

Lalit Kumar Arya and Another Vs. M/s. Prabhat Zarda Factory International (Noida)

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Court : Delhi

Decided On : Nov-02-2015

Judge : Jayant Nath

Appeal No. : IA Nos. 16580, 20893, 24158 of 2014 in CS(OS) Nos. 2622, 3242 of 2014

Appellant : Lalit Kumar Arya and Another

Respondent : M/s. Prabhat Zarda Factory International (Noida)

Judgement :

IA No.16580/2014 in CS (OS) 2622/2014 and IA Nos. 20893/2014 and 24158/2014 in CS (OS) 3242/2014

1. These two suits are filed by the plaintiff seeking identical reliefs against the defendants pertaining to alleged infringement of rights of the plaintiff in the registered trademark RATNA and RATNACHHAP and numeral 300 and Prabhat Zafrani Patti as well as the colour scheme, lay out and other features. The plaintiff seeks permanent injunction to restrain the defendants from manufacturing, marketing and selling chewing tobacco/Zafrani Patti, Zarda, Quiwam under the said trademarks. Other connected reliefs are also sought.

2. For the purpose of narration of facts I will deal with the facts of CS(OS)2622/2014. In the present suit IA No.16580/2014 is filed by the plaintiff seeking interim injunction against the defendant to restrain them from infringing the trademarks of the plaintiff. No ex parte injunction has been granted to the plaintiffs.

3. The present two suits are essentially a family dispute. Plaintiff No.1 in the present suit is the father while defendant is a firm of which one of the sons of plaintiff No.1 is the partner. The brief facts as stated in the plaint are that it is averred that the business of the plaintiff under the said trademarks is substantial and subsisting since 1966 when the plaintiff adopted these trademarks in respect of tobacco including chewing tobacco and Zafrani Patti. The plaintiff entered into a licensing agreement on 1.10.2003 by which the defendant was permitted use of the trademark of the plaintiff in relation to chewing tobacco, pan masala and quiwam to be manufactured with the formula, specifications and expert know-how supplied by the plaintiff. The Agreement was for three years. It is averred that on account of violation and breaches done by the defendant the plaintiff terminated the agreement on 04.07.2005 and filed a suit CS(OS)2113/2006 against Shri Jyoti Kumar Arya (partner of the defendant and son of plaintiff No.1) calling upon the partners of defendant firm to stop using the trademark of the plaintiff. Plaintiff also filed a petition under section 9 of the Arbitration and Conciliation Act being OMP No.239/2005. The matter was settled between the parties and a joint application under Order 23 Rule 3 CPC was filed whereby the plaintiff agreed to continue to renew the license relating to trademark etc. and entered into a fresh agreement dated 02.09.2008 with the defendant. The same agreement was entered into on 12.10.2011 whereby the defendant was further authorised to use the trademark etc. In July 2013 it is averred that the plaintiff was shocked to know that the defendant despite being a licensee of the trademarks of the plaintiff for last several years has dishonestly attempted to claim proprietary rights by filing suit being CS(OS)1319/2013 seeking partition of the plaintiff's moveable and immoveable properties. He has also demanded partition and share in the trademark and other Intellectual Property Rights of the plaintiff herein claiming the assets of plaintiff No.1 to be joint Hindu family business and plaintiff No.1 as the Karta. Hence, it is averred that the plaintiff vide letter dated 5.10.2013 which was written to the

defendant terminated the contract dated 12.10.2011. Despite receipt of the termination letter, the defendant has continued to use the Intellectual Property Rights which was subject matter of the present agreement dated 12.10.2011. Hence, the present suit has been filed seeking the stated reliefs.

4. The defendant has filed a written statement. In the written statement it is averred that plaintiff No.1 and defendant are family members and plaintiff No.1 is the Karta of the joint hindu family business. (The defendant is the firm Prabhat Zarda Factory International (Noida) and is impleaded through its partners including the son of plaintiff Sh. Jyoti Kumar Arya. The term defendant is used in the pleadings to loosely refer to the firm or Sh. Jyoti Kumar Arya). It is averred that plaintiff No.1 inherited the family business from his father late Chaturbhuj Ram who expired on 04.12.1958. Plaintiff No.1 is stated to have three sons, namely, late Shri Pradeep Kumar Arya, Shri Jyoti Kumar Arya (partner of defendant) and late Vijay Kumar Arya. Late Pradeep Kumar Arya expired on 7.2.2007 leaving behind his wife, son Shri Purushottam Kumar Arya and four daughters. Shri Purushottam Kumar Arya is the partner of M/s.Prabhat Zarda Factory being the defendant in CS(OS)3242/2014 i.e. other connected suit. It is urged that the business was started as a partnership firm in 1979 after dissolution of an earlier firm. Defendant Shri Jyoti Kumar Arya was stated to be a partner of the said firm which was changed into a Private Limited Company in 1985. Shri Pradeep Kumar Arya the deceased son of plaintiff No.1 and the defendant here (Sh. Jyoti Kumar Arya) were Directors and shareholders of the said M/s.Prabhat Zarda Factory (India) Pvt. Ltd. till 2005. They were illegally terminated from the post of Director. Thereafter it is urged that plaintiff No.1 being the Karta of the joint hindu family business decided to distribute the family business partially amongst his three sons. The family of late Pradeep Kumar Arya constituted a partnership firm M/s.Prabhat Zarda Factory Co. (defendant in CS(OS)3242/2014). The defendant herein Shri Jyoti Kumar Arya constituted the firm M/s.Prabhat Zarda Factory International (Noida) (defendant herein). Whereas the third son late Shri Vijay Kumar Arya constituted the firm M/s.Prabhat Zarda Factory (Overseas). Three agreements were executed in favour of the three sons. Not only the business but also the area is stated to have been distributed. It is averred that plaintiff No.1 and late Vijay Kumar Arya in connivance with each other illegally accepted resignations of late

Pradeep Kumar Arya and the defendant Shri Jyoti Kumar Arya and removed them from the directorship of M/s.Prabhat Zarda Company (India) Private Limited. It is averred that the defendant has been regularly following the instructions of plaintiff No.1. He has invested crores of rupees in installing and opening the defendant's factory and has employed 100 employees to manufacture the products. On the other hand it is averred that plaintiff No.1 is very old and is being manipulated by the family of late Shri Vijay Kumar Arya and his only motive is to transfer the property purchased from the funds of joint HUF but also the entire business to them self.

5. I have heard learned counsel for the parties and gone through the record.

6. Learned counsel appearing for the plaintiff has strenuously urged as follows:

(i) that no ex parte stay has been passed by the Court causing irreparable damage and harm to the plaintiff in the present case and whereas in the other connected suit filed by the plaintiff, namely, CS(OS)3242/2014 (filed by the plaintiff against M/s Prabhat Zarda Factory Co. through its partners, one of them being Sh. Purushottam Kumar Arya, son of late Sh. Pradeep Kumar Arya and grandson of plaintiff No.1), this court on 5.11.2014 had passed an ex parte injunction restraining the defendant therein from infringing the plaintiff's trademarks RATNA and RATNACHHAP, numeral 300 and Prabhat Zafrani Patti under the name PRABHAT ZARDA and from using any other trademark deceptively similar or confusing to the trademark of the plaintiff.

(ii) It is further pointed out that the last license agreement between the parties was admittedly dated 12.10.2011 and even as per the written statement filed by the defendant, the said license agreement has expired on 31.10.2014. Hence, it is strenuously urged that the defendants have no right whatsoever to in any manner use the trademarks in dispute as the plaintiff No.1 is the absolute owner of the trademarks.

(iii) Reliance is placed on various registrations of the different trademarks under The Trade and Merchandise Marks Act, 1958 and also under the Copyright Act, 1957 which registrations are subsisting.

(iv) Regarding the contention of the defendant of plaintiff No.1 being the Karta of an HUF, it is urged that the contention is baseless. The defendants have themselves entered into license agreements with plaintiff No.1 on 1.10.2003, 2.9.2008 and 12.10.2011 where they have acknowledged the rights of plaintiff No.1 on the said trademarks. The defendants cannot now back out to claim any ownership rights on the said trademarks. Reliance is placed on judgment of Division Bench of this Court in J.K.Jain vs. Ziff-Davies Inc, 2000 PTC 244 (DB) where this Court held that an ex licensee is estopped from challenging the ownership of the proprietor. Reliance is also placed on the judgment of the Supreme Court in Mst.Rukhmabai vs. Lala Laxminarayan and Others, AIR 1960 SC 335 to contend that there is no presumption that any property whether moveable or immoveable held by a member of the joint hindu family is joint hindu family property. The burden lies on the person who asserts that the particular property is a joint family property to establish that fact.

7. Learned counsel for the defendant has stressed the following:

(i) that the entire fight is a family dispute at the instance of the family of late Shri Vijay Kumar Arya who are manipulating plaintiff No.1 who is 90 years old. The defendant herein Shri Jyoti Kumar Arya is the only surviving son of plaintiff No.1 and it is inconceivable that he would want to oust him and his grandson i.e. Sh. Purushottam Kumar Arya from the family business.

(ii) It is not disputed that the trademarks are registered in the name of plaintiff No.1. It is contended that plaintiff No.1 being the Karta of the joint hindu family business got registered the trademark and copyrights relating to the business in his own name. It is averred that though the three sons were actively participating in the business they did not object to the said registration in the name of their father inasmuch as being the son and grandsons they were under the undue influence of plaintiff No.1. Execution of the license agreement is also not denied. It is averred that these agreements were entered into by plaintiff No.1 with a motive to keep control and supervision on the business of his sons. The sons agreed to accept the terms being obedient sons of plaintiff No.1. It is submitted that the plaintiff No. 1 assured the sons about renewal of agreements.

(iii) Reliance is placed on the suit filed by the defendant company being CS(OS) 1319/2013 for declaration, rendition of account, partition permanent injunction against plaintiff No.1, his wife and the younger son Shri Vijay Kumar Arya where a status quo order in respect of possession and title of the suit property is said to have been passed.

8. In fact when the matter was heard, at one stage, the learned counsel for defendant has vehemently argued that plaintiff No.1 is totally under the control of his family members, namely, the family members of Shri Vijay Kumar Arya and that he may have no knowledge whatsoever of the present suit and the suit has been filed without knowledge or consent of plaintiff No.1. This Court accordingly on 29.1.2015 had directed plaintiff No.1 to appear in person. The statement of plaintiff No.1 was recorded on 20.2.2015 when he confirmed that he had signed the plaint at points A and B and the suit had been filed on his instructions.

9. Reference to the plaint shows that the dates of the registration of the various trademarks is stated as follows:-

(a) RATNA with bust portrait of late Chaturbhuj Ram and plant on palm and numeral 300 under No.293460 in class 34 as of 11th January 1974 (in respect of Zarda and Quiwam)

(b) Composite mark RATNACHHAP ZAFRANI PATTI No.300 under No.314719 in class 34 as of 10th May 1976 in respect of chewing tobacco.

(c) Trademark PRABHAT in respect of zarda and quiwam as of 25.7.1974.

(d) Composite mark RATNA CHHAP ZAFRANI PATTI No.300 in respect of chewing tobacco as on 10.5.1976.

(e) Trade Mark label PRABHAT ZARDA registered under No. 297934 in Class 34 in respect of zarda, chewing tobacco and Quiwam (chewing tobacco in paste form) for sale in the states of Assam, Bengal, Bihar, Maharashtra and Uttar Pradesh.

10. The above mentioned trademarks are stated to have been renewed from time to time and are subsisting.

11. Hence, from the pleadings it follows that from 1974-1976 the trademarks have been registered in favour of plaintiff No.1. For almost 40 years (till 2013 when the defendant has filed a suit against plaintiff claiming rights in the trade marks) there has been no protest by any of the sons to the said registration of the trademarks in favour of plaintiff No.1. There is clearly the long uninterrupted usage by plaintiff No.1 of the said trademarks as absolute owner for about 40 years.

12. The next contention of the defendant is about the existence of a joint hindu family business. This contention is not elaborated. The only submission is that plaintiff No.1 inherited the business from his father late Sh. Chaturbhuj Ram who died in 1958. There is no further elaboration. The onus is on the defendants to prove the contention about HUF in their evidence. Reference in the context may be had to the judgments in Mst Rukhmabai vs. Lala Laxminarayan and Others (supra) where the Supreme Court held as follows:-

25....But there is no presumption that any property, whether movable or immovable, held by a member of a joint Hindu family, is joint family property. The burden lies upon the person who asserts that a particular property is joint family property to establish that fact. But if he proves that there was sufficient joint family nucleus from and out of which the said property could have been acquired, the burden shifts to the member of the family setting up the claim that it is his personal property to establish that the said property has been acquired without any assistance from the joint family property. ?

At this stage, there is no prima facie case made out on this contention of HUF by the defendant on the facts brought on record of this case.

13. We may also have a look at some of the salient terms and conditions of the last license executed by plaintiff No.1 in favour of the defendant. Relevant portion of the agreement dated 12.10.2011 reads as follows:-

WHEREAS THE PROPRIETOR, SHRI LALIT KUMAR ARYA, started doing business of Manufacturing and selling Zarda (Chewing Tobacco) Quiwam (Chewing Tobacco in paste form) and Pan Masala in 1961-62; as his proprietor business under the name and style of M/s. Prabhat Zarda Factory, New Area,

Sikandarpur, Muzaffarpur Bihar; and

WHEREAS all rights to the Trade Mark registered or unregistered or pending for registration under the provisions of the Trade and Merchandise Marks Act, 1958 or unregistered trading style and goodwill and copyright in all artistic works are the exclusive properties of Shri Lalit Kumar Arya. ?

11. That the Licensed user shall have the right to use all the trade marks, artistic works, trading style and goodwill for the purpose of business but shall not have any rights to acquire them at any time or by any means nor they shall have any right to transfer them to someone by way of lease, sublease or otherwise. ?

19. That as soon as this agreement is terminated, the Licensed User shall discontinue the use of any of the trade marks, artistic works, trading style in relation to any goods, services or business and the proprietor and the Licensed User shall forthwith take necessary steps in the matter according to the Provisions of the Trade and Merchandise Marks Act, 1958 or the Trade Marks Act, 1999 and the Copyright Act, 1957 and the other relevant Acts. ?

14. Hence, the license agreements clearly stipulate that plaintiff No.1 is the absolute owner of the trade marks, unregistered trading style, goodwill and copyright in all artistic work and is permitting user of the trademarks to the defendant by means of the license agreement. There is clearly unequivocal acceptance on the part of defendant of the proprietorship rights of plaintiff No.1 to the said trademarks in question. The defendant has entered into three licence agreements, i.e. 01.10.2003, 02.09.2008 and 12.10.2011.

15. Reference may be had to the judgment of the Division Bench of this Court in J.K.Jain vs. Ziff-Davies Inc (supra) where the Division Bench noted the observations of the learned Single Judge which reads as follows:-

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 favour 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 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 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. ?

The views of the learned Single Judge were affirmed by the Division Bench. What the defendant now seeks to do it is to turn around and claim title to the trade marks which prima facie in the light of the licence agreement he cannot do.

16. The plaintiffs have made out a strong prima facie case in their favour. The balance of convenience is also in favour of the plaintiff in view of the long user of the trademarks as exclusive proprietors.

17. Ad interim injunction order is passed in favour of the plaintiff and against the defendant restraining the defendant, their partners, proprietors, directors etc. as the case may be from manufacturing, marketing or selling chewing tobacco/zafrani patti, Zarda and Quiwam under the trademark RATNA and RATNACHHAP and numeral 300 and Prabhat Zafrani Patti or any other Trade Mark deceptively similar to the said trade marks or the colour scheme, get up, layout and arrangement and features similar to that of the plaintiff. IA No.16580/2014 is disposed of on the above terms.

18. I will not deal with IA Nos. 20893/2014 and 24158/2014 which were filed in CS(OS) 3242/2014.

19. CS(OS) 3242/2014 has more or less identical facts. The said suit is filed by the plaintiffs pertaining to the same trademarks as CS(OS) 2622/2014. The defendant who is Prabhat Zarda Factory Co. has been sued through its partner including Sh. Purushottam who is the son of late Sh. Pradeep Kumar Arya and the grandson of plaintiff No.1. IA No.20893/2014 is filed by the plaintiffs seeking interim order

against the defendant regarding above noted trademark. This court on 05.11.2014 had passed an ex parte injunction in favour of the plaintiffs. IA No.24158/2014 is filed by the defendant under Order 39 Rule 4 CPC seeking vacation of the interim order passed on 05.11.2014.

20. In view of the judgment passed above in IA No. 16580/2014 in CS(OS) 2622, these two applications, i.e. IA Nos.20893/2014 and 24158/2014 are disposed of in terms of the injunction, which is stated above. The same injunction shall apply to the defendant herein also. Thus, these applications i.e. IA 20893/2014 and IA 24158/2014 stand disposed of on the above terms.

CS(OS) 2622/2014 and CS(OS) 3242/2014

List before the Joint Registrar for further proceedings on 16.11.2015.

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