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Structural Waterproofing and ors. Vs. Mr. Amit Gupta and ors.

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Court : Delhi

Decided On : Jul-11-2001

Reported in : 93(2001)DLT496

Judge : Mr. J.D. Kapoor, J.

Acts : Code of Civil Procedure (CPC), 1908 - Sections 10 and Order 39, Rules 1, 2 and 4; Trade and Merchandise Marks Act, 1958 - Sections 21, 35, 35(1), 44 and 47

Appeal No. : IAs. 5366/2001, 5723/2001, 5783/2001 in S. No. 1118/2001

Appellant : Structural Waterproofing and ors.

Respondent : Mr. Amit Gupta and ors.

Advocate for Def. : Mr. Praveen Anand and ; Mr. Rudra Kalhon, Advs.

Advocate for Pet/Ap. : Mr. Rajeev Nayar, Sr. Adv. and; Ms. Pratibha Singh, Adv

Judgement :
ORDER

J.D. Kapoor, J.

1. Learned counsel for the defendants/applicants states that application under Order 39 Rule 4 CPC being I.As. 5723/2001 & 5783/2001 be treated as reply to

application under Order 39 Rules 1 & 2 CPC being I.A. 5366/2001. I.A. 5783/2001 stands merged in I.A. 5723/2001 as the nature of relief in both the applications is identical.

2. I.A. 5723/2001 is for vacation for ex-parte ad interim injunction whereby applicants/defendants were restrained from using the trade mark CICO, the CICO logo as a trade mark or as part of their trade style or as a corporate name.

3. The aforesaid ex-parte order was passed on the following representations of the plaintiff:-

1) Plaintiff is the registered proprietor of the trade mark CICO.

2) Plaintiff is the owner of CICO logo.

3) There was a memorandum of understanding between the parties which was more or less a family settlement which has since been challenged in the District Court, Alipore, Kolkata and as such is no more enforceable or in operation.

4) That even on 15.6.2001, plaintiff is shown as registered proprietor of trade mark CICO and thereforee, even if there was a Memorandum of Understanding between the parties, the applicants/defendants are not entitled to use trade mark CICO.

5) That in the absence of registration of the assignment of the trade mark required by Section 44 of the Trade and Merchandise Marks Act, 1958, the defendant cannot claim superior right over the use of the trademark CICO.

4. Section 44 provides as under-

44. Registration of assignments and transmissions- (1) Where a person becomes entitled by assignment or transmission to a registered trade mark, he shall apply in the prescribed manner to the Registrar to register his title, and the Registrar shall, on receipt of the application and on proof of title to his satisfaction, register him as the proprietor of the trade mark in respect of the goods in respect of which the assignment or transmission has effect, and shall cause particulars of the assignment or transmission to be entered on the register:

Provides that where the validity of an assignment or transmission is in dispute between the parties, the Registrar may refuse to register the assignment or transmission until the rights of the parties have been determined by a competent court.

(2) Except for the purpose of an application before the Registrar under sub-section (1) or an appeal from an order thereon, or an application under section 56 or an appeal from an order thereon, a document or instrument in respect of which no entry has been made in the register in accordance with sub-section (1), shall not be admitted in evidence by the Registrar or any court in proof of title to the trade mark by assignment or transmission unless the Registrar or the court, as the case may be, otherwise directs.

5. While canvassing the effect of non-registration of assignment, learned counsel has placed reliance on Brakes International Versus Tilak Raj Bagga 1997 (17) PTC 591. Reliance has also been placed on Kohinoor Paints Faridabad (P) Ltd. Versus Paramveer Singh & Anr 1996 (16) PTC 69. Relevant observations is Brakes International case are as under:-

'I have already reproduced, in one of the preceding paragraphs, the proviso to Sub-section 1 of Section 44. Its bare perusal would go to show that where the validity of an assignment or transmission is in dispute between the parties, the Registrar may, in his discretion, refuse to register the assignment or transmission until the rights of the parties have been determined by a competent Court. Since the proviso invests the Registrar with such discretion which in facts and circumstances of the case he may or may not exercise, I would not like to superimpose my own Will. Not at this stage atleast.'

6. So far as application under Section 10 CPC is concerned, learned counsel for the plaintiffs has contended that in para 9 of the plaint following averments have been made-

'The defendants have filed a suit against the plaintiff's company being S. No. 2373/2000 in the Delhi High Court in which the defendants claim to be the proprietor of the mark CICO. The said suit is pending adjudication before this

Hon'ble Court. In the said suit, the defendant herein claim ownership in the said mark on the basis of Memorandum of Understanding allegedly entered into between the promoters of the plaintiffs company and the defendants who are brothers. It is, however, respectfully submitted that the plaintiffs herein is defending the said action in accordance with law. No order of injunction has been granted in favor of the defendants who are plaintiffs in the said suit.'

7. Vacation of stay is being sought on the ground that the plaintiffs have concealed certain facts which are important and material and had these been disclosed in proper perspective, these would have disentitled the plaintiffs to ex-parte ad interim injunction.

8. Apart from this, the maintainability of the suit itself has been challenged as it is barred by the provisions of Section 10 CPC that place embargo upon the court to proceed with the suit with a suit in which matter is issue is also directly and substantially involved in a previously instituted suit between the same parties or between parties under whom they or any of them claim litigating under the same title where such suit is pending in the same or any other Court in India having jurisdiction to grant the relief claimed, or in any Court beyond the limits of India established or continued by the Central Government and having like jurisdiction, or before the Supreme Court. As per these provisions the pendency of a suit in a foreign Court does not preclude the Courts in India from trying a suit founded on the same cause of action.

9. While refuting the contention that since the validity of Memorandum of Understanding has been challenged in the court and as such it is no more in operation, learned counsel for the applicants/defendants has urged with vehemence that since all the terms of the MOU have been acted upon and given effect to, it is no more open to the plaintiff to wriggle out of it or take refuge under the cover of challenge for obtaining interim injunction. Learned counsel has, in this regard, referred to the following Clauses of MOU:

'Clause 4: The brand name of 'CICO' as classified in Class-1 and Class-2 vide Trade Mark Registration Nos. 260763 and 251898 under the Trade and Merchandise Marks Act, 1958 only and without its associated Trade Marks will

exclusively become the property of the business of AG Group and/or of any other Company with AG Group may subsequently float and SG Group with do the needful and co-operate in every manner to execute a Deed of Transfer to this effect as aforesaid. While selecting the name of the exiting Products of SWC the name as indicated in Annexure-1 (with or without CICO) should strictly flowed by SG and AG Group.

Clause 1: Sri Sumit Gupta & family (hereinafter called the SG Group) will run the products of Construction Chemicals and allied products as usual (which includes activities of manufacturing, marketing and selling) and also their future invented/developed products including other diversification activities by SG Group under the existing banner of SWC without the brand names 'CICO' and 'TAPECRETE'. While selecting name of the product of SWC as existed on the date of executing this presence, SG will follow the name of existing products of SWC as clearly indicated in Annexure-1.

Clause 2: Sri Amit Gupta and family (hereinafter called the AG Group will run the business of the construction Chemicals and allied products as usual including future invented developed products and other diversification activities from the existing FRC and Bengal Ceramics with CICO and TAPECRETE brand, be transferred of AG Group. While selecting name of the product of SWC as existed on the date of executing this presence AG will follow the name of existing products of SWC as clearly indicated in Annexure-1.'

10. As regards the contention of learned counsel for the plaintiff that for want of registration of assignment and transmission, the defendants are not entitled to protection of the trademark or logo assigned to them through Memorandum of Understanding, learned counsel for the defendants has contended that merely because trademark is not registered, the assignment does not disentitle the unregistered assignee to become the proprietor of the trademark and in support of this view, the learned counsel has placed reliance upon (i) Hindustan Lever Ltd. v. Bombay Soda Factory AIR 1964 Mys 173; (ii) T.I. Muhammad Zumoon Sahib Vs . Fathimunnissa alias Bibijan & others : AIR1960 Mad80 wherein following observations were made:-

'There is nothing in S.21 or S.35 which would support the argument that it is only the order of the Registrar under S.35 which confers a right on the heirs of the original registered proprietor to bring an action for infringement of the trade mark. Such an action is, thereforee, maintainable even before an order was passed under S.35. If, subsequently, the plaintiffs file into court an order under S.35(1) recognising their title, the plaint need not be amended because the order of the Registrar under S.35 by itself does not give a cause of action. All that it gives is a recognition of the title which already inheres in the legal representatives of the deceased proprietor.'

11. Following observations were made in Hindustan Lever Ltd. case:-

'that when a change in the name of the registered proprietor is required the authorities of the company need only apply under S.47, Trade Marks Act. The plaintiff could not be non-suited merely because the change in the name of the registered proprietor had not been effected by the time the suit was instituted. Registration of the name of the proprietor does not confer title on him. It is merely an evidence of his title. The plaintiff company was the owner of the trade mark in question at all times.'

12. Learned counsel for the applicants/defendants has also referred to the documents filed by the plaintiff including the circular dated 19.6.2000 issued to the press in the following terms:-

'Our press campaign informing all concerned about the change in our Logo, the Struck range of products etc., have started. The first advertisement in this regard has been published in 'The Telegraph' (Calcutta edition dated 19.6.2000). The same is enclosed for your doing the needful.'

13. The notice enclosed with the circular was to the effect that:-

'This is to inform all concerned that the following changes in the Brand Names of our Products will come into effect from 1.6.2000 whereby Brand Name CICO was replaced by Brand Name STRUCK.'

14. Similarly by way of Board resolution dated 14.3.2000, Mr. Sumit Gupta was authorised to sign Deed of Transfer/Assignment. The said Deed of Transfer/Assignment dated 14.3.2000 is duly signed by Mr. Sumit Gupta.

15. I am afraid mere challenge by the party to the validity of Memorandum of Understanding either on facts or non-registration of an assignment does not prima facie entitle the party to backtrack the terms of the Memorandum of Understanding agreed to and acted upon particularly for the purpose of interlocutory injunction by virtue of doctrine of estoppel and acquiescence as such right is either subject to the final outcome of the main suit or the suit challenging the validity of Memorandum of Understanding.

16. However, without going into this aspect of the matter whether the Memorandum of Understanding was executed by way of playing fraud or coercion but in view of the fact that each and every term of Memorandum of Understanding has been acted upon and given affected to by both the parties, the plaintiff is not entitled to interim injunction against the terms of settlement.

17. The comulative affect of these facts and circumstances is that plaintiff for the purpose of interlocutory injunction has not succeeded in proving that prima facie case is in its favor or that balance of convenience lies in its favor and that it will suffer irreparable loss and injuries in case injunction is refused.

18. Apart from this, Section 10 CPC also comes to the rescue of the defendant as it is admitted that defendants have instituted a suit for injunction against the plaintiffs bearing no. S. 2373/2000 before this court wherein the validity of Memorandum of Understanding and use of trademark CICO is under challenge, since the matter in issue in this suit is directly or substantially involved in the previously instituted suit between the same parties, plaintiffs are not at least entitled for interlocutory injunction.

19. In the circumstances, applications under Order 39 Rule 4 CPC being I.As. 5723/2001 & 5783/2001 are allowed and the interim order dated 29.5.2001 stands vacated. As a consequence, application under Order 39 Rules 1 & 2 CPC results in the dismissal.

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