ex. DW 1/1 to 1/12, Ex. DW 1/36, Ex. DW 41 to Ex. DW 46, were considered, and the Court found them insufficient to support Crocodile International's position.

17.70 Revisiting the 1985 Agreement/letter, it is evident that this document does not refer to or incorporate the 1983 Agreement or the impugned mark in question. As rightly observed by the learned Single Judge, there must be explicit and unambiguous terms that define the obligations, rights and liabilities of the parties, especially in *"complex legal landscape like trademark registration in foreign jurisdictions"*. For a contract to be legally binding, an offer must be unequivocally accepted and supported by valid consideration. Upon scrutiny of the 1985 letter, it is clear that:

(i) The letter is not addressed to Plaintiff No. 1, nor it is attested by them;

(ii) The letter is unilateral in nature;

(iii) There is no evidence of an unqualified acceptance of the offer contained in the letter;

(iv) It is not apparent whether the letter pertains to the impugned mark;

(v) Paragraph 4 of the letter merely provides that Crocodile International may consent upon request, but there is no evidence to suggest that such consent was either sought or granted.

Therefore, this 1985 letter cannot be construed as a bilateral agreement, nor can it create binding rights and obligations for the parties involved. This is further substantiated by Lacoste's repeated objections to Crocodile International's use of the standalone saurian device mark.

17.71 With respect to Crocodile International's contention that it refrained from objecting to Lacoste's trademark application in India based on the 1985 letter, and the learned Single Judge's observation that consent from Crocodile International was not required since Lacoste was already a registered user in 1985, this Court finds that such a position is not fatal to Lacoste's case.

17.72 Assuming, for the sake of argument, that Lacoste was not a registered user in India in 1985, and that Crocodile International did not formally oppose Lacoste's application, such non-opposition or forbearance does not, by itself, translate into a legally enforceable agreement. The 1985 letter, for reasons outlined above, lacks the essential characteristics of a binding contract. Moreover, as the 1985 letter does not pertain to the impugned mark, any possible extension of the 1983 Agreement to India would be irrelevant to the current dispute. Thus, the learned Single Judge's observation regarding the lack of a requirement for Crocodile International's consent is not fatal to Lacoste's claim, as Lacoste's trademark application was not contingent on such consent.

Permissive Use Under Indian Trademark Law

17.73 Under Indian trademark law, permissive use refers to the legal use of a registered trademark by a party other than the registered proprietor, provided such use does not amount to trademark infringement. The consent of the registered proprietor may be express or implied, as outlined under the Trade Mark Act of 1999[26].

17.74 Section 2(r) of the TM Act defines "permitted use", which is critical in determining whether the use of a trademark is authorized. The provision is as follows:

> *"(r) **"permitted use"**, in relation to a registered trade mark, means the use of trade mark—*
> *(i) by a registered user of the trade mark in relation to goods or services—*
> *(a) with which he is connected in the course of trade; and*
> *(b) in respect of which the trade mark remains registered for the time being; and*
> *(c) for which he is registered as registered user; and*
> *(d) which complies with any conditions or limitations to which the registration of registered user is subject; or*
> ***(ii) by a person other than the registered proprietor and registered user in relation to goods or services—***
> *(a) with which he is connected in the course of trade; and*
> *(b) in respect of which the trade mark remains registered for the time being; and*
> ***(c) by consent of such registered proprietor in a written agreement**; and*
> *(d) which complies with any conditions or limitations to which such user is subject and to which the registration of the trade"*
>
> *(emphasis supplied)*

[26] "TM Act"/ "the Act" hereinafter

17.75 Additionally, Section 30(c)(i) of the Act outlines the limits on the effect of a registered trademark, providing important boundaries within which a trademark may be used by a third party without constituting infringement. The provision is as follows:

> *"**30. Limits on effect of registered trade mark.—** (1) Nothing in section 29 shall be construed as preventing the use of a registered trade mark by any person for the purposes of identifying goods or services as those of the proprietor provided the use—*
>
> ***
>
> *(c) the use by a person of a trade mark—*
> *(i) in relation to goods connected in the course of trade with the proprietor or a registered user of the trade mark if, as to those goods or a bulk of which they form part, the registered proprietor or the registered user conforming to the permitted use has applied the trade mark and has not subsequently removed or obliterated it, or **has at any time expressly or impliedly consented to the use of the trade mark**; or…"*
>
> *(emphasis supplied)*

17.76 Crocodile International's reliance on Ex. DW-1/25 is unavailing. This letter, upon review, shows that Crocodile International itself conditioned its consent to two specific device marks of Lacoste, which were listed in Schedule B of the 1983 Agreement. As such, the 1985 letter cannot be construed as extending any rights related to the impugned mark.

17.77 Crocodile International also placed reliance on several correspondences to establish that Lacoste acknowledged the 1985 letter as an extension of the 1983 Agreement. However, these documents were rightly deemed to be inadmissible due to the absence of originals and secondary evidence, and upon closer scrutiny, they fail to demonstrate that the 1983 Agreement was extended to India via

the 1985 communication. Moreover, the correspondence did not substantiate that the 1985 communication concerned the impugned device mark. Even the alleged acknowledgment by Lacoste remains ambiguous and unsubstantiated.

17.78 In light of the foregoing discussion, neither the 1983 Agreement, the 1985 letter, nor the documentary evidence on record establishes that Lacoste granted either explicit or implicit permission to Crocodile International for the use the impugned mark in India.

17.79 In conclusion, while the 1983 Agreement is binding between the parties, its scope is limited to the five countries explicitly mentioned in Article I and does *not* extend to India. The 1985 letter fails to demonstrate an extension of the 1983 Agreement to India, and it does *not* pertain to the impugned mark. Accordingly, the 1983 Agreement and the 1985 letter do not entitle Crocodile International to use the impugned mark in India. Lacoste is not bound by the 1985 letter and retains the right to object to Crocodile International's use of the impugned mark in India. The evidence on record supports Lacoste's claim that they only consented to the use of the saurian device by Crocodile International when accompanied by the word mark "CROCODILE". As such, Crocodile International is not entitled to use the impugned mark in India. This issue is decided in favour of the plaintiffs and against the defendants.

<u>Issue No. 3</u>: Whether the use of the impugned mark by Crocodile International in India amounts to infringement of trademark rights of Lacoste?

17.80 Section 2(h) of the TM Act defines a "deceptively similar" mark as one which "so nearly resembles that other mark as to be likely to deceive or cause confusion". Such marks are not entitled to protection under the Act, as specified in Section 9(2)(a)[27]. Section 28 of the Act vests exclusive rights in the proprietor of a registered trademark, including the right to seek relief in cases of infringement.

17.81 Under Section 29 of the Act, only registered trademarks are protected against infringement. It is pertinent to note that innocence is not a valid defence under this provision. Section 30 of the Act lays down certain exceptions to the provisions of Section 29, as follows:

> *"**29. Infringement of registered trade marks.—***
> ***
> *(2) A registered trade mark is infringed by a person who, not being a registered proprietor or a person using by way of permitted use, uses in the course of trade, a mark which because of—*
> *(a) its identity with the registered trade mark and the similarity of the goods or services covered by such registered trade mark; or*
> ***(b) its similarity to the registered trade mark and the identity or similarity of the goods or services covered by such registered trade mark;** or*
> *(c) its identity with the registered trade mark and the identity of the goods or services covered by such registered trade mark,*
> ***is likely to cause confusion on the part of the public, or which is likely to have an association with the registered trade mark….***
>
> ***
>
> ***30. Limits on effect of registered trade mark.—***
> *(1) Nothing in section 29 shall be construed as preventing the use of a registered trade mark by any person for the purposes of*

[27] "**9. Absolute grounds for refusal of registration.—** (1) The trade marks—
***
(2) A mark shall not be registered as a trade mark if— (a) it is of such nature as to deceive the public or cause confusion;…"

identifying goods or services as those of the proprietor provided the use—
(a) is in accordance with honest practices in industrial or commercial matters, and
(b) is not such as to take unfair advantage of or be detrimental to the distinctive character or repute of the trade mark.

***

(c) the use by a person of a trade mark—
(i) in relation to goods connected in the course of trade with the proprietor or a registered user of the trade mark if, as to those goods or a bulk of which they form part, the registered proprietor or the registered user conforming to the permitted use has applied the trade mark and has not subsequently removed or obliterated it, ***or has at any time expressly or impliedly consented to the use of the trade mark****; or…"*

(emphasis supplied)

17.82 Section 135(1) of the Act provides for relief in cases of infringement, including injunctive relief, damages, an account of profits and/or the delivery of the infringing goods for destruction. Section 135(3) outlines certain exceptions to these remedies, as follows:

"…(3) Notwithstanding anything contained in sub-section (1), the court shall not grant relief by way of damages (other than nominal damages) or on account of profits in any case—
(a) where in a suit for infringement of a trade mark, the infringement complained of is in relation to a certification trade mark or collective mark;
(b) where in a suit for infringement the defendant satisfies the court—
(i) that at the time he commenced to use the trade mark complained of in the suit, he was unaware and had no reasonable ground for believing that the trade mark of the plaintiff was on the register or that the plaintiff was a registered user using by way of permitted use; and
(ii) that when he became aware of the existence and nature of the plaintiff's right in the trade mark, he forthwith ceased to use the trade mark in relation to goods or services in respect of which it was registered; or
(c) where in a suit for passing off, the defendant satisfies the court—

(i) that at the time he commenced to use the trade mark complained of in the suit, he was unaware and had no reasonable ground for believing that the trade mark for the plaintiff was in use; and
(ii) that when he became aware of the existence and nature of the plaintiff's trade mark he forthwith ceased to use the trade mark complained of."

17.83 The Supreme Court in ***Amritdhara Pharmacy v. Satya Deo Gupta***[28] set out the test of "overall similarity" to determine whether there is a likelihood of confusion amongst consumers. The inquiry must be conducted from the perspective of an ordinary consumer of average intelligence and imperfect recollection. It was emphasised that while undertaking the enquiry to ascertain similarity and confusion thereof, marks should be assessed in their entirety rather than just focusing on their differences. This principle was reiterated in ***Corn Products Refining Co. v. Shangrila Food Products Ltd***[29]**.**

17.84 Further, the Supreme Court, in the celebrated decision of ***Parle Products (P) Ltd. v. J.P. and Co.***[30], had outlined the factors to be considered when determining infringement in cases of deceptively similar marks. It emphasized that the broad and essential features of the rival marks should be evaluated, and the overall similarity between the marks should be judged to determine whether one could be mistaken for the other. The relevant excerpt is as follows:

"9. It is, therefore, clear that in order to come to the conclusion whether one mark is deceptively similar to another, the broad and essential features of the two are to be considered. They should not be placed side by side to find out if there are any differences in the design and if so, whether they are of such character as to prevent one design from being mistaken for the other. ***It would be enough***

[28] **1962 SCC OnLine SC 13**
[29] **1959 SCC OnLine SC 11**
[30] **(1972) 1 SCC 618**

if the impugned mark bears such an overall similarity to the registered mark as would be likely to mislead a person usually dealing with one to accept the other if offered to him. *In this case we find that the packets are practically of the same size, the colour scheme of the two wrappers is almost the same; the design on both though not identical bears such a close resemblance that one can essily be mistaken for the other. The essential features of both are that there is a girl with one arm raised and carrying something in the other with a cow or cows near her and hens or chickens in the foreground. In the background there is a farm house with a fence. The word "Gluco Biscuits" in one and "Glucose Biscuits" on the other occupy a prominent place at the top with a good deal of similarity between the two writings.* ***Anyone in our opinion who has a look at one of the packets today may easily mistake the other if shown on another day as being the same article which he had seen before***. ***If one was not careful enough to note the peculiar features of the wrapper on the plaintiffs' goods, he might easily mistake the defendants' wrapper for the plaintiffs' if shown to him some time after he had seen the plaintiffs'***. *After all, an ordinary purchaser is not gifted with the powers of observation of a Sherlock Homes. We have therefore no doubt that the defendants' wrapper is deceptively similar to the plaintiffs' which was registered. We do not think it necessary to refer to the decisions referred to at the bar as in our view each case will have to be judged on its own features and it would be of no use to note on how many points there was similarity and in how many others there was absence of it."*

(emphasis supplied)

17.85 Similarly, in ***Cadila Health Care Ltd. v. Cadila Pharmaceuticals Ltd.***[31], the factors for determining deceptive similarity were laid down. These include considering the similarity in the nature of the goods, the class of consumers, and the marks' visual and phonetic resemblance. These factors were delineated in paragraph 35 of the said decision, as follows:

"…(a) The nature of the marks i.e. whether the marks are word marks or label marks or composite marks i.e. both words and label works.

[31] **(2001) 5 SCC 73**

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

(emphasis supplied)

17.86 The Supreme Court in ***Renaissance Hotel Holdings Inc. v. B. Vijaya Sai***[32], held that where the marks and the goods/services are identical, the plaintiff is not required to provide actual proof of the likelihood of confusion. The legislative scheme under the TM Act operates on the premise that the mere existence of similarity between the marks and the goods/services may lead to confusion, thereby justifying a claim for infringement. The relevant excerpt is as follows:

"48. The legislative scheme is clear that when the mark of the defendant is identical with the registered trade mark of the plaintiff and the goods or services covered are similar to the ones covered by such registered trade mark, it may be necessary to prove that it is likely to cause confusion on the part of the public, or which is likely to have an association with the registered trade mark. Similarly, when the trade mark of the plaintiff is similar to the registered trade mark of the defendant and the goods or services covered by such registered trade mark are identical or similar to the goods or services covered by such registered trade mark, it may again be necessary to establish that it is likely to cause confusion on the part of the public. However, when the trade mark of the defendant is identical with the registered trade mark of the plaintiff and that the goods or services of the defendant are identical with the goods or services covered by registered trade mark, the Court

[32] **(2022) 5 SCC 1**

shall presume that it is likely to cause confusion on the part of the public.

***

52. *It could thus be seen that this Court again reiterated that the question to be asked in an infringement action is as to whether the defendant is using a mark which is same as, or which is a colourable imitation of the plaintiff's registered trade mark.* ***It has further been held that though the get-up of the defendant's goods may be so different from the plaintiff's goods and the prices may also be so different that there would be no probability of deception of the public, nevertheless even in such cases i.e. in an infringement action, an injunction would be issued as soon as it is proved that the defendant is improperly using the plaintiff's mark. It has been reiterated that no case of actual deception nor any actual damage needs to be proved in such cases****. This Court has further held that though two actions are closely similar in some respects, in an action for infringement, where the defendant's trade mark is identical with the plaintiff's trade mark, the Court will not enquire whether the infringement is such as is likely to deceive or cause confusion."*

(emphasis supplied)

17.87 Having understood the test for infringement and the principles laid down in the aforementioned decisions, we now apply these to the present case.

17.88 The present dispute pertains to the following rival marks:

LACOSTE 	**CROCODILE INTERNATIONAL** 

17.89 In applying the principles laid down in ***Cadila Health Care Ltd. (supra)***, we observe that the nature of the rival marks is fundamentally

the same, i.e., both are device marks. The marks are affixed to identical or similar classes of goods and target a similar class of consumers. Furthermore, both crocodiles are depicted in a similar posture, featuring a curved tail, scales and a wide-open jaw facing towards the side, with only two limbs visible. As a result, the marks are visually deceptively similar, particularly from the perspective of the average consumer, who, due to imperfect recollection, would not discern a significant difference between the leftward or rightward facing crocodiles. This substantial level of similarity is likely to cause initial interest confusion among consumers, which is, in itself, sufficient to constitute an infringement under Section 29 of the Act. At the cost of repetition, evidence of actual confusion is not required, and the mere likelihood of confusion is sufficient to establish infringement.

17.90 We reiterate that innocence is not a valid defence to trademark infringement under Section 29 of the Act. The key consideration is whether the plaintiff is a registered proprietor of the mark and whether the defendant is authorized to use the said mark. In the present case, Lacoste is the registered proprietor of the standalone saurian device mark. Crocodile International is neither a registered proprietor of the impugned mark nor is a permitted user, thereby attracts liability under Section 29. Further, Crocodile International also does not qualify for protection under Section 30(2)(c)(i) on account of lack of express or implied consent to use the impugned mark.

17.91 The fact that the 1983 instrument of co-existence in five other countries was premised on the understanding that no likelihood of confusion existed between the rival marks in those countries holds

minimal weight for Crocodile International in the Indian context. There is no communication or document placed on record that demonstrates Lacoste's acknowledgement that there is no likelihood of confusion between the marks in India.

17.92 In conclusion, given that both marks share stark visual and conceptual similarities, they are likely to cause confusion among consumers. Thus, the use of the unregistered impugned mark amounts to infringement under Section 29 of the Act. As there is no permissive use under Section 30(2)(c)(i) of the Act, Lacoste is entitled to remedies under Section 135 of the Act. This issue is therefore decided against the defendants and in favour of the plaintiffs.

Issue No. 4: Whether the use of the impugned mark by Crocodile International in India amounts to passing off?

17.93 Passing off is a wider remedy than infringement.[33] An action for passing off arises when a person misrepresents their goods or services as those of another. Unlike a statutory infringement action, which applies to registered marks, passing off is a common law remedy available for unregistered trademarks, and it allows brands of international repute to seek relief in jurisdictions where they may not be registered. A defendant in a passing off claim, may escape liability if they can demonstrate that they have added certain differentiating elements which are sufficient to distinguish their goods from that of

[33] ***S. Syed Mohideen v. P. Sulochana Bai*, (2016) 2 SCC 683; *Renaissance Hotel Holdings Inc. (supra)***

the plaintiff's.[34] Intent or state of mind of the defendant is irrelevant to a cause of action for passing off.[35]

17.94 Under Section 135(3)(c) of the TM Act, the defendant may evade liability for passing off if they can prove that: (i) they were unaware of the plaintiff's mark at the time of commencing use, and had no reasonable grounds to believe that the plaintiff's mark was in use, and (ii) upon becoming aware of the plaintiff's mark, they took adequate steps to distinguish their goods from the plaintiff's goods.

17.95 In ***Reckitt & Colman Products Ltd. v. Borden Inc. & Others***[36], the classic trinity test for passing off was established, which includes: (i) the existence of goodwill or reputation, (ii) a misrepresentation to the public that defendants' goods are associated with the plaintiff's goods, and (iii) the plaintiff suffering or being likely to suffer actual damage due to such misrepresentation. Passing off was thus explained as a tortious act, aimed at protecting the goodwill associated with a mark, as follows:

> *"…The basic underlying principle of such an action was stated in 1842 by Lord Langdale M.R. in Perry v. Truefitt (1842) 6 Beav. 66, 73 to be: "A man is not to sell his own goods under the pretence that they are the goods of another man …." Accordingly, a misrepresentation achieving such a result is actionable because it constitutes an invasion of proprietary rights vested in the plaintiff. However, it is a prerequisite of any successful passing off action that the plaintiff's goods have acquired a reputation in the market and are known by some distinguishing feature. It is also a prerequisite that the misrepresentation has deceived or is likely to deceive and that the plaintiff is likely to suffer damage by such deception. Mere confusion which does not lead to a sale is not*

[34] ***Renaissance Hotel Holdings Inc. (supra)***
[35] ***Wockhardt Ltd. v. Torrent Pharmaceuticals Ltd.*, (2018) 18 SCC 346**
[36] **[1990] 1 WLR 491**

sufficient. Thus, if a customer asks for a tin of black shoe polish without specifying any brand and is offered the product of A which he mistakenly believes to be that of B, he may be confused as to what he has got but he has not been deceived into getting it. Misrepresentation has played no part in his purchase."

17.96 In ***Laxmikant V. Patel v. Chetanbhai Shah***[37], the Supreme court further elaborated on the concept of passing off. It was held that the essential elements of a passing off action are the establishment of goodwill, misrepresentation, and damage or likelihood of damage to the plaintiff's goodwill, as follows:

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

***

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*

[37] **(2002) 3 SCC 65**

> *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**...."*
>
> *(emphasis added)*

17.97 Similarly, in ***Toyota Jidosha Kabushiki Kaisha (supra)***, the Court emphasized that the likelihood of confusion is a key factor in determining whether an action for passing off can be made out. The plaintiff must demonstrate substantial goodwill in the territory where the action is sought. If such goodwill is not established, further examination is unnecessary.

17.98 Adverting to the facts of the present case, Lacoste provided both documentary and oral evidence to establish its goodwill and reputation in India. The following evidence was presented:

(i) Ex. PW 1/15 – Electronic evidence of advertisements and articles in magazines and newspapers was rightly deemed inadmissible due to the lack of a certificate under Section 65B of IEA, as per the principles laid down in ***Arjun Panditrao Khotkar v. Kailash Kushanrao Gorantyal***[38]**.** Additionally, there were no witnesses to provide the necessary foundational evidence for such records and maintenance of the device concerned[39].

[38] **(2020) 7 SCC 1**

[39] **65B. Admissibility of electronic records. —** (1) Notwithstanding anything contained in this Act, any information contained in an electronic record which is printed on a paper, stored, recorded or copied in optical or magnetic media produced by a computer (hereinafter referred to as the computer output) shall be deemed to be also a document, if the conditions mentioned in this section are satisfied in relation to the information

(ii) Ex. PW 1/16 – The Survey Report was rejected for two reasons: (a) it pertained to 2004, whereas reputation needed to be shown as of 1998, and (b) it lacked information regarding the methodology, sample size, and other relevant details.

(iii) Ex. PW 2/5 – The CA certificate was held to be inadmissible because it lacked the accompanying invoices, documents, ledgers etc., hence, the same were not verified or cross-examined and because the concerned CA was also not summoned. Instead, the plaintiffs attempted to prove the authenticity through PW2, who is admittedly not a CA.

17.99 Hence, following the principles laid down in ***Laxmikat V (supra)***, to sustain a passing off claim, Lacoste was required to establish goodwill or reputation in India prior to and at the time of commencement Crocodile International's use of the impugned mark in 1998.

17.100 The learned Single Judge rejected Lacoste's claim for passing off, primarily due to the failure to prove, with admissible and

---

and computer in question and shall be admissible in any proceedings, without further proof or production of the original, as evidence or any contents of the original or of any fact stated therein of which direct evidence would be admissible.
(2) The conditions referred to in sub-section (1) in respect of a computer output shall be the following, namely: — (a) the computer output containing the information was produced by the computer during the period over which the computer was used regularly to store or process information for the purposes of any activities regularly carried on over that period by the person having lawful control over the use of the computer;
(b) during the said period, information of the kind contained in the electronic record or of the kind from which the information so contained is derived was regularly fed into the computer in the ordinary course of the said activities;
(c) throughout the material part of the said period, the computer was operating properly or, if not, then in respect of any period in which it was not operating properly or was out of operation during that part of the period, was not such as to affect the electronic record or the accuracy of its contents; and
(d) the information contained in the electronic record reproduces or is derived from such information fed into the computer in the ordinary course of the said activities.

reliable evidence, that Lacoste had substantial reputation or goodwill in India as of 1998.

17.101 The learned Single Judge held that press articles, advertisements, photos, and the survey report were produced as electronic records without the mandatory certificate required under Section 65B of IEA, therefore, rendering them inadmissible and ineffective.

17.102 Regarding the survey report (Ex. PW1/16), it was held that it reflected public perception in 2004, whereas Lacoste was required to establish its reputation as of 1998. Additionally, the CA certificate pertaining to turnover and advertising was treated as insufficient because it lacked the necessary supporting documents, and the CA was not made available for examination or cross-examination.

17.103 Lacoste contended that requiring the CA certificate to be supported by all the underlying documents would defeat its purpose. However, the learned Single Judge rightfully held that the Supreme Court, in ***CBI v. V.C. Shukla***[40], had affirmed that such documents must be corroborated to be considered credible evidence. It was held that "*even correct and authentic entries in books of account cannot without independent evidence of their trustworthiness, fix a liability upon a person".*

17.104 Furthermore, the learned Single Judge rightly observed that, at the final stage of trial, the evidence must be scrutinized more

[40] **(1998) 3 SCC 410**

rigorously, as it directly impacts the final determination of the rights and liabilities of the parties. The court cannot rely solely on *prima facie* evidence at the final stage but must ensure that evidence complies with relevant procedural laws.

17.105 This Court concurs with the learned Single Judge's finding regarding the issue of passing off. Since the evidence presented by Lacoste relating to goodwill and reputation was found inadmissible, the Court does not need to examine the other elements of passing off, as per the decision in ***S. Syed Mohideen (supra)***.

17.106 Therefore, it is held that Lacoste has failed to establish a case for passing off.

17.107 This issue is decided in favour of the defendants and against the plaintiffs.

Issue No. 5: Whether the suit suffers from acquiescence on behalf of Lacoste?

17.108 Acquiescence is a form of estoppel, rooted in equity and law of evidence. It involves a positive act or deliberate inaction, where a party, with knowledge of infringement, fails to take action within a reasonable period. Acquiescence requires that the party actively sits on their rights, rather than simply remaining silent or passive. Section 33 of the TM Act delineates the effect of acquiescence in the context of trademark law as follows:

> *"**33. Effect of acquiescence**.—*
> *(1) Where the proprietor of an earlier trade mark has acquiesced for a continuous period of five years in the use of a registered trade mark, being aware of that use, he shall no longer be entitled on the basis of that earlier trade mark—*
> *(a) to apply for a declaration that the registration of the later trade mark is invalid, or*
> *(b) to oppose the use of the later trade mark in relation to the goods or services in relation to which it has been so used, unless the registration of the later trade mark was not applied in good faith.*
> *(2) Where sub-section (1) applies, the proprietor of the later trade mark is not entitled to oppose the use of the earlier trade mark, or as the case may be, the exploitation of the earlier right, notwithstanding that the earlier trade mark may no longer be invoked against his later trade mark."*

17.109 In ***Amritdhara Pharmacy (supra)***, the Supreme Court referred to *Halsbury's Laws* (Vol. 32) in its discussion of acquiescence, highlighting that a person who, with knowledge of infringement, refrains from acting, may be precluded from asserting their rights. The Court observed the following:

> *"13. ...The matter has been put thus in Halsbury's Laws of England, Vol. 32, 2nd Edition) p. 656-57, para 966.*
> ***"'If a trader allows another person who is acting in good faith to build up a reputation under a trade name or mark to which he has rights, he may lose his right to complain, and may even be debarred from himself using such name or mark.*** *But even long user by another, if fraudulent, does not affect the plaintiff's right to a final injunction; on the other hand prompt warning or action before the defendant has built up any goodwill may materially assist the plaintiff's case."*
>
> *(emphasis supplied)*

17.110 This Court concurs with the learned Single Judge's findings on the issue to acquiescence. Crocodile International argued that they had openly advertised the use of the impugned mark in India

since 1997, while, Lacoste allegedly became aware of the use in 1999, according to the plaint.

17.111 Although acquiescence can, in certain cases, undermine the right of a party to seek relief[41], the defendants have not presented sufficient evidence to established that Lacoste, with knowledge of the alleged infringement, remained passive or tacitly consented to the Crocodile International's use of the impugned mark. The purported three-year delay in initiating the suit does not, in this instance, prejudice the defendants, as no detriment has been proved to have occurred during this period. As a result, this issue is decided in favour of the plaintiffs and against the defendants.

***Issue No. 6:* Whether the learned Single Judge erred in granting rendition of accounts to Lacoste?**

17.112 It is well established under Indian law that a decree for the rendition of accounts may only be granted where the plaintiff is legally entitled to seek such relief. This entitlement can arise in the following contexts: (i) by virtue of statute, (ii) based on fiduciary relationship between the parties, or (iii) in equity, where the relationship between the parties necessitates the granting of accounts to assert the legal right[42] of the plaintiff effectively.

17.113 The right to seek rendition of accounts, therefore, may either be statutory, arise from the nature of relationship between the

[41] ***Chairman, State Bank of India v. MJ James*, 2021 SCC OnLine SC 1061**
[42] ***K.C. Skaria* v. *Govt. of State of Kerala* (2006) 2 SCC 285**

parties, or be granted in equity where other forms of relief would be inadequate.

17.114 In the present case, following the finding of trademark infringement, the learned Single Judge directed Crocodile International to render an account of the profits derived from the sale of goods bearing the impugned mark. This direction is consistent with the provisions of Section 135(1) of the TM Act which allows the plaintiffs to seek relief, including the accounting of profits, following an infringement of their trademark rights. For the convenience, Section 135 is reproduced as follows:

> *"**135. Relief in suits for infringement or for passing off.—***
> *...(3) Notwithstanding anything contained in sub-section (1), the court shall not grant relief by way of damages (other than nominal damages) or on account of profits in any case—*
> *(a) where in a suit for infringement of a trade mark, the infringement complained of is in relation to a certification trade mark or collective mark; or*
> *(b) where in a suit for infringement the defendant satisfies the court—*
> *(i) that at the time he commenced to use the trade mark complained of in the suit, he was unaware and had no reasonable ground for believing that the trade mark of the plaintiff was on the register or that the plaintiff was a registered user using by way of permitted use; and*
> *(ii) that when he became aware of the existence and nature of the plaintiff's right in the trade mark, he forthwith ceased to use the trade mark in relation to goods or services in respect of which it was registered;..."*

17.115 It is important to note that Section 135(3) of the Act provides certain exceptions to the obligation to account for profits or damages. However, these exceptions are not applicable in the present case as Lacoste is the registered proprietor of the trademark, and Crocodile International is using a deceptively similar and unregistered

mark, hence, a clear case of infringement is made out. Therefore, a remedy is necessary to provide adequate redress for the infringement of its rights; as per Section 135, Lacoste is entitled to an account of profits.

17.116 Crocodile International contended that no fiduciary relationship existed between the parties, which would warrant the rendition of accounts. However, Section 135 of the Act does not require a fiduciary relationship to grant such relief. The only criterion to be satisfied in order to grant an account of profits is a finding that the defendant is infringing the plaintiff's registered trademark. The plaintiff is then entitled to the proceeds generated from the commercial use of the infringing mark, regardless of whether a fiduciary relationship exists between the parties.

17.117 In the light of the above, we find no error in the learned Single Judge's decision to grant an account of profits to Lacoste. Section 135 of the TM Act, when applied to the facts of this case, justifies the aforesaid relief. Accordingly, this issue is decided in favour of the plaintiffs and against the defendants.

Issue No. 7: Whether the learned Single Judge erred in awarding costs to Lacoste?

17.118 In relation to the award of costs, Crocodile International contended that the eleven-year delay in the proceedings was primarily due to Lacoste, and therefore, the imposition of costs on them was not justified. Crocodile International relied on Section 35(3)(a) of CPC, as amended by the Commercial Courts Act, 2015. In contrast, Lacoste

emphasized Section 35(2) of the CPC, which grants courts discretion in awarding costs.

17.119 Section 35 of the CPC vests discretionary powers in the courts with respect to the imposition of costs in commercial disputes. It grants the court the authority to decide whether costs should be awarded as well as the quantum of such costs. The general rule, however, is that the unsuccessful party shall be ordered to pay the costs of the successful party, unless the court records reasons for deviation. In exercising this discretion, the court may consider several factors, including: (i) the conduct of the parties during the proceedings, (ii) whether a party has made frivolous counterclaims that have delayed the resolution of the case, (iii) whether vexatious proceedings have been instituted, or (iv) whether the party's actions have unnecessarily consumed the court's time.

17.120 Additionally, Chapter XXIII of the Delhi High Court (Original Side) Rules, 2018 provides guidelines for the imposition of costs, particularly Rules 1 and 2, which lay down the principles that courts should consider whilst determining costs. The relevant Rules are reproduced below:

> *"**1. Power of Court/ Registrar General/ Registrar to impose cost.-** (i) If the Court considers any party abusing the process of Court or in any manner considered dilatory, vexatious, mala fide and abuse of process by them, the Court shall require the delinquent party to make deposit / payment upfront, in the manner directed by Court of such costs as the Court deems appropriate, before proceeding further in the matter. For the purpose of this Chapter, the expression ―Court‖ shall mean and include the Court, the Registrar General and the Registrar, as the case may be. (ii) In addition to exercise of powers under Rule 1(i) above, the Court*

may impose suitable costs upon any party at any stage of the proceedings, including at the stage of filing any interlocutory application; framing of issues; determining order and conduct of recording evidence etc., if it considers imposition of such costs just, necessary and proper, according to the proceedings in the matter. (iii) While determining costs, the Court may also take into consideration factors, such as, inconvenience caused to parties/ witnesses/ other persons connected with the proceedings; previous conduct of parties; the stage at which the offending conduct is committed by the delinquent party; the probability and likelihood of success of vexatious efforts of the delinquent party; the relevancy of number and nature of witnesses; questions (including depositions by way of examination-in-chief) put to the witnesses and such other conduct as the Court considers inappropriate. (iv) Failure of the said party in making payment/ deposit of costs may result in all consequences provided in the Code for defaults and adverse orders being passed against the said party, as the Court deems appropriate and proper, besides enabling the other party to file execution proceedings against the delinquent party for recovery of said costs.

2. Imposition of actual costs.- *In addition to imposition of costs, as provided in Rule 1 of this Chapter, the Court shall award costs guided by and upto actual costs as borne by the parties, even if the same has not been quantified by parties, at the time of decreeing or dismissing the suit. In this behalf the Court will take into consideration all relevant factors including (but not restricted) the actual fees paid to the Advocates/ Senior Advocates; actual expenses for publication, citation etc.; actual costs incurred in prosecution and conduct of suit including but not limited to costs and expenses incurred for attending proceedings, procuring attendance of witnesses, experts etc.; execution of commissions; and all other legitimate expenses incurred by the party, which the Court orders to be paid to any party. In addition to imposition of costs as above, the Court may also pass a decree for costs as provided in Sections 35-A and 35-B of the Code or under any applicable law."*

17.121 In view of the aforementioned Rules and the specific facts of this case, this Court notes that: (i) the suit was partly decreed in favour of the defendants, and (ii) There was an eleven-year delay in examining a key witness by Lacoste. Given these circumstances, this

Court is of the opinion that it would not be justifiable for the defendants to bear the entirety of the costs. Accordingly, the Court deems it appropriate to set aside the findings of the learned Single Judge concerning the imposition of costs. Therefore, this issue is decided in favour of the defendants and against the plaintiffs.

CONCLUSION AND RELIEF

18. In light of the foregoing discussion, this Court is satisfied that the plaintiffs have established infringement of their trademark "  " and copyright in "  ". However, the plaintiffs' claim for passing off is not maintainable due to their failure to establish goodwill, as discussed earlier.

19. Having regard to the preceding findings, this Court upholds the decree for a permanent injunction in favour of the plaintiffs and against the defendants with respect to the trademark infringement.

20. This Court further finds that there is no acquiescence on the part of the plaintiffs that would disentitle them form seeking relief.

21. Issue No. 1 pertaining to copyright infringement, the Court rules in favour of the plaintiffs and against the defendants.

22. Since, the plaintiffs only prayed for permanent injunction with respect to copyright infringement, a decree of permanent injunction is granted in favour of the plaintiffs and against the defendants.

23. Accordingly, the impugned judgment dated 14.08.2024 passed in CS (Comm) No. 1550 of 2016 is modified in the terms outlined hereinabove.

24. The appeals are partly allowed in the above terms.

25. All pending applications, if any, stand disposed of. No order is made as to costs.

OM PRAKASH SHUKLA, J.

C.HARI SHANKAR, J.

MARCH 09, 2026/*gunn/ss/at*