

Qrg Enterprises and anr. Vs. Surendra Electricals and ors.

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Court : Delhi

Decided On : Apr-26-2005

Reported in : 120(2005)DLT456; 2005(30)PTC471(Del)

Judge : Pradeep Nandrajog, J.

Acts : [Companies Act, 1956](#); [Trade and Merchandise Marks Act, 1958](#) - Sections 2, 12 and 30(2); Trade Mark Act, 1999 - Sections 29(5); Code of Civil Procedure (CPC) - Sections 11 - Order 2, Rule 2 - Order 39, Rules 1 and 2

Appeal No. : IAs. 7880/04 and 75/05 in CS(OS) No. 1333/04

Appellant : Qrg Enterprises and anr.

Respondent : Surendra Electricals and ors.

Advocate for Def. : Valmiki Mehta, Sr. Adv. and ; Manmohan Singh, Adv.

Advocate for Pet/Ap. : Mukul Rohtagi, Sr. Adv. and; Pratibha Singh, Adv

Judgement :

Pradeep Nandrajog, J.

1. Along with the suit which inter alias seeks a decree for permanent injunction restraining defendants from using the word 'HAVELL'S' as its mark or as part of it's corporate name, plaintiffs sought interim injunction as per prayer made in is No.

4. On 25.11.2004 an ex-parte ad-interim injunction was granted to the plaintiffs restraining the defendants, its Chairman, Directors, Promoters, Officers, Servants, Agents and any one acting on their behalf from using the mark 'Havell's' or the corporate name 'Havell's Electronics Pvt. Ltd.' on any of their brochures, products and packaging. By means of is 75/2005, defendants pray that the ex-parte ad-interim injunction be vacated. Arguments were heard on both applications on 31.1.2005. Plaintiffs filed is No. 1906/2005 and prayed for leave to file some documents which as per plaintiffs were relevant for determination of the issues raised. Application was allowed vide order dated 10.3.2005. Defendants were granted liberty to file documents in rebuttal. Needful has been done by the defendants.

2. One Shri Haveli Ram Gandhi commenced business in electrical goods in the year 1942 and traded under the name and style 'Havell's Electricals Sales Corporation.' It was his sole proprietary firm. By 1971, Shri Haveli Ram Gandhi had obtained registration of the mark 'HAVELL'S' in class 11 in respect of electric lamp holders. Two of his applications in respect of electrical goods in class 7 and 9 were pending.

3. On 9.10.1971 by and under a deed of assignment, Shri Haveli Ram Gandhi as proprietor of Havells Electrical Sales Corporation, assigned his proprietary rights in the trade mark 'HAVELL'S' in favor of Smt. Vinod Gupta, Shri Surinder Kumar Gupta and Shri Surjit Kumar Gupta carrying on business in name of 'Havell's Industries'. Term of assignment reads as under:-

IN PURSUANCE of the said agreement entered into between the parties herein and in consideration of the balance of the sum of Rs. 20,000/- (Rupees Twenty Thousand only) well and truly paid by the Assignees to the Assignor by cheque No. CHD 148552 drawn on The New Bank of India Ltd. Chandni Chowk, Delhi in favor of the Assignor, for Rs. 18,000/- (Rupees Eighteen Thousand only) the receipt whereof the Assignor doth hereby acknowledge and of and from the same and every part thereof acquit, release and discharge the Assignees), the Assignor doth hereby sell, transfer, convey and assign all his proprietary rights in the

Registered Trade Mark No. 167484 in respect of Electric Lamp Holders with or without Shade Carrier Rings and in the Trade Marks in the pending application Nos. 272378 and 272379, pending with the Registrar of Trade Marks, Delhi, in respect of the goods of Electric Motors and Parts thereof, Electrically Operated Pumps, Starting Devices for Motors, Engines and Blowing Engines and also in respect of the Electric Switches, Electric Wires and Cables, house Service Meters, Ammeters and Volt-Meters, Electric Relays, Thermostat, Distribution Boards and goods of the same description but without the goodwill of the business.

4. Being relevant, since defendants urged a submission thereon, assignment clearly records that goodwill of the business was not assigned/transferred.

5. Defendant No. 6, Havell's Pvt. Ltd. was incorporated in the year 1956 with Shri Haveli Ram Gandhi as one of its director. The company was doing business since incorporation, business being in electrical goods. By 1971 controlling interest of said company went into the hands of Lalit Seth group. On 11.10.1971, Havells Pvt. Ltd. wrote a letter to Haveli Ram Gandhi to the effect that it would remove the trade mark Havell's from its use at the earliest. This commitment was reaffirmed under cover of another letter dated 6.11.1971.

6. Defendant No. 5, 'M/s. Havell's Electronics Pvt. Ltd.' came to be incorporated in the year 1974. This company also traded in electrical goods. This company too went under the control of Lalit Seth group.

7. Thus Havell's Pvt. Ltd., in existence since 1956 did business with the word 'Havell's' as part of its corporate name with its existence known to Haveli Ram Gandhi. Further, since 1974 'M/s. Havell's Pvt. Ltd.' also carried on business with the word Havells as a part of its corporate name.

8. Another transaction of importance took place. Haveli Ram Gandhi had expanded his business. His family members and members of the Mehra family were joint in business. 3 partnership firms existed. Havell's Electrical Sales Corpn. was converted into a partnership with Hem Raj Mehra and Mrs. Shashi Gandhi as partners. Havells and Havells was constituted as a partnership firm with Hem Raj Mehra and Anil Gandhi as partners. Hesco Industries, a partnership was

constituted with Hem Raj Mehra and Anil Gandhi as partners.

9. Thus in 1971 when assignment took place, defendant No. 6 was in existence since 1956 and was trading in electrical good. Since 1974 even defendant No. 5 traded in electrical goods. Both defendants had the word 'Havell's' as part of their corporate name. There was never an objection raised from any quarter.

10. Came 1981. Another agreement was entered into on 13.4.1981. Parties were, (i) Haveli Ram Gandhi, (ii) Hem Raj Mehra and Mrs. Shashi Gandhi partners of Havell's Electrical Sales Corpn, (iii) Hem Raj Mehra acting for Havell's and Havell's, (iv) Hem Raj Mehra acting for Hesco Industries as first party AND Smt. Vinod Gupta, Sh. Surinder Kumar Gupta and Sh. Surjit Kumar Gupta, partners of M/s Havell's Industries, as second party.

11. Recitals to the agreement aforesaid state:

WHEREAS the First Party have been and are carrying on various businesses organized under the Trade Name and Style having HAVELL'S or HESCO forming essential portion thereof,

AND WHEREAS the Second Party are carrying on business under the trade name and style of HAVELL'S INDUSTRIES (Havell's forming essential portion thereof) for the past nearly ten years and is the registered proprietor and owner of HAVELL'S Trade Mark and Names as per the description given in Schedule 'A' attached hereto, which Shri Haveli Ram Gandhi, the original founder, originator and promotor of Havell's Group of businesses/Industries (as to include all ventures in which the said Shri Haveli Ram Gandhi was directly or indirectly or as a Promotor or otherwise involved either single or in association with others whether incorporated or not, trading under the words HAVELL'S) had assigned/transferred/sold to the Second Party by virtue of a deed of assignment dated 9th October, 1971, a copy of which is annexed as Schedule 'B' hereto;

AND WHEREAS the Second Party has raised objections to the adoption and use of the Mark and Trade Mark HAVELL'S by the First Party as having no right, title and interest or justification for the same;

AND WHEREAS the Second Party being aggrieved and entitled to restrain the First Party from continuing to use HAVELL'S as Trade Mark or Trade Name in relation to the manufacture and sale of their products, has agreed not to seek remedy and relief through legal proceedings.

12. Agreement records the following terms:

1. The First Party jointly and severally agree and undertake that they shall not in future manufacture, sell or offer for sale directly or indirectly or deal in any products under the Trade Name/Trade Mark HAVELL'S or any identical or deceptively similar mark or name as would cause confusion or deception at any time hereafter.

2. The First Party jointly and severally admit to the rights of the Second Party to the Trade Mark and Trade Name HAVELL'S as exclusively belonging to the Second Party and hereby assure full assistance, in smooth, uninterrupted and continued use of the Trade Mark and Trade Name 'HAVELL'S by the Second Party.

3. That the First Party further jointly and severally agree and undertake that all goods manufactured by them or by any one else under their control, directions, instructions or supervision bearing the word G?~G?~HAVELL'S and any abbreviation thereof having HAVELL'S as essential portion thereof as Trade Mark or Trade Name, shall be disposed off through the Second Party and none-else.

4. The First Party hereby further agree and undertake to submit affidavits, documents as may be required to be filed where-ever necessary admitting the claim of the Second Party to the Trade Mark and Trade Name G?~G?~HAVELL'S. In the event of any further documents required for said purposes admitting the exclusive right of the Second Party, the same shall be furnished as and when required.

5. That Shri Haveli Ram Gandhi being the Founder, Originator and Promotor of the First Party in his capacity as such and as Karta of the HUF admits the claim of the Second Party with regard to the exclusive use of the Trade Mark and Trade Name

HAVELL'S as belonging to the Second Party by virtue of the Deed of Assignment dated 9th October, 1971.

6. That the First Party jointly and severally agree and undertake to indemnify the Second Party in case of any breach of this agreement and the undertaking and in the event of any one else raising any adverse interest to the right and interest belonging to the Second Party, the First Party shall join hands with Second Party in order to protect the interest of the Second Party.

7. The Second Party agree and undertake not to institute any legal proceedings against the First Party as consideration for this agreement and the undertaking rendered. However, The Second Party shall be fully entitled to take all necessary steps against all concerned in the event of any one claiming any adverse interest concerning the exclusive rights belonging to the Second Party to the Trade Name and Trade Mark 'HAVELL'S at any time.

13. It would be useful at this stage to note the origin/ incorporation of the parties to the suit.

(i) PLAINTIFF NO. 1 QRG Enterprises Ltd. As noted in para 3 above, 'HAVELL'S Industries' was constituted as a partnership by Smt. Vinod Gupta, Sh. Surinder Kumar Gupta and Sh. Surjit Kumar. Partners of Havell's Industries got incorporated Havells Industries Ltd. as a company under the [Companies Act, 1956](#). This company changed it's name to QRG Enterprises Ltd.

(ii) PLAINTIFF NO. 2 Havell's India Ltd. Promoters of Havells Industries Ltd. incorporated 'Havell's India Ltd'.

(iii) DEFENDANT No. 1 Surendra Electricals. It has no direct concern with the litigation being stockist of defendant No. 3. Neither party has stated it's status or origin.

(iv) DEFENDANT No. 2 HPL India Ltd. It was incorporated in 1988 as a company by name Havell's Giant Breakers Pvt. Ltd. In the year 1995 it changed it's name to HPL India Ltd.

(v) DEFENDANT No. 3 HPL SOCOMEC Pvt. Ltd. It was incorporated as a company in the year 1992.

(vi) DEFENDANT No. 4 Mr. Lalit Seth. His group controls defendants 2, 3, 5 and 6.

(vii) DEFENDANT No. 5 Havell's Electronics Pvt. Ltd. It was incorporated in the year 1974.

(viii) DEFENDANT No. 6 Havell's Pvt. Ltd. It was incorporated in the year 1956 with Shri Haveli Ram Gandhi as one of its directors. By 1971 its control went into the hands of Lalit Seth Group.

14. Plaintiffs claim to be the registered proprietors of the trade mark/name 'HAVELL'S' vide registration No. 's.167484, 272378, 272379, 290541, 303571, 303572 and 350437 in respect of electrical goods in class 11, 7, 9, 11, 11, 11 and a respectively. They claim complete ownership rights in respect of the mark/word HAVELL'S. They claim recognition of the mark/name through-out India and even abroad. Plaintiffs claim to have protected said mark/name whenever it was infringed upon by third parties.

15. Dispute between the parties is not qua the use of the word 'HAVELL'S' as the trade mark/name. Defendants admit the proprietary interest of the plaintiffs to use said word as its trade mark. Dispute is whether defendants 5 and 6 can use said word as part of their corporate name. Qua defendants 2 and 3, problem is not that they are using the word Havell's as part of their corporate name. Problem arises since they are companies controlled by Lalit Seth group. Brochures, price lists and publicity material lists said defendants as part of group companies to which defendants 5 and 6 belong. Plaintiffs state that by marching under the banner of 'Havells Electronics Pvt. Ltd.' said defendants get benefit of the word Havells as consumer at large would associate said defendants with Havells Group.

16. Brochures and price list at pages 605 to 816 of list of documents filed by the plaintiff pertains to the defendants. Documents show that Havell's Electronics Pvt. Ltd. uses the logo 'HPL' and beneath the logo the word 'GROUP' is written. Products of defendants 2, 3, 5 and 6 are entered in the price list.

17. In the year 1988 plaintiffs filed a suit in this court which was registered as Suit No:1260/88. Suit was for injunction against defendant No. 6 herein. Injunction prayed was to restrain defendant No. 6 herein from selling it's goods under the trade mark 'HAVELL'S' or any other mark which would infringe the registered trade mark 'HAVELL'S' of the plaintiffs. Vide order dated 23.5.1988 ex-parte injunction was granted. defense taken was that only the trade mark 'HAVELL'S' has been assigned to the plaintiffs and thereforee said defendant could use the said word as part of it's corporate name. Plaintiff filed another suit in this court which was registered as Suit No:2290/90. Defendants 4 to 6 herein were imp leaded as defendants in said suit. Suit prayed for an injunction to restrain said defendants from using the word HAVELL'S in any manner whatsoever. No interim injunction was sought. In para 29 of the plaint, plaintiffs made a specific statement as under:

'The plaintiff is not praying for interim injunction against Havell's Pvt. Ltd. or Havell's Electronics Pvt. Ltd. from using Havell's as part of their corporate name on account of the fact that time has elapsed from the date of adoption to the date of in Constitution of the suit.'

18. Both suits aforementioned have since been transferred to the District Court and are currently pending adjudication before a learned Additional District. Plaintiffs evidence is being recorded.

19. Case of the plaintiffs is that when Haveli Ram Gandhi as sole proprietor of Havell's Electricals Sales Corporation assigned the trade mark/name 'HAVELL'S' under the assignment dated 9.10.1971, the assignees became:

- (i) the exclusive lawful owners of said mark/name;
- (ii) the assignor was disentitled to use said mark/name or any mark/name deceptively similar thereto.

It is further the case of the plaintiffs that assignment in 1971 was without goodwill, however, with the execution of the agreement dated 13.4.981 even goodwill stood transferred. Since Lalit Seth was a witness to the assignment deed dated 9.10.1971 he was aware of the assignment and that is why he, by letters dated

11.10.1971 and 6.11.1971, written on behalf of defendant No. 6, recognized the exclusive right of Havells Industries in the mark/name 'HAVELL'S'. Further case of the plaintiffs is as pleaded in paras 25 to 27 of the plaint, which read as under:-

'25. During the period when litigation was pending, the defendants had started using the trade mark HPL in relation to their electrical products. Defendant Nos. 2, 3, 5 and 6 are all managed and controlled by defendant No. 4 and/or close relatives or friends. The defendant No. 1 claims to be an authorized stockist of Defendant No. 3. The defendants accordingly incorporated defendant Nos. 2 and 3 with the trade name beginning with HPL namely HPL Pvt. Ltd. and HPL Socomec Ltd. Defendant also started using the terminology HPL Group on all their brochures, publicity material and products. It is therefore clear that the defendants are fully aware that they did not and do not have any legal rights in the trade mark/name Havell's either as a trade mark and cannot use the same as their trade mark or trade name.

26. The present suit is being filed by the plaintiffs on a completely fresh cause of action because of the continuous illegal and fraudulent acts of the defendants. The defendants, despite use of mark and name HPL on their product brochures and products, are overtly and covertly using the trade names of defendant Nos. 5 and 6 which contain the word Havell's on the product labels only with a view to ride piggyback on the reputation and goodwill on the plaintiffs' well known trade mark and trade name and also to create passing off.

27. The dishonest intentions of the defendants is evident from the fact that when the plaintiffs purchased a product from the market, the product brochure of the said product only contained the mark HPL and the trading names of defendant nos 2 and 3. However, the label on the product has 'HPL Group on one side and the name of defendant No. 6 'Havell's Electronics Pvt. Limited at the bottom of the label. The defendants have also started using the trade name of defendant No. 5 on the product though admittedly in the product brochures defendant No. 2 is shown as the manufacturer of the product. In the industry and trade circles this has started creating enormous confusion inasmuch as due to the use of the word Havell's on the product the trade is being made to believe that this is a product

originating from the plaintiffs when in reality it is not. The defendants are conscious of this and have resorted to this mechanism to encash upon the hard earned reputation and goodwill of the plaintiffs. The dependants are well aware of the plaintiffs reputation in India and abroad and are also aware that mere use of the mark Havell's will give a head start to any company which is in the field of electrical products. The defendants wish to encash upon this and hence the dishonest use of the words Havell's on the products and the packaging.

20. Response of defendants 2 to 6 to the case set up by the plaintiffs is as under:-

'a)The defendant No. 6 Havell's Pvt. Ltd. a company incorporated on 24th November,1956 and is using the trade mark logo Havell's till 9th October,1971. Copy of the incorporation certificate of defendant No. 6 is submitted herewith as Annexure 'A. The plaintiff No. 2 purchased the trade mark Havell's by virtue of the assignment dated 9th October, 1971 without the goodwill of the business. At the time of purchase the plaintiff did not purchase the name of the company or the company i.e. Havell's Pvt. Ltd. which was an independent company formed in 1956. After the sale of the trade mark Sh. Haveli Ram Gandhi who was the initial promoter of defendant No. 6 informed Havell's Pvt. Ltd. not to use the trade mark Havell's any more. This was confirmed by defendant No. 6 to Sh. Haveli Ram Gandhi vide letter dated 11th October,1971 that they will not use the trade mark Havell's any more. Copy of the said letter is submitted herewith as Annexure B. At the same time, defendant No. 6 adopted the new trade mark HPL and made a public announcement to the trade and through newspaper that the defendant No. 6 Havell's Pvt. Ltd. has now adopted the new trade mark HPL instead of Havell's which they were using earlier. Copy of the said sample of public announcement is submitted herewith as Annexure 'C. Copy of the assignment deed dated 9th October,1971 is submitted herewith as Annexure 'D.

b) That the defendant No. 5 Havell's Electronic Ltd. was incorporated on 9th October,1974. The incorporation certificate in this respect is sumbitted herewith as Annexure G?~G?~E. The said company has been continuously, regularly using the said corporate name till the date of passing of the ex-parte ad-interim order. The statement of sale figures of defendant No. 5 from the year 1989-90 to 2003-04

is submitted herewith as Annexure F.

c) The defendant No. 5 Havell's Electronic Pvt. Ltd. is the subsequent registered owner of the trade mark HPL. Copy of the registration certificate is submitted herewith as Annexure G.

d) The defendants 2 to 6 submit that Haveli Ram Gandhi had the firm, namely, Havell's Electrical Sale Corporation (proprietary concern) since 1942. He promoted Havell's Pvt. Ltd. in 1956 and retired as a shareholder and director of defendant No. 6 i.e. Havell's Pvt. Ltd. in April, 1971. It is submitted that only the trade mark was assigned by him by virtue of deed of assignment dated 9th October, 1971 without the goodwill of the business. The case of the plaintiff is that by virtue of the agreement dated 13th April, 1981 between Sh. Haveli Ram Gandhi and his associate firms and partners gave up the goodwill also and also confirmed the deed of assignment dated 9th October, 1971. The defendant No. 5 and 6 were not parties to the said agreement of 13th April, 1981 nor Sh. Haveli Ram Gandhi was the Director or shareholder of the said company of defendant No. 5 and 6 nor the defendant No. 5 and 6 ever informed by Sh. Haveli Ram Gandhi or the plaintiff about the said agreement except in the suit filed by them in 1988 and 1990 and in the present suit. Even in the second suit, they made a statement that they do not want temporary injunction against defendants 5 and 6. Even in the first suit of 1988 they did not pray for injunction for corporate name of defendants 5 and 6 nor any injunction was granted to this effect.

e) The defendants 2 to 6 respectfully submit that after the assignment of the trade mark without the goodwill of the business, the business of defendant No. 6 was smoothly going on by using of the trade mark HPL. The plaintiff No. 2 for the first time filed Suit No. 1260/88 in the High Court of Delhi on 29th May, 1988 against defendant No. 6 for permanent injunction restraining infringement of trade mark, copyright, passing off and rendition of accounts wherein an ex-parte ad-interim order was granted in IA. No. 3168/88 on 25th May, 1988 restraining the defendant No. 6 as per para 22 of the said application. In the written statement dated 30th March, 1990 filed by defendant No. 6 in the present case, in para 10 a specific statement had been made to the following effect :

'The defendant company has not been using and was not interested to use the trade mark Havell's in respect of the goods they were manufacturing. They have their own trade mark HPL under No. 307337 to 307339 which are registered trade marks and they are using the trade marks and they are using the same since 9th October,1971. The defendants are even today not interested to use Havell's as a trade mark. The goods of the defendants are ordered with the trade mark HPL and they are also approved with the various Government departments with the trade mark HPL.f) That the said suit has been transferred to the District Judge and is now pending before Shri Gurdip Kumar, Additional District Judge, Delhi being new No. 224/03 wherein the plaintiffs have produced the evidence by way of affidavit and the deponents are granted time for cross-examination. The ex-parte ad-interim injunction is continuing.

g) The plaintiff No. 2 and other associate companies on 25th July,1990 filed yet another suit being Suit No. 2290/90 in the High Court of Delhi at New Delhi against defendant No. 6 Havell's Pvt. Ltd. and defendant No. 5 Havell's Electronic Pvt. Ltd. respectively as well as one M/s Havell's Circuit Breakers Pvt. Ltd. (not existing now) and Shri Lalit Seth. The said suit was also for permanent injunction restraining infringement of registered trade mark, passing off, unfair competition, rendition of accounts of profits and delivery up etc. The said suit has also been transferred to the District Judge, and is now pending before Shri Gurdip Kumar, ADJ, Delhi with new number of the suit as 226/03 wherein the plaintiffs have produced the evidence by way of affidavit and the deponents are granted time for cross-examination.

h) It is pertinent to mention that in para 29 of the said suit, the plaintiffs specifically made a statement that they are not interested to pray for interim injunction against Havell's Pvt. Ltd., the defendant No. 6 in the present case and Havell's Electronic Pvt. Ltd. The operative portion of para 29 of the said suit is reproduced hereinbelow :-

'The plaintiff is not praying for interim injunction against Havell's Pvt. Ltd. or Havell's Electronic Pvt. Ltd. from using Havell's as a part of their corporate name on account of the fact that time has elapsed from the date of adoption to the date

of institution of the suit.i) Not only that a similar statement was made by plaintiff No. 2 and other associate companies in para 34 of the interim application filed under Order 39 Rules 1 and 2 CPC to the following effect :-

'However, no interim injunction is sought restraining the use of corporate name by defendants 1 and 2.The defendant No. 1 and 2 in the said suit were Havell's Pvt. Ltd. and Havell's Electronic Pvt. Ltd. and the defendant No. 6 and 5 respectively in the present suit.

j) Defendants 2 to 6 respectfully submit that both the matters were listed before ADJ, Delhi for production of the deponents on behalf of the plaintiffs for cross-examination.

k) Defendants 2 to 6 respectfully submit that Havell's Industries took over the business of partnership with effect from 25th November,202 and the name of Havell's Industries Ltd. underwent a change and became QRG Enterprises who is plaintiff No. 1 in the present suit.

l) That both the suits filed by the plaintiffs are before Sh. Gurdip Kumar, ADJ, Delhi wherein evidence has been produced and now deponents were called for cross-examination. The defendants submit that when the said matters were ripe for completion of evidence and final disposal the present suit was filed on 22nd November,2004 which was listed before the Court on 25th November,2004 when the ex-parte ad-interim injunction was granted.

m) In view of the above facts, it is clear that the plaintiffs have played a fraud upon this Hon'ble Court by filing of the present suit against the defendants. The said suit is not maintainable and it is an abuse of the process of the Court and is also not maintainable under Order 2 Rule 2 CPC.

21. Shri Mukul Rohtagi, learned senior counsel appearing for the plaintiffs urged the following points:

(i) Trade and Merchandise Marks Act 1958 was in force in the year 1971 when assignment of the mark/name 'HAVELL'S' took place. Section 2(j) of said Act defined 'mark' to include name. He submitted that twin effect of the assignment

dated 6.10.1971 and the agreement dated 13.4.1981 was that plaintiff alone could use the said word as part of their trademark as well as name to the exclusion of all others.

(ii) Based on the pleadings of the plaintiffs in para 25 of the plaint, Shri Mukul Rohtagi submitted that Lalit Seth was incorporating different companies which were marching under the banner of defendant No. 5 and 6. All companies were using the mark 'HPL' as their trademark but publicity material prominently used the name of defendant No. 6. Common price lists were circulated by all group companies. Counsel urged that material on record established dishonest conduct of the defendants to appropriate the name HAVELL'S.

(iii) In the context of dishonest conduct, counsel urged that delay was irrelevant.

(iv) Provision equivalent to sub section 5 of Section 29 of the Trade Mark Act 1999 was not there in the 1958 Act. This legislative provision gives a new cause of action to the plaintiffs.

(v) Legal advise given to the plaintiffs in 1990 when earlier suit was filed in not seeking interim injunction was no estopple against the plaintiffs who had zealously guarded their rights. There could be no dilution due to acquiescence and in any case Section 29(5) of the T.M. Act 1999 resurrected the right of the plaintiffs.

(vi) Infringement of a trademark was a recurring cause of action and till infringement continues, fresh cause accrues each day.

(vii) Any company having Havells as part of it's corporate name inextricably linked the word 'HAVELL'S' to the trademark of the plaintiffs and injunction must follows for it was the inevitable consequence of every infringement.

22. In reply, Shri Valmiki Mehta, learned senior counsel for defendants 2 to 6 urged:

(i) Assignment of the mark/word 'HAVELL'S' in the year 1971 was expressly without assignment of goodwill. It was urged that goodwill is much wider than a mark. Havells Pvt. Ltd. existed since 1956. Haveli Ram Gandhi was aware of its

existence as he was its director in 1971. After 1971, Haveli Ram Gandhi and Mehra family floated firms using the word Havells as part of their trade name. Assignees never protested. It prima-facie evidences that parties understood the assignment to be limited to the mark and not the word Havells.

(ii) Agreement of 1981 was irrelevant qua defendants as Haveli Ram Gandhi could not bind Havells Pvt. Ltd. as he was not acting on its behalf. In any case the company did not authorize him to bind it.

(iii) Lalit Seth was a witness to the assignment deed dated 9.10.1971. He was not the executant. Letters dated 11.10.1971 and 6.11.1971 written by him were disclaimers qua use of trade mark HAVELL'S and not to the use of the word Havells as part of the corporate name of Havells Pvt. Limited. Predecessor in interest of plaintiffs understood this to be so as Havells Pvt. Limited continued to exist and trade without demur or protest from them.

(iv) Right of a registered or unregistered holder of a trademark is subject to other's rights of prior user or honest concurrent user.

(v) Delay would defeat right to injunction as injunction is discretionary and delay defeats equity.

(vi) There was no continuous cause of action. Earlier suits were pending. Plaintiffs had waived right to claim interim injunction. It was argued that doctrine of estoppel prevented the plaintiff from litigating on the same issues for a second time.

(vii) Right under Section 29(5) of the T.M. Act 1999 was subject to Section 30(2)(c)(i) and Section 12 of The T.M.Act,1999 i.e. it could be lost due to acquiescence and/or concurrent user.

23. Let me deal at the first instance with the issue whether the plaintiffs can maintain the present suit in view of the fact that an earlier suit is pending between plaintiffs and defendants 4 to 6 herein and what would be the impact thereof on the issue of interim injunction.

24. Since parties did not address arguments at length on the maintainability of the present suit, I propose not to deal with the first part of the question posed in para 23 above, as in my opinion it would require an issue to be framed and full length hearing. Parties had touched upon the issue very briefly. Shri Valmiki Mehta, learned senior counsel for the defendants 2 to 6 had relied upon 1995 (5) SCC 590, Hope Plantations Ltd. v. Taluk land Board, Peermade and Ors. Shri Mukul Rohtagi, learned senior counsel for the plaintiffs had relied upon : AIR 1997 SC1398 , Bengal Waterproof Ltd. v. Bombay Waterproof . and Anr. v. Shri Lalji Mal and Anr. and 2001 (5) SCC 0, Central Counsel for Research in Ayurveda and Siddha and Anr.

25. Hon'ble Supreme Court in the decision in Hope Plantation (Supra) in para 26, observed as under :

'26.It is settled law that the principles of estoppel and rest judicata are based on public policy and justice. Doctrine of rest judicata is often treated as a branch of the law of estoppel though these two doctrines differ in some essential particulars. Rule of rest judicata prevents the parties to a judicial determination from litigating the same question over again even though the determination may even be demonstratedly wrong. When the proceedings have attained finality, parties are bound by the judgment and are estopped from questioning it. They cannot litigate again on the same cause of action nor can they litigate any issue which was necessary for decision in the earlier litigation. These two aspects are 'cause of action estoppel' and 'issue estoppels'. These two terms are of common law origin. Again, once an issue has been finally determined, parties cannot subsequently in the same suit advance arguments or adduce further evidence directed to showing that the issue was wrongly determined. Their only remedy is to approach the high forum if available. The determination of the issue between the parties gives rise to, as noted above, an issue estoppel. It operates in any subsequent proceedings in the same suit in which the issue had been determined. It also operates in subsequent suits between the same parties in which the same issue arises. Section 11 of the Code of Civil Procedure contains provisions of rest judicata but these are not exhaustive of the general doctrine of rest judicata. Legal principles of estoppel and rest judicata are equally applicable in proceedings before

administrative authorities as they are based on public policy and justice.

26. In the decision in Bengal Waterproof Ltd. (supra), noting that previous suit was disposed of as technically not maintainable in absence of proper relief prayed for, Hon'ble Supreme Court held that since infringement of a trade mark is a continuing tort, second suit would be maintainable. Following the decision in Bengal Waterproof Ltd., a learned Single Judge of this Court in Indian Herbs Research and Supply Co.Ltd. (supra) held that notwithstanding an earlier suit being disposed of on compromise, second suit was maintainable as recurring action accrues whenever recurring acts of breach or infringement of a trade mark takes place.

27. Bar of resjudicata or issue estoppel or cause of action estoppel would require pleadings of the previous suits to be looked into. Whether it is a continuing cause or a recurring cause would have to be looked into and this to my mind would require a full fledged hearing after issues are framed. For the purposes of the present applications, filing of the said suits and their pendency would have to be considered for a limited purpose, namely, statement by the plaintiffs in said suit that they do not pray for an interim injunction in the second suit as they were advised not to pray for an interim injunction as time had elapsed from the date defendants used the word Havell's as a part of their corporate name. This fact would have to be put into the scales while considering balance of convenience and injury to either party. It would not bar the maintainability of an application praying for interim injunction for the reason, as held by the Lordships of the Supreme Court in central Council for Research in Ayurveda and Siddha (supra), concession made inadvertently or under a mistaken impression of law by a counsel cannot bind the client and the concession or advice cannot allure to the benefit of any party. Further, thus issue would require an indepth investigation in light of the fact that a provision analogous to sub-section (5) of Section 29 of the Trade Mark Act,1999 did not exist in the Trade and Merchandise Marks Act,1958. Whether this provision resurrects the cause or gives rise to a fresh cause needs an indepth examination. I leave these considerations, post trial.

28. Relying upon : [1970]2SCR222 , Ruston and Hornsby Ltd. v. The Zamindara Engineering Co. : [1965]1SCR737 , Kaviraj Pandit Durga Dutt Sharma v.

Navaratan Pharmaceutical Laboratories 1996 (16) PTC 610, Smt. S.Charatram v. Usha Rectifiers : [1994]1SCR708 , Power Control Appliances v. Sumeet Machines Pvt. Ltd. 2002 (24) PTC 121 (SC), Mahendra and Mahendra Paper Mills Ltd. v.Mahendra and Mahendra Ltd. 1995 (I) AD Delhi 1319, Montari Industries Ltd. v. Montari Overseas Ltd. and : 2004(28)PTC121(SC) , Midas Hygiene Inds. Pvt. Ltd. and Anr. v. Sudhir Bhatia and Ors., Shri Mukul Rohtagi, learned senior counsel urged that reputation or goodwill in business generally attaches with the trade name adopted by a business house and such reputation or goodwill has to be protected by the Court and it would be the duty of the court to prevent a third party from commencing or carrying on business in such a way as to represent it to be the business of someone else or associated with such someone else.

29. There can be no quarrel with the legal position emerging from the trend of judicial opinion in various judgments pronounced by various High Courts and the Hon'ble Supreme Court that reputation and goodwill in business generally attaches with the trade name adopted by a business house. Such reputation or goodwill would be protected by the court. Copying of the name by a competitor is likely to cause an injury to the business of the original party. Indeed, no one is entitled to commence or carry on business in such a way as to represent it to be the business of some one else or being associated with such some one else. The law would apply with more rigor when the defendant is an inanimate person such as a company and when the name consists of a prime word. Further, a word as part of a corporate name, if found to be causing confusion or likely to cause confusion would be actionable and the plaintiff, subject to proof of, by long use acquiring a right to use the word, would succeed. However, for the purposes of interlocutory injunction something more has to be considered by the Court.

30. Interlocutory remedy is normally intended to preserve in status-quo the rights of the parties which may appear of a prima facie case. As observed by their Lordships of the Supreme Court in the decision reported as , Wander Ltd. and Anr. v. Antox India Pvt. Ltd., :

'Usually, the prayer for grant of an interlocutory injunction is at a stage when the existence of the legal right asserted by the plaintiff and its alleged violation are

both contested and uncertain and remain uncertain till they are established at the trial on evidence. The Court at this stage acts on certain well settled principles of administration of this form of interlocutory remedy which is both temporary and discretionary. The object of the interlocutory injunction, it is stated,' is to protect the plaintiff against injury by violation of his rights for which he could not adequately be compensated in damages recoverable in the action if the uncertainty were resolved in his favor at the trial. The need for such protection must be made against the corresponding need of the defendant to be protected against injury resulting from his having been prevented from exercising his own legal rights for which he could not be adequately compensated. The court must weigh one need against another and determine where the 'balance of convenience' lies.

31. As observed by their Lordships in Mahendra and Mahendra Paper Mills Ltd. (supra) :-

'The court also, in restraining a defendant from exercising what he considers his legal right but what the plaintiff would like to be prevented, puts into the scales, as a relevant consideration whether the defendant has yet to commence his enterprise or whether he has already been doing so in which latter case considerations somewhat different from those that apply to a case where the defendant is yet to commence his enterprise, are attracted.

32. Indeed, under Section 12 of the Trade Marks Act,1999 an honest concurrent user would be protected. Similarly, under Section 30(2)(c)(i) a defense is always open that the proprietor of a registered trademark has expressly or impliedly consented to the use of the said trade mark by the defendant. These defenses, if laid, would need a trial. At the interlocutory stage of injunction, if said defenses are laid by the defendant, a court would be duty bound to evaluate the facts on the pleadings of the parties to form a prima facie view.

33. Inordinate delay in bringing an action may be used in defense by a defendant to plead acquiescence or in the alternative to plead implied consent. It may well be pleaded on the limited defense that delay defeats equity. A little clarification on the law in this context needs to be noted. As observed by Romer J. when an action was brought by J.R.Parkington and Co.Ltd. (1946) 63 RPC 171 :-

'In my judgment, the circumstances which attend the adoption of a trade mark in the first instance are of considerable importance when one comes to consider whether the use of that mark has or has not been a honest user. If the user in its in deception was tainted it would be difficult in most cases to purify it subsequently.

34. A learned Single Judge of this Court B.N.Kirpal, J. as his Lordship then was, in the decision reported as : AIR1990 Delhi19 , Hindustan Pencil Pvt. Ltd. v. India Stationery Products Co., taking note of the dictum of Romer J. afore-noted observed that where a defendant acts fraudulently with the knowledge that he is violating the right of the plaintiff then, even if there is an inordinate delay, relief of injunction is not denied. His Lordship held that the defense of laches or inordinate delay is a defense in equity. In equity both the parties must come to the court with clean hands. An equitable defense can be put up by a party who has acted fairly and honestly. It was further observed that the equitable relief will be afforded only to that party who is not guilty of a fraud and whose conduct shows that there had been, on his part, an honest concurrent user of the mark in question.

35. Thus, if a party for no apparent or valid reason adopts a mark or a word belonging to another, whether registered or not, prima facie it would be a case of a party wanting to cash in on the reputation built by the plaintiff. Conduct of this party being tainted with fraudulent adoption since inception, inordinate delay in bringing an action by the plaintiff would not be held against it. Dealing with this aspect, Harry D.Nims in his 'The Law of Unfair Competition and Trademarks 4th Edition, Volume-II at page 1282 has noted :-

'Where infringement is deliberate and willful and the defendant acts fraudulently with knowledge that he is violating plaintiff's rights, essential elements of estoppel are lacking and in such a case the protection of plaintiff's rights by injunctive relief never is properly denied. 'The doctrine of estoppel can only be invoked to promote fair dealings.'

36. As this court understands, acquiescence, implied consent and estoppel in the field of law of trade mark are based on the premise that where a plaintiff stood by knowingly and let defendant build up a trade reputation until it has become necessary to crush it, would dis-entitle such plaintiff to relief against defendant for

such a defendant has invested its time, labour and money to build for himself his own reputation. A Division Bench of this Court in the decision reported as 2001 PTC 889, Veerumal Praveen Kumar v. Needle Inds. (India) Ltd. and Anr. held :

'34.. Delay implicate may not be a defense in a suit for infringement of trade mark but where a trader allows a rival trader to expend money over a considerable period in building up a business with the aid of a mark similar to his own he will not be allowed to stop his rival's business.'

37. Let me now note certain features of the dispute relevant for the determination of the interlocutory application. Pleadings of the parties and the admitted documents bring out the following :-

A) M/s Havell's Pvt. Ltd. (defendant No. 6) was in existence since 1956. In other words it was existing for more than 14 years when Haveli Ram Gandhi executed the assignment in favor of the assignees vide deed of assignment dated 9.10.1971. Haveli Ram Gandhi and assignees were aware that Havell's Pvt. Ltd. was existing, meaning thereby were aware that word Havell's was a part of its corporate name.

B) Haveli Ram Gandhi was a Director of Havell's Pvt. Ltd. in the year 1971.

C) Assignment dated 9.10.1971 assigned only the right to the trade mark Havell's and pending applications for further registration but without the goodwill of the business.

D) Not only Havell's Pvt. Ltd. continued to exist but even Havell's Electronics Pvt. Ltd. (defendant No. 5) came to be incorporated in 1974.

E) There was no objection from any quarter to Havell's Pvt. Ltd. continuing with the said corporate name and to the incorporation of Havell's Electronics Pvt. Ltd. with the use of the word Havell's as part of its corporate name.

F) Mr. Lalit Seth, the controller of the defendant companies wrote letters dated 11.10.1971 and 6.11.1971 acknowledging only that the assignee under the assignment dated 9.10.1971 would have the exclusive right to the mark Havell's.

The two letters are not only on the letter head of Havell's Pvt. Ltd. but do not contain any undertaking that the company would remove the word Havell's from its corporate name.

G) After assigning the mark Havell's on 9.10.1971, Haveli Ram Gandhi continued business of Havell's Electrical Sales Corporation as its sole proprietor till he took in partners and converted the same into a partnership firm.

H) When the agreement dated 13.4.1981 was executed, Haveli Ram Gandhi had no authority to bind defendants 5 and 6.

I) Between 1971 and 1981 Haveli Ram Gandhi constituted firms using the words Havell's as a part of their trading name. Assignees never protested.

38. Since I am dealing at an interlocutory stage and lest I over step my jurisdiction by returning conclusive findings, I would phrase my sentence, that prima facie at this stage an inference that parties understood assignment to be limited to the mark alone and not the name cannot be ruled out. This would be evident from the fact that after the assignment deed was executed by him, Haveli Ram Gandhi continued with the business of Havell's Electrical Sales Corporation and converted the same into a partnership. Havell's and Havell's, another partnership was constituted by the family members of Haveli Ram Gandhi along with the Mehra family. Defendants 5 and 6 continued to exist. Predecessor-in-interest of the plaintiffs raised no objection till 1988. This is only a prima facie view. It is subject to evidence being led by the parties. This coupled with the fact that the assignment of 1971 clearly mentions that the assignment of the mark was without the goodwill of the business would also require the issue to be resolved after evidence is led for the reason as observed by Hon'ble Mr. Justice J.C.Shah, as his Lordship then was, in the decision reported as : [1970]3SCR530 , Rustom Cavasjee Cooper v. U.O.I. (para 98) :-

'Goodwill of a business is an intangible asset: it is the whole advantage of the reputation and connections formed with the customers together with the circumstances making the connection durable. It is that component of the to talk value of the undertaking which is attributable to the ability of the concern to earn

profits over a course of years or in excess of normal amounts because of its reputation, location and other features. Goodwill of an undertaking, therefore, is the value of the attract on to customers arising from the name and reputation for skill, integrity, efficient business management or efficient service.'

39. I am required to preserve in status-quo, the rights of the plaintiffs and defendants which may appear on a prima facie case. Protection of the interest of the plaintiffs has to be weighed viz-a-viz the corresponding interest of the defendants.

It is not a case where the defendants have to commence enterprise. Real challenge is to defendants 5 and 6 who have been in business since 1956 and 1974 respectively. In light of the prima facie facts noted above, balance of convenience and irreparable loss and injury, I am of the opinion that the ex-parte ad-interim injunction granted to the plaintiffs on 25.11.2004 requires to be vacated.

40. One fact remains and I may note the same. After arguments were reserved, plaintiffs filed an application being IA. No. 1906/05. Plaintiffs placed on record documents ostensibly to establish that defendant No. 6 was a defunct company. Documents sought to be relied upon were the annual report for the period ending 31.3.2004 In response, defendants filed income tax returns of defendant No. 6 to show that it was a live and kicking company with the gross income of Rs. 17,46,288/- for the assessment year 2001-02, Rs. 5,43,872/- for the assessment year 2002-03 and Rs. 5,00,970/- for the assessment year 2004-05.

41. Shri Mukul Rohtagi, learned senior counsel for the plaintiffs had sought to urge on the basis of the documents filed by the plaintiffs that Shri Lalit Seth was keeping alive defendant No. 6 as a shell company to use the word Havell's and other companies were being incorporated without using the word Havell's but publicity material was being brought out to show that all companies of Lalit Seth Group were a part of defendant No. 6 group. In this manner the new companies were taking benefit of the word Havell's.

42. Since this Court is deciding the matter at an interlocutory stage, keeping in view the documents filed by the defendants after additional documents were filed

by the plaintiffs, it cannot be held prima facie that defendant No. 6 is being kept alive as a shell company.

43. IA.7880/04 is accordingly dismissed and IA.75/05 is allowed. Ex-parte ad-interim injunction dated 25.11.2004 is vacated. The last mantra. Nothing stated or expressed in this order would be treated as an expression on the merits of the rival claims of the parties which would be decided in light of evidence led at the trial.

44. No costs.

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