

MANU/DE/1488/2004

Equivalent Citation: [2005]128CompCas190(Delhi)

IN THE HIGH COURT OF DELHI

IA. Nos. 1140 and 1797 of 2004 in CS(OS) No. 166 of 2004

Decided On: 13.08.2004

Appellants: **Vinod Kumar Jain**
Vs.

Respondent: **Blumac Electricals India**

Hon'ble Judges/Coram:

Vikramajit Sen, J.

Counsels:

For Appellant/Petitioner/plaintiff: S.K. Bansal, Adv

For Respondents/Defendant: Pratibha M. Singh, Adv.

Subject: Intellectual Property Rights

Subject: Contract

Acts/Rules/Orders:

Trade Marks Act, 1999 - Section 31, Trade Marks Act, 1999 - Section 134, Trade Marks Act, 1999 - Section 135 ; Trade and Merchandise Marks Act, 1958 - Section 12(3)

Cases Referred:

Modi Threads Ltd. v. Som Soot Gola Factory, AIR 1992 Delhi 4; Uniply Industries Ltd. v. Unicorn Plywood Pvt. Ltd., [2001] PTC 417 (SC) : AIR 2001 SC 2083; Sant Lal Jain v. Avtar Singh, AIR 1985 SC 857; Pepsi Foods v. Jai Drinks (P.) Ltd., [1996] PTC (16); Ziff-Davis INC. v. D. K. Jain, [1998] PTC (18); Gujarat Bottling Co. Ltd. v. Coca Cola Co., [1995] 84 Comp Case 618 : AIR 1995 SC 2372; Power Control Appliances v. Sumeet Machines Pvt. Ltd., [1994] 2 SCC 448; Rajni Dua v. Bhushan Kumar, [1998] PTC (18); Casio India Co. Ltd. v. Ashita Tele Systems Pvt. Ltd., [2003] (27) PTC 265 (Delhi); N.R. Dongre v. Whirlpool Corporation, AIR 1995 Delhi 300

Citing Reference:

Discussed		4
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Case Note:

Intellectual Property Rights - Infringement of Trademark - Sections 31, 134 and 135 of the Trade Marks Act, 1999 - In this suit under Sections 134 and 135 of Act, plaintiff has prayed for issuance of ad interim injunction restraining defendant from using, manufacturing, selling, advertising or displaying or directly or indirectly dealing in trade mark "Johnson" or any other trade mark identical with or deceptively similar thereto - Held, this trade mark was in ownership of C which had in fact assigned it to plaintiff - Factum of execution of registered user agreement, between C and defendant for period of 51 years, subject to payment of royalty by defendant is not in dispute - Cancellation by C of assignment in favor of plaintiff, purported assignment to plaintiff flies in face of sundry terms of license in favor of defendant, terms of which must have been known to plaintiff - Defendant has vigorously opposed registration of trade mark in favor of plaintiff and interim orders have been passed staying registration - Even if Section 31 of Act were to grant exclusive user to plaintiff as so-called registered holder, whole controversy is at large - On an understanding of registered user agreement, it is at once obvious that assignment in favor of plaintiff could at best have been a limited one - In a dispute between assignor and defendant, Court would be extremely reluctant to pass an injunction in favor of former because of rights enjoyed by latter as per their agreement - plaintiff has failed altogether to disclose existence of prima facie case in his favor - So far as balance of convenience is concerned, defendant has been using trade mark for almost 20 years - No balance of convenience in favour of plaintiff - Hence, plaintiff's application is dismissed

Vikramajit Sen, J.

1. In this suit under Sections 134 and 135 of the Trade Marks Act, 1999, the plaintiff has prayed for the issuance of ad interim injunction restraining the defendant from using, manufacturing, selling, advertising or displaying or directly or indirectly dealing in the trade mark "Johnson" or any other trade mark identical with or deceptively similar thereto. It is not in dispute that this trade mark was in the ownership of Classic Equipments Pvt. Ltd., Delhi, which had in fact assigned it to the plaintiff vide deed dated April 1, 1999. Classic Equipments Pvt. Ltd. had become the proprietor of the trade mark "Johnson" on its acquisition of M/s. Johnson Sales (India) by an agreement dated April 2, 1992.

2. The factum of the execution of a registered user agreement dated March 23, 1992, between Classic Equipments Pvt. Ltd. and the defendant for a period of 51 years, subject to payment of royalty by the defendants is not in dispute. The agreement also includes a covenant to the effect that if Classic Equipments is desirous of assigning the said trade mark the defendant shall have the first option of obtaining the assignment thereof.

3. The deed of assignment of the trade mark is dated April 1, 1999, between Classic Equipments and the plaintiff as a consequence of a family settlement. Thereafter, by a legal notice dated September 28, 2000, the defendant was informed that the plaintiff having acquired the proprietorship of the said trade mark and of its decision to terminate the license agreement dated March 23, 1992. The plaintiff thereafter caused another legal notice to be issued on April 21, 2003 making the following demands on the defendants:

11. In view thereof vide the present notice you are called upon to immediately comply with the following:

(a) To immediately and absolutely cease with and stop using the subject-matter trade mark(s) Johnson (or any other mark/name confusingly similar) in respect of the goods mentioned in the said license or in respect of any of the goods covered by our clients rights and registrations (of which you are well aware of) or for goods of allied/cognate description thereto (collectively referred to as the "said goods").

(b) To refrain forthwith from manufacturing, packing, advertising for sale, exposing for sale, selling or otherwise exhibiting or disposing of anywhere in the Republic of India and overseas any products of yours bearing the impugned trade mark(s) (or any mark/name confusingly similar) complained of in such a manner amounting to infringement and passing off.

(c) To deliver to us on behalf of our clients for destruction of all unused wrappers, packing materials, advertisement materials bearing the impugned trade mark(s) complained of together with all blocks, etc., use for the said purpose. To deliver to our clients a satisfactory declaration that this requirement has been exhaustively complied with.

(d) To render to our clients a full statement and accounts showing the quantity of goods bearing the impugned trade mark(s) complained of and sold by you in the Republic of India and overseas at least for the period onward since April 1, 1999. Your book to be produced to our clients or their nominees or to us for verification.

(e) To give to our clients an unconditional apology and an undertaking in a form to be approved by us for publication that you will not at anytime hereafter manufacture, sell, receive orders, advertise, expose for sale, dispose of, exhibit or otherwise deal directly or indirectly in any kind of goods bearing impugned trade mark(s) complained of or any other marks which are confusingly similar to our clients said trade mark(s) in Republic of India and overseas. Our clients reserves their right to publish such an undertaking and apology in newspapers or otherwise as when they think fit, at your costs.

(f) To pay to our clients such amounts as upon accounts and from business books and documents may be found to represent the profits from the sale of such goods as have been sold by you in the Republic of India or overseas.

(g) To pay to our clients a sum of rupees twenty five lakhs (25,00,000) by way of damages. This amount is only a conservative amount and our clients reserve their rights to claim such other or further amount as they may be best advised.

(h) To pay to our clients costs and all expenses incidental to this matter.

4. Learned counsel for the petitioner has relied on a plethora of precedents. Modi Threads Ltd. v. Som Soot

manupatra Gola Factory MANU/DE/0002/1992 : AIR1992Delhi4 , holds that even during a registration of a registration, such person is not debarred from seeking protection of the violations of its trade mark at the hands of unscrupulous persons by filing an action for injunction. Contrary to the case in hand, there was no dispute as to the rights of the plaintiff to have the trade mark registered and furthermore the violator of the trade mark had been perceived as an unscrupulous person. Neither of these conditions apply in the present case since the title to the trade mark is hotly and actively in dispute. The ratio in Uniply Industries Ltd. v. Unicorn Plywood Pvt. Ltd. MANU/SC/0315/2001 : [2001]3SCR307 is more apposite because of the raging dispute over the trade mark, and because it is the defendant who has been exploiting it for a score of years. In Sant Lal Jain v. Avtar Singh, MANU/SC/0295/1985 : [1985]3SCR184 , the license was terminated after the expiry of the period and Therefore the observations that the respondent was a licensee and he must be deemed to be always a licensee, and could not, Therefore, set up a title to the property in himself or anyone else is of no assistance to the plaintiff. As has already been observed, the tenure of the license was for 51 years, which period has not expired and secondly the defendant had a right to opt for an assignment of the trade mark before any other person including the plaintiff. In Pepsi Foods v. Jai Drinks (P.) Ltd. [1996] PTC (16) and in Ziff-Davis INC. v. D. K. Jain [1998] PTC (18) will also have no applicability to the facts of the case for the same reasons. Mr. Bansal, learned counsel for the plaintiff has in particular relied on the following extract from Gujarat Bottling Co. Ltd. v. Coca Cola Co. MANU/SC/0472/1995 : AIR1995SC2372 , which read thus (page 632 of 84 Comp Cas):

"Apart from the said provisions relating to registered users, it is permissible for the registered proprietor of a trade mark to permit a person to use his registered trade mark. Such licensing of trade marks is governed by common law and is permissible provided (i) the licensing does not result in causing confusion or deception among the public; (ii) it does not destroy the distinctiveness of the trade mark, that is to say, the trade mark, before the public eye, continues to distinguish the goods connected with the proprietor of the mark from those connected with others; and (iii) a connection in the course of trade consistent with the definition of trade mark continues to exist between the goods and the proprietor of the mark, (see: P. Narayanan Law of Trade Marks and Passing-Off, 4th edition., para. 20.16, at p. 335). It would thus appear that use of a registered trade mark can be permitted to a registered user in accordance with the provisions of the Act and for that purpose the registered proprietor has to enter into an agreement with the proposed registered user. The use of the trade mark can also be permitted de hors the provisions of the Act by grant of license by the registered proprietor to the proposed user. Such a license is governed by common law."

5. Rather than supporting the case of the plaintiff, this precedent militates against it. The registered owner in terms of the agreement dated March 23, 1992, had full authority to grant a license in favor of the defendant and indeed, by agreeing that the defendant would have the right of first refusal so far as the assignment of the trade mark was concerned, the defendant cannot be perceived as a mere licensee.

6. In Power Control Appliances v. Sumeet Machines Pvt. Ltd. MANU/SC/0646/1994 : [1994]1SCR708 , followed by a learned single judge of this court in Rajni Dua v. Bhushan Kumar [1998] PTC (18), the hon'ble Supreme Court has reiterated the view that primacy must be accorded to a family settlement.

7. However, the observation that the plea of honest and concurrent user under Section 12(3) of the Trade and Merchandise Marks Act, 1958 was not a valid defense cannot be extrapolated into the present case since the facts are materially distinct. In the instant case, ignoring for the present the cancellation by Classic Equipments of the assignment in favor of the plaintiff, the purported assignment to the plaintiff flies in the face of the sundry terms of the license in favor of the defendant, the terms of which must have been known to the plaintiff.

8. The defendant has objected to this court exercising territorial jurisdiction, but in view of the decisions reported as in Casio India Co. Ltd. v. Ashita Tele Systems Pvt. Ltd. [2003] (27) PTC 265 and in N. R. Dongre v. Whirlpool Corporation, MANU/DE/0700/1995 : AIR1995Delhi300 , this objection is devoid of merit.

9. It has been emphasised that Section 31 of the Act states that registration of a trade mark will be prima facie evidence of its validity. In the present case, it is not in dispute as to whether the trade mark "Johnson" could have been registered as a trade mark and hence its validity is not in question. A reading of Sub-section (2) clarifies that the intendment behind the section is to accord a legal sanction to the trade mark and not necessarily to the holder of the trade mark. Reliance on Section 31 by learned counsel for the plaintiff is Therefore somewhat misplaced. In any event it is always open for a party to rebut the prima facie case presented by the adversary. In the dispute at hand the defendant has vigorously opposed the registration of the trade mark in favor of the plaintiff and interim orders have been passed staying the registration. Even if Section 31 were to grant exclusive user to the plaintiff as the so-called registered holder, the whole controversy is at large.

10. Clause 10 of the agreement has already been adverted to but it would be necessary to reproduce it verbatim. The clause stipulates that--"if the owner shall at any time hereafter during the term of this

manupatra agreement be desirous of assigning the said trade mark or any of them, the user shall have the first option of obtaining assignment thereof, except as aforesaid the user shall have no right to acquire the marks or any of them after any period by payments of any amount to the owner or other registered proprietor of the same". Clause 3 stipulates that--"The user is appointed only for a period of 51 years from the date hereof, but this period may be enlarged by mutual consent of the owner and the user". It is trite to state that whenever an assignment takes place the assignee only acquires the rights subsisting in its favor of the assignment at that particular time. On an understanding of the registered user agreement, it is at once obvious that the assignment in favor of the plaintiff could at best have been a limited one. In a dispute between the assignor and the defendant, the court would be extremely reluctant to pass an injunction in favor of the former because of the rights enjoyed by the latter as per their agreement. Seen from another perspective, the covenant granting the first refusal of assignment to the defendant partakes of the nature of a negative covenant, which would ordinarily be enforced. The position is worse confounded because of the legal notice dated May 15, 2000, issued by Classic Equipments to the plaintiff alleging mala fides to the plaintiff and revoking the assignment. The plaintiff has already demanded a sum of Rs. 5 lakhs for this revocation.

11. I am of the view that the plaintiff has failed altogether to disclose the existence of a prima facie case in his favor. So far as the balance of convenience is concerned, the defendant has been using the trade mark for almost 20 years. The plaintiff's suit filed about four years back has been dismissed and it would have to answer about the delay in filing the present suit. If the question of exploitation of trade mark is in debate that is a matter for which damages may be the appropriate relief, and irreparable injury would not normally result. For these manifold reasons, the plaintiff's application is dismissed and the defendant's application for vacation is allowed.

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