

MANU/DE/1334/2000

Equivalent Citation: 2000(56)DRJ806

IN THE HIGH COURT OF DELHI

F.A.O(OS) 256 of 1998

Decided On: 25.02.2000

Appellants: **J.K. Jain and Ors.**

Vs.

Respondent: **Ziff-Davies Inc.**

Hon'ble Judges/Coram:

Devinder Gupta and B.A. Khan, JJ.

Counsel:

For Appellant/Petitioner/plaintiff: Pratibha M. Singh and Ruchi Agnihotri, Advs

For Respondents/Defendant: S.C. Aggarwal, Sr. Adv., Praveen Anand and Binni Kalra, Advs.

Subject: Intellectual Property Rights

Cases Referred:

Wander Ltd. and Anr. v. Antox India (P) Ltd., 1990 (Supp.) SCC 727

Disposition:

Appeal dismissed

Case Note:

Interim injunction - Passing off--Cancellation of license by the owner--Licence to use names of International Magazines--The ex-licensee having recognized the proprietary right of owner, cannot deny the same subsequently--Interim injunction granted in favor of owner.

Trade Mark - Licence--Cancellation of license by the owner--The ex licensee having recognized the proprietary right of owner, cannot deny the same subsequently.

JUDGMENT

Devinder Gupta, J.

1. This appeal is against an order passed by learned Single Judge on 23.9.1998 allowing the application of plaintiff/Respondent filed under Order 39 Rules 1 and 2 C.P.C. thereby restraining the Defendants/Appellants from using the stylized logo and trade mark PC MAGAZINE, INTERNET USER, COMPUTER SHOPPER and PC WEEK subject to furnishing a bank guarantee of Rs. 5 lakhs to compensate the defendants/appellants, in case suit is Finally dismissed. Learned Single Judge on appreciation of the material placed before him concluded that there was prima facie case for grant of injunction; balance of convenience also lay for grant of injunction in favor of the plaintiff/Respondent; and the plaintiff/Respondent will suffer irreparable loss and injury in case injunction, prayed for, is not granted. Learned Single Judge noticed that the defendants/appellants had taken a license with respect to PC MAGAZINE from the plaintiff/Respondent. On referring to clause 12 of the said agreement, learned Single Judge negated the case set up by the defendants of prior user of mark observing that in case the defendants had not taken the license and published PC MAGAZINE under the said licence, he might have been persuaded to hold that the plaintiff was not the owner and the defendants had acquired ownership by prior user of the trade mark in India in which eventuality argument that the plaintiff/Respondent had no claim in U.S.A. to exclusive right to use PC MAGAZINE and could have succeeded in holding that the Defendants are holder of the trade mark.

2. The facts in brief are that the plaintiff/Respondent filed suit for injunction against the appellants in relation to four titles used with respect to magazines, namely (1) PG MAGAZINE (2) INTERNET USER (3) COMPUTER SHOPPER and (4) PC WEEK. The basis of the plaintiff's suit is that the appellants were its licensee for publishing computer magazine under the trade mark "PC MAGAZINE INDIA" under a license agreement dated 9.4.1994. The appellants. On entering the said agreement the appellants recognised plaintiff's proprietary rights to the title. The appellants had also acknowledged plaintiff's ownership of all the titles being used by the plaintiff/Respondent, referred to in the agreement as "Ziff Marks". In Clause 12 and (b) of the license agreement the appellants specifically agreed and acknowledged the copyright and trade marks of the plaintiff, not to exercise its rights under the agreement or otherwise claim any right or interest in trade marks or the Ziff

manupatra Marks beyond the rights given in the agreement. The "Ziff Marks" under Clause 12(c) of the agreement included the plaintiffs trade marks i.e., PC MAGAZINE, PC WEEK, COMPUTER SHOPPER and INTERNET USER. The plaintiff/Respondent claimed that license stood terminated. The defendants/appellants thereafter started publishing four magazines, contrary to the terms of license thereby necessitating filing of the suit.

3. The suit was opposed by the defendants/appellants. It was appellants' case that 'PC MAGAZINE' was first published by it in March, 1994. Magazine INTERNET USER was also published earlier to the date of licence. It was only in April, 1994 that the agreement was entered into for publication of Copy Right material, on payment of royalty to the plaintiff/Respondent. The agreement did not relate to the other three titles. It related only to PC MAGAZINE. The appellants were the prior owners and user of mark "PC MAGAZINE" in India. All the four titles are registered with Registrar of Newspapers in India in the name of the appellants. The Respondent has no trade mark registered and had not claimed any statutory right in its trade marks in India and the Respondent had claimed that it was not a suit for infringement of trade mark and its case thus revolves round the cause of action of passing off. The appellants did not dispute that license had come to an end, but contended that even during subsistence of agreement, magazines of the appellants and the Respondent co-existed. The appellants' magazines are freely available off the stand just like any other Indian magazines. It was due to appellants efforts alone that the magazines had become so popular in India whereas the respondent's magazine can only be subscribed directly by Indian readers, which are not freely available off the stand. As per the Governments policy in India today, foreign publishers are not allowed in India, Therefore, there is no question of any irreparable loss and injury being caused to the respondent who was still free to give its copy right material to anyone else in India and earn royalty. The appellant tried to urge that the trade marks, which are purely descriptive in nature, are not entitled to any protection and the Respondent had disclaimed words "PC", "MAGAZINE", "COMPUTER", "PC WEEK" etc. in its various trade mark registration in various countries. Because of this disclaimer also, there was no prima facie case in Respondent's favour.

4. We heard learned counsel for the parties at length and were also taken through the entire record. As noticed above by us, learned Single Judge, after considering the fact that the plaintiff/Respondent had granted a license in favor of the appellants on 9.4.1994 and the term thereof expired on 31.3.1997, observed that the defendants/appellants had under the terms of the agreement recognised the respondent's proprietary right in the copy rights under the agreement. Therefore, as an ex-licensee, the appellants were estopped from challenging the ownership of the Respondent in the marks referred to in the agreement.' Whether the words "PC", "WEEK", "MAGAZINE", "COMPUTER", "SHOPPER", "USER", "INTERNET", are descriptive or general words, as an ex-licensee, appellants were estopped from claiming that the mark was descriptive since the appellants under the terms of the agreement were unable to challenge the proprietary rights of the respondents trade mark or trade name on any ground. Learned Single Judge quoted Clause 12(a) of the agreement and observed that as the Appellant itself had taken license from the Respondent the same would indicate high value of the trade mark of the Respondent. Learned Single Judge concluded that the Respondent had been able to establish prima facie case for seeking injunction in its favour. Learned trial Court also noticed the offer of the appellants of furnishing an undertaking not to use logo of the Respondent and to publish a declaration in its magazine to the effect that the four titles had no relationship whatsoever with PC MAGAZINE U.S.A. or with Ziff Davies Publishing Company U.S.A., but considering the terms of the agreement, concluded that balance of convenience also lay in favor of grant of injunction in favor of the Respondent. On the question of irreparable loss also, learned Single Judge observed that mere undertaking to publish disclaimer continuously was not going to help and unless injunction was granted, the plaintiff/Respondent was likely to suffer irreparable loss. In so far as loss to appellants was concerned, in view of the prima facie nature of the case in favor of the respondent learned Single Judge observed that injunction deserves to be granted on Respondent furnishing bank guarantee of Rs. 5 lakhs to compensate the appellants in the event of suit being dismissed.

5. Clause 12(a) of the agreement entered into between the plaintiff/Respondent and Defendants/Appellants stipulated that scope of licensee's permission will not be considered as expanded in any respect. All use of the trademarks and any other trademark owned by licensor or its affiliates including Ziff Communications Company, at any time during or "after the term of the agreement will accrue solely to the beneficiary of the licensor. Under the said terms, the appellant agreed that it shall not use directly or indirectly, challenge, contest or attack ownership of the licensor or any of its affiliates or division or trade marks or any Ziff marks or the validity of the trade marks or seek to register a claim of ownership of the trade mark in itself. Under the said agreement the appellants agreed :-

"Licensee agrees to use the Trademarks only in accordance with, and subject to the restrictions set forth in, this agreement and Exhibit A and in a manner that does not derogate Licensor's or Ziff's rights therein, and not in , combination with any other word (s) or mark(s). Licensee shall not directly or indirectly use or permit the use of the Trademarks or the Ziff Marks in any way which might infringe the rights of Licensor or its affiliates or divisions therein. Licensee shall not use, directly or indirectly, any of the Trademarks or the Ziff Marks, or the same "Ziff-Davis Publishing Company", or any trademark or name similar to any of the foregoing, or any other material which is owned by Licensor, alone or in combination with any other word(s) or mark(s), in any corporate name, trade name or other designation used by Licensee to identify its business or any division thereof, including,

without limitation, on business cards, signs, stationery, business forms of similar materials, (except for the use of the "PC Magazine" logo on business cards, stationary, and business forms only insofar as such use is in accordance with the terms and conditions of this agreement and is directly related to the promotion of the Foreign Edition, and subject to Section 8(b) of this agreement) or as a trademark, except as specifically provided in this agreement, or otherwise. Nor shall Licensee, directly or indirectly, interfere with Licensor's (or its affiliate's or division's) use, licensing or registration of the Trademarks or the Ziff Marks (or any element thereof) anywhere throughout the world Without limiting the generality of the foregoing, Licensee acknowledges for itself and its Licensee Affiliates that any logo incorporating any one or more of the following elements shall be deemed similar to Licensor's "PC" and "PC Magazine" logos : the letters "PC", (i) in the same or similar type face as is used by Licensor; (ii) in the colour while on a red background or in the color red; (iii) in a box design, or (iv) with stripes."

6. Learned Single Judge considering the terms of the agreement opined that in view of the Appellants having agreed that it will not have or obtain by exercising its rights under the agreement or otherwise any right or interest in the trademarks or the Ziff Marks beyond the rights specifically given in the agreement, the Appellants were estopped to resist the application for grant of injunction, which fact alone was sufficient that plaintiff/Respondent had made out a prima facie case for grant of injunction.

7. The Appellants did not dispute the fact that the agreement was entered into and in the terms thereof PC MAGAZINE and the other titles are the "Ziff Marks". Having taken benefit under the terms of the agreement, we are of the view that it will not be permissible for the Appellants to resist the application of plaintiff/Respondent and to that extent learned Single Judge was justified in coming to the conclusion that the plaintiff/Respondent had a good prima facie case for injunction being granted.

8. Learned Single Judge having correctly applied the principles governing grant of temporary injunctions, it will not be permissible for us, while sitting in appeal to interfere with the impugned order merely on the ground that on the same material, we might be persuaded to take a different view than the one taken by learned Single Judge, particularly when the view taken by learned Single Judge is the possible view, which could be taken. It has not been shown that the order of learned Single Judge is in any manner perverse or that the view taken by him is not the possible view. Reference be made on this proposition to the decision of the Supreme Court in *Wander Ltd. and Anr. v. Antox India (P) Ltd.* MANU/SC/0595/1990. The entire case of the plaintiff/Respondent is based upon the premises that the Defendant/Appellant deserve to be restrained from violating the terms of the agreement entered into between the parties in which the appellant had admitted the ownership of the plaintiff/Respondent and its associates in the four titles. After termination of the license the very act of the Defendant/Appellant in publishing the four titles is contrary to the terms of the licence.

9. In view of the above, we find no force in the appeal, which is hereby dismissed leaving the parties to bear their respective costs.