

MANU/DE/0416/2003

**Equivalent Citation:** 2003(26)PTC541(Del)

**IN THE HIGH COURT OF DELHI**

FAO (OS) 457 of 2001

Decided On: 14.02.2003

Appellants: **Keld Ellentoft India (P) Ltd.**  
**Vs.**

Respondent: **KE Burgmann and Ors.**

**Hon'ble Judges/Coram:**

Devinder Gupta, A.C.J. and S. Mukerjee, J.

**Counsel:**

For Appellant/Petitioner/plaintiff: C.A. Sundaram, Sr. Adv. and Sanjay Sen, Adv

For Respondents/Defendant: A.S. Chandihok, Sr. Adv., Pratibha M. Singh and Vandana Miglani, Advs. for Respondent No. 1

**Subject: Intellectual Property Rights**

**Acts/Rules/Orders:**

Code of Civil Procedure, 1908 (CPC) - Order 39 Rules 1, Code of Civil Procedure, 1908 (CPC) - Order 39 Rules 2, Code of Civil Procedure, 1908 (CPC) - Order 39 Rules 4; Trade and Merchandise Marks Act, 1958 - Section 27, Trade and Merchandise Marks Act, 1958 - Section 28, Trade and Merchandise Marks Act, 1958 - Section 51

**Cases Referred:**

N.R. Dongre v. Whirlpool Corporation, 1996 PTC 476; Ziff-Davis Inc. v. Dr. D.K. Jain and Ors., 1998 PTC 18; Power Control Appliances v. Sumit Machines Pvt. Ltd., (1994) (1) ALR 308(SC), 1995 PTC 165(SC); Wander Ltd. and Anr. case, 1990 (Supp) SCC 727, 1991 PTC 1(SC); Allied Nippon Ltd. and Anr. v. Allied Motors, 1999(19) PTC 425

**Disposition:**

Appeal dismissed

**Citing Reference:**

Mentioned  5

**Case Note:**

**Intellectual Property Rights – injunction – Order 39 Rules 1, 2 and 4 of Code of Civil Procedure, 1908 and Sections 27, 28 and 51 of Trade and Merchandise Marks Act, 1958 – appeal against Order passed by Single Judge whereby temporary injunction granted – appellant restrained from using a logo which is mark of respondent – Order passed by Single Judge not liable to be interfered as his view is a possible view to be adopted in matter – interference in appeal not warranted as per and circumstances of case – appeal dismissed.**

**JUDGMENT**

**S. Mukerjee, J.**

1. The challenge in this appeal is to an Order dated 21.9.2001 passed by the learned Single Judge of this Court in is 5509/2001 in Suit No. 1144/2001, whereby the temporary injunction application was allowed and the defendant No. 2 in the suit was restrained in terms of prayer (a), (b) and (c) of the said injunction application which are quoted here-in-below for convenience of reference :-

(a) An order of interim injunction be granted restraining the defendants, their promoters, officers, servants, agents, dealers, distributors or anyone acting for and on their behalf from in any

manner using the KE logo or any logo which is a substantial reproduction of a colorable imitation of the plaintiffs logo in relation to any products or services thereby Constituting infringement of the plaintiffs copyright in the said logo.

(b) An order of interim injunction be granted restraining the defendants, their promoters, officers, servants, agents, dealers, distributors or anyone acting for and on their behalf from using the KE mark in relation to any products except the products specified in para 14 of the plaint, and further from using the KE logo for any products whatsoever, thereby Constituting passing off of the defendants goods or business as that of the plaintiffs or that which is directly or indirectly connected with the plaintiffs.

(c) An order of interim injunction restraining the defendants, their promoters, officers, servants, agents, dealers, distributors or anyone acting for and on their behalf from representing that it is the registered proprietor of the KE logo/mark and an order directing the defendants to transfer the said registered mark/logo to the plaintiffs.

2. It is the case of appellant that they have been restrained from using a logo which is the appellant's trademark connected with the appellant's name atleast as India is concerned. For the rest of the world it may be the mark of the respondents.

3. The appellant who was defendant No, 2 in the main suit is aggrieved on the following counts :-

(i) Learned Single Judge ought to have appreciated the fact that, admittedly the Appellant is the registered Proprietor of the trade mark and logo "KE" in India ever since 1988 and had been continuously using the same till the order of injunction.

(ii) Learned Single Judge erred in relying on agreements which have no relevance to the pleadings contained in the plaint.

(iii) Learned Single Judge's conclusion that by virtue of the compromise deed the appellant/second defendant was allowed to manufacture and sell only the products that carried the name with the prefix "KE" is erroneous.

(iv) Learned Single Judge's interpretation of the compromise decree passed in CS No. 341/2000 between the parties by the High Court of Judicature at Madras is erroneous.

(v) The learned Single Judge has erroneously held that the right of use the logo in question was a permissive use of defendant. As, reliance could not have been placed upon agreement dated 15.1.1987 when admittedly the appellant/second defendant is not a party to the said agreement, more so, when parties to the agreement dated 15.1.1987 have not been made parties to the suit. The conduct of the parties and the subsequent agreement were both different as a result of substitution of the agreement dated 15.1.87.

(vi) The learned Single Judge erroneously held appellant to be a licensee while appellant is actually the registered proprietor of the trade mark and logo 'KE' in India, continuously using the same since 1988. The user of logo KE and it's renewal of registration had not been questioned prior to filing of the suit.

(vii) The factory of plaintiff No. 2 had been inaugurated only in March 2001 and prior to that the plaintiffs were never carrying on business in India and the trade mark and logo 'KE' denotes only the plaintiffs' presence in India. When they were still the share holders of the appellant.

(viii) Learned Single Judge failed to appreciate that the plaintiff No. 1 had breached the contract and trust by establishing the second plaintiff at a time.

4. The dictum in N.R. Dongre v. Whirlpool Corporation, 1996 PTC 476, Ziff-Davis Inc. v. Dr. D.K. Jain and Ors. 1998 PTC 18 and Power Control Appliances v. Sumit Machines Pvt. Ltd., (1994) (1) ALR 308 : 1995 PTC 165 been wrongly relied upon by the learned Single Judge.

5. Learned Senior Counsel for appellant argued with emphasis that no injunction could have been granted except upon a clear finding that the right of defendant No. 2/appellant to use the mark had been conferred under a license which barred the appellant from using the mark after termination of the license and that defendant did not have any other source of right to use the mark. He further stressed that the learned Single Judge had not appropriately considered the acquiescence by the respondent/plaintiff in the use of the trade mark by the appellant.

6. It is also contended that Clause 4.1 of the joint venture agreement was only for the patents while Clause 4.2 required that the plaintiff shall first register trade mark on flexible expansion joints, compensators and related products and services in India, then only the plaintiff was supposed to enter into license agreement for the use of that trade mark. Whereas, actually what transpired was that the trade mark was itself registered in the name of the appellant/second defendant and the plaintiff was a 40% shareholder in this company till the

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year 2000. The company mentioned in Clause 4.2 of the joint venture agreement was yet to come into existence. Thus, the appellant had acquired un-assailable right with the registered logo 'KE' under the Trade Marks Act.

7. It is also urged by the learned Single Counsel that the license given was only in respect of licensed products manufactured for export and the compromise decree in CS 341/2000 passed by the Madras High Court did not contain any clause forbearing the use of logo 'KE' by the appellant/defendant No. 2.

8. Learned counsel for the respondent on the other hand submitted that the learned Single Judge having applied the three principles governing for grant of temporary injunction, unless it is demonstrated that discretion exercised is perverse, no interference is called for in view of the ratio of cases reported as Wander Ltd. and Anr., MANU/SC/0595/1990 : and Allied Nippon Ltd. and Anr. v. Allied Motors, 1999 (19) PTC 425.

9. It was further contended that the joint venture agreement was entered into between the plaintiff No. 1 and the Indian promoters and that is how the defendant came into existence. It was after the incorporation that a Technical Collaboration Agreement was entered into between respondent/petitioner No. 1 and Appellant/Respondent No. 1 on 1st May 1987 whereof, Articles 10 and 13 were relevant. It is submitted that since license had been given to manufacture the products, it would by implication include the grant of license of trade mark and logo 'KE'. While referring to Clause 10 at page 184 of the record, Mr. A.S. Chandihok learned Senior Counsel for the respondent also contended that the right to use the mark or logo has been given by this very clause. The further contention of the respondent is that even written statement has not been filed and only pleadings by way of Order 39 Rule 4 of CPC are on record.

10. It was also submitted that in fact there was grant of license as per agreement of 15 January 1987, but only an agreement to grant and that the manner was stipulated by Clause 4.2 and in fact the appellant/defendant No. 2 got the registration done on its basis, and the appellant cannot be allowed to argue on the basis that the prospective agreement was neither given effect to nor signed nor endorsed by the respondent/plaintiff.

11. It was also the contention of the respondent that respondent/plaintiffs trade mark is registered since 1971 in many countries. It is also contended that except for license, it is nowhere pleaded in the application under Order 39 Rule 4, which is the only pleading filed by the appellant as to what is the source of appellant's right.

12. By way of submissions made in rejoinder, learned Senior Counsel for the appellant has urged that this is not a case of fight between two shareholders. Rather the fight is between one of the shareholders and ex-shareholder of the company. Suit is filed by the ex-shareholder against the company which is the appellant.

13. The ex-shareholder is the plaintiff. plaintiff is not a registered proprietor of the trade mark whereas the appellant is the registered proprietor. The rights of the registered owner are governed by Sections 27 and 28 of the Trade Marks Act. In terms of Section 51, the registration of a trade mark is a prima facie evidence of its validity.

14. Moreover in India statutorily two persons can have the same trade mark provided there is honest and concurrent user.

15. We have gone through the impugned order of the learned Single Judge. In case of such intra court appeals it is not appropriate to have a mini-trial at the stage of considerations of application for temporary injunction. Learned Single Judge has appreciated the matter and come to conclusion in favor of respondents. The issues now raised in appeal were substantially urged before the learned Single Judge, who on considered opinion has arrived at one view which is a possible view, which can be taken on the material on record.

16. At this stage we do not expected to make any comment or observation regarding the merits of this case. The order passed by the learned Single Judge will not be liable to be interfered with, so long the view of learned Single Judge is a possible view to be adopted in the matter. The view taken by Hon'ble Mr. J.D. Kapoor, J. being one possible view, we feel that interference in appeal is not warranted in the facts and circumstances of the present case.

17. Considering the grievance made out by the appellant, we direct expeditious disposal of the suit by the learned Single Judge, subject to the appellant filing written statement Along with the documents in original within a period of four weeks from today, and after granting reasonable period and proper opportunity to the opposite party to file replication if any Along with the documents in original, the matter will be listed before the Joint Registrar for admission/denial of documents at the earliest and preferably within a period of three months. Thereafter the matter be taken up for framing of issues by the learned Single Judge expeditiously.

18. As per amended provisions of CPC, evidence has to be by way of affidavits and the cross-examination can be directed to be recorded by Commissioner to be appointed by the Court for the said purpose. In this manner the trial can be expedited to reach the stage of cross-examination within a period of six months from today.

19. With the above observations the appeal is dismissed of leaving the parties to bear their own costs.

