

Cinni Foundation Vs. Raj Kumar Sah and Sons and anr.

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Court : Delhi

Decided On : Sep-11-2009

Reported in : 2009(41)PTC320(Del)

Judge : Reva Khetrapal, J.

Acts : [Trade Marks Act, 1999](#) - Sections 2, 28, 29, 35, 40, 45, 45(1), 45(2), 57(1), 134 and 135; Code of Civil Procedure (CPC) - Sections 151 - Order 1, Rule 11 - Order 7, Rule 11 - Order 39, Rules 1, 2 and 4

Appeal No. : I.A. Nos. 5726, 6870 and 6871/2009 in C.S.(OS) 783/2009

Appellant : Cinni Foundation

Respondent : Raj Kumar Sah and Sons and anr.

Advocate for Def. : Vikas Singh, Sr. Adv. and; Chandra Prakash, Adv.

Advocate for Pet/Ap. : S.K. Bansal an; Akshay Srivastava, Advs

Disposition : Reported

Judgement :

Reva Khetrapal, J.

1. By this order, it is proposed to decide IA Nos. 5726/2009 (under Order XXXIX Rules 1 and 2 read with Section 151 CPC filed by the plaintiff), 6870/2009 (under

Order VII Rule 11 read with Order I Rule 11 read with Section 151 CPC filed by the defendants) and 6871/2009 (under Order XXXIX Rule 4 read with Section 151 CPC filed by the defendants).

2. The plaintiff M/s. Cinni Foundation through its Managing Trustee Chandra Kumar Sah has filed the aforesaid action under Sections 134 and 135 of the [Trade Marks Act, 1999](#), inter alia, seeking a permanent injunction restraining the defendants from infringement of its trade mark 'CINNI' and from passing off its goods and business as that of the plaintiff besides delivery up of all the impugned finished and unfinished materials bearing the violative trademark.

3. The plaintiff, which is a private trust established under the Deed of Trust dated 05.11.2000, duly registered with the Sub-Registrar Varanasi (U.P.), is engaged in the business of manufacture and trade of fans of various types. It is averred that the plaintiff has already achieved the turnover of over Rs. 70 crores since the year 2000 till date under its well established and proprietary trade mark/trade name 'CINNI' and has built up a valuable goodwill and reputation in India as well as overseas. The trade mark 'CINNI' is registered under the [Trade Marks Act, 1999](#) under the following numbers:

Sl. Trade Mark TM Regn. Class Jounal. StatusNo. No. No. No. 1. CINNI 304572
11 647 Registered2. CINNI 383591 11 956 Registered3. CINNI 383592 11 963
Registered4. CINNI Label 503208 11 1183 Registered

4. By virtue of the said registrations, the plaintiff has exclusive right to use the said registrations within the meaning of Sections 28 and 29 of the [Trade Marks Act, 1999](#) as also to prevent rival violative third party use thereof. The plaintiff is carrying on its business under the said 'CINNI' trade mark/trade name through a wide range of licensees, manufacturers, distributors, etc. One such licensee firm is M/s. Panchmukhi Engg. Works, Varanasi (U.P.) and one such distributor firm is M/s. Sah Agencies Pvt. Ltd., in Delhi.

5. It may be noted that the history of the 'CINNI' trade mark dates back to the early 1950s when it was first adopted and used by the partnership firm under the name and style of M/s. Raj Kumar Sah and Sons (the defendant No. 1 herein), being a

family business constituted of the family members of Shri Jag Mohan Das Sah (since deceased). The defendant No. 1 partnership by an irrevocable Deed of Assignment dated 05.11.2000 assigned the 'CINNI' Trade mark including its patent and design registrations to the plaintiff trust along with all rights, titles, interests and claims for valuable consideration. The 'CINNI' trade marks and registrations so assigned are detailed in the Schedule which forms part and parcel of the Deed of Assignment. The said Deed of Assignment has been signed and executed by the defendant No. 1 through both its partners at that point of time, namely, Raj Kumar Sah (since deceased) and his son Ravindra Kumar Sah (the defendant No. 2 herein) as assignors and by Shri Chandra Kumar Sah as Managing Trustee of the assignee, Cinni Foundation. The Assignment Deed is registered with the Sub-Registrar Varanasi (U.P.).

6. According to the plaintiff, the said Deed of Assignment has all the trappings of a family settlement and the plaintiff trust itself had been constituted by the family members of late Jagmohan Das Sah, who were also the beneficiaries of the trust. As already stated, the defendant No. 1 partnership on 05.11.2000 consisted of only two partners, namely, Raj Kumar Sah (since deceased) and his son Ravindra Kumar Sah (the defendant No. 2 herein) and both of them were signatories to the Deed of Assignment dated 05.11.2000. Thus, in a sense the defendant No. 1 (assignor) was the predecessor of the plaintiff trust. The defendant No. 2 is one of the trustees and settlors of the plaintiff trust as well as a partner of the defendant No. 1. The plaintiff, however, claims that the present exact constitution of the defendant No. 1 partnership is not within its knowledge.

7. The plaintiff's grievance is that the defendants in utter disregard to and in derogation of the Deed of Assignment dated 05.11.2000 have recently, i.e., in or about the end of March, 2009 started using the trade mark 'CINNI' in relation to the business of manufacture and trade of fans of various types and have claimed their own rights therein. The said adoption and use of the 'CINNI' trade mark by the defendants is mala fide, fraudulent and in violation of the plaintiff's statutory and common law rights in the trade mark/trade name 'CINNI' and in infringement of the plaintiff's 'CINNI' trade mark registrations. In addition, the defendants by their impugned adoption and use are passing off their goods and business as that of

the plaintiff and are thus deceiving the innocent and unwary purchasers, the market and the trade as to the origin of the goods. The plaintiff is resultantly suffering tremendously in business and in reputation and the losses being suffered by it are incalculable. Aggrieved, the plaintiff immediately, through its Managing Trustee, issued a cease and desist notice dated 13th April, 2009 through its attorney upon the defendants. This apart, the plaintiff also issued Caution Notices in newspapers, protested through family channels and requested the defendant No. 2 to cease its impugned activities. The plaintiff, in addition, also launched enquiries in the market, which revealed that the defendants were soliciting trade from the plaintiff's various licensees and distributors as also issuing notices to them, asking them to cease and desist from using the trade mark 'CINNI' and instead claiming their own rights.

8. It is alleged that one such notice was issued to the plaintiff's distributor in Delhi, M/s. Sah Agencies Pvt. Ltd., which has its registered office at B-4, Street No. 15, Madhu Vihar, Patpar Ganj, Delhi. Thus, the defendants have set up rights contrary to that of the plaintiff, which are also contrary to law. Apart from this, the defendant No. 2 Ravindra Kumar Sah, issued a letter dated 22nd April, 2009 purportedly on the letter head of the plaintiff trust to Chandra Kumar Sah, (received by the latter on or about 25th April, 2009), inter alia, seeking to remove Chandra Kumar Sah as the Managing Trustee of the plaintiff trust and proclaiming himself as Chairman of the trust. All this culminated in the filing of the present suit through Shri Chandra Kumar Sah, Managing Trustee of the plaintiff Company on 29th of April, 2009.

9. By an order dated 01.05.2009, summons of the suit and notice of IA No. 5726/2009 under Order XXXIX Rules 1 and 2 CPC were issued to the defendants, returnable on 24th July, 2009 and in the meanwhile, the defendant No. 2 was restrained from interfering with the business of the plaintiff in terms of the Assignment Deed dated 05.11.2000. The defendant No. 2 was further restrained by the said order of this Court from transferring the impugned trade mark 'CINNI' that stood assigned to the plaintiff trust by an Assignment Deed dated 05.11.2000 in favour of any third party, except the plaintiff trust.

10. The aforesaid order led to the filing of two applications by the defendants, one for rejection of the plaint under Order VII Rule 11 CPC, being IA No. 6870/2009 and the other for vacation of the interim injunction order, being IA No. 6871/2009. In the application under Order VII Rule 11 read with Order I Rule 11 CPC (IA No. 6870/2009), a two-fold prayer has been made, viz., (i) that the defendants be allowed to conduct the suit by virtue of the provisions of Order I Rule 11 CPC and (ii) that the plaint be rejected under the provisions of Order VII Rule 11(a) and (d). The prayer in IA No. 6871/2009 under Order XXXIX Rule 4 read with Section 151 CPC, as already stated, is for vacation of the ex parte ad interim order of injunction passed by this Court on 01.05.2009 in IA No. 5726/2009.

11. Mr. Vikas Singh, the learned senior counsel for the defendants raised a three-fold contention to buttress his prayer for rejection of the plaint:

(i) Firstly, the present suit has not been filed by a duly authorised person, in that, Shri Chandra Kumar Sah, the Managing Trustee of the plaintiff trust, who has filed the suit, was removed from the office of Managing Trustee vide a resolution of the Board of Trustees dated 22.04.2009 and by another resolution dated 14.05.2009, one of the trustees, namely, Sumit Agrawal had been appointed and authorised to represent the plaintiff trust. The aforesaid resolutions had been passed in view of the fact that Shri Chandra Kumar Sah had mismanaged the affairs of the trust and started a rival business of manufacturing of fans and motors under the trade name 'CINTU' and was getting its product distributed through M/s. Sah Agencies by misrepresenting to the dealers of the trade mark 'CINNI' that 'CINTU' was a product of 'CINNI'. M/s. Sah Agencies was incorporated on 13.12.2002 with Chandra Kumar Sah and Dipak Kumar Sah, son of Chandra Kumar Sah as its Directors and is the authorised dealer of 'CINNI' fans as well as 'CINTU' fans, pumps and appliances for the period July, 2008 to June, 2010 in accordance with the Certificate issued by Mr. Dipak Kumar Sah, the Managing Director of M/s. Sah Agencies. The registration of the trade mark 'CINTU' was applied for on 30th May, 2002 vide application No. 1137009, i.e., after the execution of the Deed of Assignment and as a result, incalculable harm was being caused to the business of 'CINNI'. Thus, at the time of the creation of the trust, approximately two lakh units of fans under the brand 'CINNI' were being produced, which have now

dwindled to approximately 55,000 units. The whole purpose of creation of the trust and assignment of the trade mark 'CINNI' to the plaintiff trust, viz., for better exploitation of the trade mark so as to generate funds for the welfare of the beneficiaries of the trust has been defeated since the business interests of the Managing Trustee in his personal capacity are involved.

(ii) Secondly, the plaint is liable to be rejected on the ground that the jurisdiction of this Court has been wrongly invoked by the plaintiff, as no part of the cause of action had arisen within the territorial jurisdiction of this Court. Both the plaintiff and the defendants are located and carrying on business at Varanasi in the State of U.P. The plaintiff trust was executed and registered at Varanasi. The Deed of Assignment dated 05.11.2000 on the basis of which the plaintiff has filed the instant suit was also executed, signed and registered at Varanasi. This clearly indicated that all the business activities of the plaintiff and the defendants were being carried on at Varanasi, and that no part of the cause of action had accrued within the jurisdiction of this Court. It was also submitted that for conferring jurisdiction on this Court, it is averred that the defendant No. 1 wrote a letter to M/s. Sah Agencies, claimed to be the plaintiff's main distributor having its registered office in Delhi, but there is no privity of contract between the plaintiff and the said M/s. Sah Agencies whose alleged office is at Delhi and, in any event, no documentary proof has been produced on the record to show that any valid licence had been issued in favour of said M/s. Sah Agencies or that any business transaction had been conducted by M/s. Sah Agencies at Delhi, within the jurisdiction of this Court. Shri Chandra Kumar Sah, as already stated, is one of the Directors of M/s. Sah Agencies. Since the defendants have sent a notice to M/s. Sah Agencies informing it that it has no power or authority to trade and manufacture fans under the trade mark 'CINNI' without issuance of a licence in terms of Clause 5.6 of the Trust Deed, which requires that any licence issued by the Managing Trustee be countersigned by at least one of the two trustees, namely, Ravindra Kumar Sah (the defendant No. 2) and Shri Sumit Agrawal, no enforceable right has been created in favour of the said Sah Agencies for conferring jurisdiction on this Court. The said M/s. Sah Agencies is in any case not a licensee of the plaintiff for 'CINNI' fans, but is a licensee for 'CINTU' fans.

(iii) Thirdly, there is a clear-cut admission in paragraph 27 of the plaint to the effect that so far there is no recordial of the assignment of the trade mark 'CINNI' to the plaintiff Company with the office of the Registrar of Trade Marks and without a recordial of the assignment, no right has accrued to the plaintiff-trust to claim exclusive rights in the trade mark 'CINNI' in terms of Sections 40 and 45 of the Trade Mark Act, 1999.

12. The learned Counsel for the plaintiff sought to counter the first contention of the defendants' counsel by urging that the suit had been properly instituted through the Managing Trustee, Shri Chandra Kumar Sah. He contended that Shri Chandra Kumar Sah had been appointed as Managing Trustee of the Board of Trustees under Clause 5.1 of the Trust Deed dated 5th November, 2000 and by virtue of the provisions of Clause 5.5(a) was to continue to be the Managing Trustee of the plaintiff trust for his life time. Relying upon the judgment of the Hon'ble Supreme Court in United Bank of India v. Naresh Kumar and Ors. AIR 1997 SC 3, it was urged that the trust deed itself authorized the Managing Trustee, Chandra Mohan Sah to file the instant suit. Thus, Clause 8, Sub-clause (h) of the Trust Deed, which deals with the powers of the Managing Trustees, empowered the Managing Trustee:

To institute, conduct, defend, compound, compromise or abandon any legal proceedings by or against the Trust and to refer any claims or demands by or against the Trust to Arbitration and observe and perform any award made thereon.

13. Clause 5.1 and Clause 5.5 read as under:'

5.1 Board of Trustees:

That the Board of Trustees shall mean and include the First Trustees of these presents, survivor or survivors of them and the Trustees for the time being of these presents. The First Board of Trustees shall consist of the following persons:

a) Shri Raj Kumar Sah Chairman
b) Shri Chandra Kumar Sah Managing Trustee
c) Shri Ravindra Kumar Sah Trustee
d) Shri Suraj Kumar Sah Trustee
e) Shri Sumit Kumar Agrawal Trustee
5.5 Managing Trustee:

a) That Shri Chandra Kumar Sah shall be the first Managing Trustee and he shall continue to be the Managing Trustee of this Trust for his life time. He shall be empowered to nominate any person as his successor to work as Managing Trustee after his life time.

b) That in the event of absence of the Chairman in a particular meeting of the Board of Trustees, the Managing Trustee shall preside over that meeting and shall have a casting vote. Similarly, after the demise (God forbid) of Shri Raj Kumar Sah, the Managing Trustee shall preside over the meetings and shall have a casting vote.

14. The learned Counsel for the plaintiff contended that there was no question of removal of the Managing Trustee who was appointed as a life time trustee to work for the benefit of the trust. Yet, the defendants had sought to remove him, compelling him to file a suit in the Varanasi Courts challenging his aforesaid removal, which suit had been filed after the defendants took the aforesaid plea of his removal in the present case. The learned Counsel also contended that it was unsafe to hand over conduct of the suit to the defendants or to the said Sumit Agrawal, who was in league with the defendants No. 1 and 2 and was hand in glove with the said defendants. Sumit Agrawal, was the son of the daughter of Raj Kumar Sah, while the defendant No. 2 was the son of Raj Kumar Sah and the aforesaid persons in connivance with each other were aiming to usurp the business of the plaintiff. The said Sumit Agrawal was also a partner/proprietor in the firm styled as U.B. Sales having its main office at C-21/ 85, Mahamandal Nagar, Pishachmochan Marg, Varanasi. This firm had been appointed by the defendant No. 1 as its sole selling agent of 'CINNI' fans and as was evident from letter dated 6th May, 2009 sent by the defendant No. 2 on behalf of the defendant No. 1 to M/s. Pawan Electrical Industries, Village-- Alauddinpur Lohata Road, Varanasi. The defendant No. 1, through the said firm of U.B. Sales, was carrying on the violative business of manufacture and trade of fans under the 'CINNI' trade mark as also soliciting business and licencing thereunder. The defendants had raised the bogey of the trade mark 'CINTU' and of M/s. Sah Agencies Private Limited even though the factum of their existence was within their positive knowledge since the year 2002 and it was with their consent, approval and

acquiescence that the said business was being carried on by Shri Chandra Kumar Sah.

15. With regard to the plea of lack of jurisdiction, the learned Counsel for the plaintiff, Mr. Bansal denied that the plaintiff had invoked the territorial jurisdiction of this Court only on the basis of legal notice addressed to M/s. Sah Agencies Private Limited, whose registered office is in Delhi, though contended that the said legal notice by itself is sufficient to confer territorial jurisdiction on this Court. He also contended that the documents filed by the plaintiff clearly established that the business was being transacted within the territorial jurisdiction of this Court.

16. With regard to the next plea raised by Mr. Bansal, the learned Counsel for the plaintiff contended that by virtue of the Deed of Assignment dated 05.11.2000 the plaintiff had become owner of the trade mark/trade name 'CINNI' from the date of the execution thereof, i.e., 05.11.2000 and the complete rights vesting in M/s. Raj Kumar Sah and Sons from the date of the execution of the Transfer Deed vested in the plaintiff trust. He further contended that the defendants at no point of time had raised any dispute with regard to the Deed of Assignment. All of a sudden in December, 2008 when it came to the knowledge of the defendant No. 3 that the trade mark 'CINNI' was not recorded in the name of the plaintiff trust, the defendants staked a claim to the said trade mark/trade name. This was reinforced by the fact that throughout the defendants had adopted a stand that the royalty payable by the dealers was payable to the plaintiff, 'CINNI Foundation', consequent to the execution of the Deed of Assignment. In this context, my attention was drawn by learned Counsel for the plaintiff to the letter dated 16.11.2000 addressed to M/s. Pawan Electrical Industries by Raj Kumar Sah and Sons through its partner, which reads as under:

We wish to inform you that the royalty as per our agreement dated 31.12.1999 will be paid by you to us upto 8th Nov.' 2000 only as the Brand Equity have been transferred to Cinni Foundation.

You are, therefore, requested to please contact Cinni Foundation, D-59/37, Mahmoorganj, Varanasi for your fresh agreement towards Cinni Royalty.

You are also requested to please clear the dues against royalty upto 8th Nov.' 2000 at the earliest to square up the account.

17. The learned Counsel for the plaintiff also drew my attention to the letter dated September 13, 2005 signed on behalf of CINNI Foundation by Mr. C.K. Sah as Managing Trustee and countersigned by Mr. Ravindra Kumar Sah as trustee to urge that the defendant No. 2 (Ravindra Kumar Sah) had explicitly acknowledged that the trade mark 'CINNI' vested in the 'CINNI Foundation'. The said letter being apposite is reproduced hereunder:

September 13, 2005

M/s Pawan Electrical Industries

Plot No. 338, Khajuri

Pandeypur

VARANASI - 221 002

Kind Attn: Sri Abhishek Agrawal

Dear Sir,

Further to renewal of our Agreement for the use of Cinni Brand in fans manufactured/traded, please note that due to heavy payments to be made by the Foundation and Industry, we are proposing to increase the Licence fee to Rs. 45/- per fan with effect from 1st September 2005.

You are requested to kindly send your confirmation alongwith Balance Sheet of the company for last 3 years and the costing of each variety of fans separately as on date.

We expect your prompt reply in this connection, preferably within this month.

Thanking you,

Yours faithfully,

for CINNI Foundation

sd/-

(C.K. SAH)

Managing Trustee

sd/-

(Ravindra Kumar Sah)

Trustee

18. Likewise, letter dated August 09, 2008 addressed to M/s. Panchmukhi Pvt. Ltd. by 'CINNI Foundation' through Ravindra Kumar Sah, trustee and Chandra Kumar Sah, Managing Trustee; letter dated August 13, 2008 addressed to M/s. Lahartara Engineering Works; letter dated August 13, 2008 addressed to M/s. SMT Electricals Pvt. Ltd.; letter dated August 13, 2008 addressed to M/s. Chandra Motors; letter dated August 13, 2008 addressed to M/s. Churamanpur Engineering Works; letter dated August 13, 2008 addressed to M/s. Rohania Engineering Works; letter dated August 13, 2008 addressed to M/s. Sah Machine Tools Pvt. Ltd.; letter dated August 16, 2008 and letter dated September 08, 2008 addressed to M/s. Pawan Electrical Industries were relied upon to show that all through the defendant No. 2 as trustee of 'CINNI Foundation' was taking the stand that the trade mark 'CINNI' vested in 'CINNI Foundation', the plaintiff herein. It was for the first time on 30th March, 2009 that a caution notice was issued by the newspaper 'AAJ', Varanasi Mahanagar informing the general public that M/s. Raj Kumar Sah & Sons, the defendant No. 1 herein, was the exclusive owner of the trade mark 'CINNI' for all types of fans and other products. This was followed on 31st March, 2009 with a legal notice sent on behalf of the defendant No. 1 to the plaintiff claiming exclusive right to the trade mark 'CINNI' and caution notices dated 17.04.2009, 18.04.2009 and 19.04.2009.

19. Having considered the contentions raised at the bar, I am unable to agree with the learned Counsel for the defendants that the suit deserves to be rejected under

Order VII Rule 11 CPC on any of the grounds urged in the said application. Dealing first with the contention that the suit has not been filed by a duly authorized person, in that, the person who had instituted the suit on behalf of the plaintiff-trust, had been removed as the Managing Trustee for his various acts of omission and commission, viz. mis-management of the Trust, starting of a rival business of manufacturing the fans, pumps, etc. and marketing the same under the new registered trademark of 'CINTU', thereby causing infringement and passing off of the trademark of the defendant No. 1, and causing serious prejudice to the interests of the trust as well as of the beneficiaries, it needs to be noted that there is no denial on the part of the defendants that the trademark 'CINNI' had been assigned to the plaintiff under the Deed of Assignment dated 05.11.2000 whereunder the Managing Trustee was to continue as such for his lifetime and was authorized to institute legal proceedings. Even assuming there had been any denial of the said fact, this Court could not have taken notice of the same for the purpose of adjudicating upon an application under Order VII Rule 11 CPC, it being settled law that the averments made in the plaint must be taken to be correct for the purpose of adjudicating upon such an application. The remaining facts as to whether the Managing Trustee was not authorized to file the present suit on account of the fact that he had been removed as Managing Trustee by a resolution dated 22.04.2009 and as to the reasons for his removal, these are matters which have to be decided upon after evidence is adduced by both the parties. As regards this aspect, viz., the removal of the Managing Trustee of the plaintiff-trust, a suit has been filed by the Managing Trustee at Varanasi (U.P.), challenging his removal, which is pending trial. It is, therefore, too early in the day to come to the conclusion that the Managing Trustee, who was admittedly a lifetime trustee, was liable to be removed and could be removed from the post of Managing Trustee by the Board of Trustees comprising of two other trustees, including the defendant No. 2.

20. Adverting next to the plea of want of jurisdiction of this Court, it defies logic that this Court has no territorial jurisdiction to entertain the suit when the plaintiff allegedly works for gain and carries on business in Delhi through its distributors, M/s. Sah Agencies Pvt. Ltd., whose registered office is at Delhi and the defendants have themselves issued a cease and desist notice through their

attorneys to the said M/s. Sah Agencies at Delhi. The challenge to the license issued in favour of the said M/s. Sah Agencies is also a matter which cannot be decided pre-trial, more so as certain invoices with regard to supply of goods in Delhi to M/s. Sah Agencies have also been placed on record by the plaintiff. Apart from this, the defendants are using the impugned trade mark as well as soliciting business and trade thereunder in the course of trade in Delhi, besides other parts of the country, and had issued caution notices in 'Aaj' newspaper, which has wide circulation in Delhi and is available in the market and to the trade in Delhi. Even otherwise, whether the plaintiff was or was not carrying on business at Delhi is a matter which can only be decided post-trial.

21. Next, it is proposed to deal with contention of the defendants that there was no valid assignment of the trademark 'CINNI' in view of the non-recordial of the said assignment with the Registrar. Though no such plea was raised by the defendants in their application under Order 7 Rule 11 CPC, in the course of arguments, it was urged by counsel that in view of Section 45 of the Trademarks Act the title in the trademark cannot pass unless the assignment or transmission thereof is registered with the Registrar. Section 45 which is apposite reads as under:

45. 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 or services 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.

Provided 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) of an appeal from an order thereon, or an application under Section 57 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 the Appellate Board or any court in proof of title to the trade mark by assignment or transmission unless the Registrar or the Appellate Board or the court, as the case may be, otherwise directs.

22. A bare reading of Section 45 shows that the effect and purport of Section 45 of the Act is that the title of the assignor to the trademark accrues prima facie on the execution of the deed of assignment and on his furnishing proof of his title to the Registrar, the Registrar shall register him as the proprietor thereof. To put it differently, acquisition of title to the trademark is not dependent upon the assignment being registered, as the purpose of the registration is only to place on record the fact that title has been created and registration by itself does not create title which already stands created on the execution of the assignment deed.

23. The above position is clarified by a bare reading of Entry 27 of the First Schedule, which lays down the fees payable for the registration of the assignment and has a graded structure, depending upon the time lapse between the assignment and the application for registration thereof. Entry 27 of the First Schedule is reproduced hereunder:

THE FIRST SCHEDULE	FEES	Entry	On what payable	Amount (Rs.)	
Corresponding No.	Form Number	(1)	(2)	(3)	(4)
27.	On application under Section 45 to TM-23 OR register a subsequent proprietor in a TM-24 case of assignment or transfer of a single trade mark.	If made within six months from the date of acquisition of proprietorship.	5000.00		
		If made after expiration of six months but before 12 months from the date of acquisition of proprietorship.	7500.00		
		If made after 12 months from date of acquisition of proprietorship.	10,000.00		

24. A glance at the aforesaid entry makes it abundantly clear that the fees prescribed for registration of a trademark under Section 45 of the Act in a case of assignment varies with the time period after which the registration is sought viz., if the application for registration is made within six months from the date of acquisition of proprietorship, the fees is Rs. 5,000/-only. However, if such an application is made after expiration of six months, but before 12 months from the date of acquisition of proprietorship, the fees which must accompany an

application for registration is fixed at Rs. 7,500/-. If made within 12 months from the date of acquisition of proprietorship, the fees prescribed is Rs. 10,000/-. Thus, the acquisition of proprietorship clearly precedes the registration of such proprietorship. The registration is not an act which creates proprietorship.

25. The above position is further clarified by the proviso to Sub-section (1) of Section 45, which lays down 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. Thus, the question of title is not a matter which will be gone into by the Registrar. It can only be adjudicated upon in a court of competent jurisdiction and after adjudication thereon, the party, in whose favour the decision is rendered by the competent court, may apply for registration of its proprietorship/title.

26. In the instant case, the plaintiff-trust has applied for registration of its title to the trademark 'CINNI' in view of the assignment thereof by the defendant No. 1 to the plaintiff-trust and the matter is stated to be pending before the Registrar, who has yet to adjudicate upon the same, after arriving at a satisfaction 'on proof of title'. Significantly, there is no dispute raised with regard to the execution of the Deed of Assignment.

27. More than five decades ago a Division Bench of the Madras High Court in T.I. Muhammad Zumoon Sahib v. Fathimunnissa alias Bibijan and Ors. AIR 1960 Mad 80, taking the view that there was nothing in Section 35 of the Trademarks Act, which could support the argument that it is only the order of registration under Section 35 which conferred a right on the heirs of the original registered proprietor to bring an action for infringement of the trademark, held as follows:

The registration is expressly stated in Section 35 to be 'on proof of title', the title already exists in the legal representatives and on proof of such title to his satisfaction, the Registrar registers him as the proprietor of the trademark.

28. It was further held in the aforesaid case that the cause of action is the infringement of the trademark. The order of the Registrar under Section 35 by itself

does not give a cause of action. All that it gives is the recognition of the title which already inheres in the legal representatives of the deceased proprietor.

29. At almost the same time, a Division Bench of the Mysore High Court in *Hindustan Lever Ltd. v. Bombay Soda Factory* AIR 1964 My 173, relying upon the aforesaid judgment of the Division Bench of the Madras High Court, held as follows:

9. The view of the court below that as the necessary change in the name of the Registered Proprietor had not been effected by the time the suit was instituted, the same should fail, is wrong. The registration of the name of the Proprietor does not confer title on him. It is merely an evidence of his title. The plaintiffs were the owners of the trademark in question at all times. The alteration in the name of the Registered Proprietor became necessary in view of the change in the name of the Company. But that change in the name did not affect the title. Merely because the trademark in question did not stand registered in the name of the plaintiffs on the date of the suit, the plaintiffs could not have been non-suited....

30. A learned Single Judge of this Court in *Modi Threads Ltd. v. Som Soot Gola Factory and Anr.* : AIR 1992 Delhi 4, relying upon the Division Bench judgment of the Madras High Court in *T.I. Muhammad Zumoon Sahib's case* (supra) and the Division Bench judgment of the Mysore High court in *M/s. Hindustan Lever Limited* (supra) observed as follows:

6.... It is true that the plaintiff's application for getting transferred the registered trademark in its name is still pending, but that does not debar the plaintiff to protect violation of the aforesaid trademark at the hands of unscrupulous persons by filing an action in a court of law for injunction. It is prima facie clear to me that during the interregnum period when the application of the plaintiff is kept pending for consideration by the Registrar of Trademarks the dishonest persons cannot be allowed to make use of the said trademark in order to get themselves illegally enriched earning upon the reputation built up qua that trademark by the predecessor-in-interest of the plaintiff....

31. In *Grandlay Electricals (India) Ltd. and Ors. v. Vidya Batra and Ors.* : 1998 VII A.D (Delhi) 618, the plaintiff, who had entered into the partnership with two other persons, who subsequently retired from the partnership, relinquishing all their rights in the said partnership and assigning their rights and interests in the partnership property, including the trade name and trademark 'GRANDLAY' in favour of the plaintiff, brought an action for infringement of the said trademark against the defendants, who opposed the same, inter alia, on the ground that the plaintiffs were neither the proprietors of the trademark 'GRANDLAY' nor the firm 'Grandlay Electricals (India)', as the said trademark had not been registered in favour of the plaintiffs. Hence the plaintiffs were debarred from bringing an action for infringement of the trademark.

32. A learned Single Judge of this Court, while dealing with the aforesaid preliminary objection, raised by the defendant in paragraph-14 of his judgment, relying upon the earlier judgment of this Court in *M/s. Modi Threads Ltd.* (supra) held as follows:

14. ...The plaintiffs herein have further applied to the Registrar of Trade Marks for their names being entered in the register of Trade Marks as a proprietor of the impugned Trade Mark No. 214129 in Clause 9 from October 22, 1988 onwards. The said matter is still sub judice and no order thereon has so far been passed. Thus if no action has been taken by the Registrar of Trade Marks on the application of the plaintiffs the plaintiffs cannot be blamed thereof. Admittedly the impugned trade mark 'GRANDLAY CABLES' was a registered trade mark under No. 214129 dated March 2, 1963 in Clause 9 in relation to the insulated electric wires and insulated cables. It was allotted to the plaintiffs with the consent of the defendants vide the consent arbitration award dated December 5, 1985. Thus the plaintiffs have virtually become the owners and proprietors of the trade mark as per the consent of the other partners in the erstwhile partnership including the defendant Shri C.L. Batra. Hence the defendants should not have any quarrel on the said score and I feel they cannot be permitted to raise any sort of objection on the said ground....

33. In *Astrazeneca UK Ltd. and Anr. v. Orchid Chemicals and Pharmaceuticals Ltd.* : 2006 (32) PTC 733 (Delhi), where the plaintiff who had acquired rights in the trademark 'Merone' by virtue of deeds of assignment executed in their favour by M/s. Zeneca Ltd., brought an action against the defendants for infringement of their trademark by using the trademark 'Meromer'. The defendants challenged the right of the plaintiffs in the trademark on the ground that the trademark 'Merone' was still registered in favour of M/s. Zeneca Ltd. and, therefore, the plaintiffs were not the proprietors of the said trademark. Following its earlier decisions, this Court held as follows:

36. The application for registration of trademark in favour of plaintiff No. 1 is still pending with the Registrar of Trademarks. During the interregnum the rights emanating from the assignment cannot be denied to the plaintiffs on account of non- registration by the Trademark registry. The plaintiffs have filed the appropriate application and form and have also filed the copies of the correspondence with the Trademark Registry in this Court to show that their application for registration is still pending. Prima facie it cannot be inferred that the application for registration of trade mark on the basis of assignment of the plaintiffs is not pending. Registration/recordal of the name of the proprietor does not confer title but is merely an evidence of title. The rights in the trademark have come to the plaintiffs on the basis of assignment deeds which cannot be denied, prima facie in the facts and circumstances.

34. The law as enunciated above, was recently reiterated by this Court in the case of *CICO Technologies Ltd. and Anr. v. Tapcrete Marketing (P) Ltd. and Ors.* 2008 (38) PTC 621 and in *Sun Pharmaceuticals Industries Ltd. v. Cipla Ltd.* : 2009 (39) PTC 347 (Del). In both the said cases, the right of the plaintiff to institute a suit for infringement of registered trademark was questioned on the ground that the plaintiff was not yet the registered owner of the impugned trademark. Dealing with the aforesaid question, it was held that it would play havoc with the assignment and trading of trademarks, expressly permitted by the Act, if the assignor, who has divested himself of title by executing an assignment deed can nevertheless continue exercising rights over the registered trademark and the person in whom title has been vested by assignment is held not entitled to use the same owing to

non-registration. It was ruled, relying upon the judgments of this Court in *Modi Threads Ltd.*, *Grandley Electricals Ltd.* and *Astrazeneca UK Ltd.* (*supra*) that rights in the trademark accrue on the basis of assignment deeds, though in the records of the Registrar of Trademark, the mark may still be shown in the name of the assignor.

35. The Hon'ble Supreme Court in the case of the Collector of C.Ex. v. Vikshara Trading and Investment Pvt. Ltd. : 2003 (27) PTC 603 (Supreme Court), where no document had been shown with regard to the registration of the subsequent assignment in favour of M/s. Vikshara Trading and Investment Pvt. Ltd., held as follows:

When as a matter of fact it is held that there was an assignment in favour of the first respondent and that fact was not in serious dispute, the mere fact that the assignment was not registered could not alter the position. Therefore, we decline to interfere with the order made by the Tribunal and to that extent the appeal is dismissed in respect of respondent No. 1.

36. In view of the aforesaid law laid down by the Hon'ble Supreme Court and the various High Courts, including our own High Court, this Court has no hesitation in coming to the conclusion that though Section 45(2) is couched in preptory language, the assignee, immediately on assignment, i.e. by writing acquires the rights of the registered holder. This is obviously for the reason that 'assignment' has been defined in Section 2(b) of the Act to mean 'the assignment in writing by act of the parties concerned'. Thus, it is the act of the parties which vests title in the assignee and not the registration thereof. Registration under Section 45(1) is 'on proof of title'. In other words, title inheres in the assignee even before registration. Section 2(v), on the other hand, defines 'registered proprietor' in relation to a trademark to mean 'the person for the time being entered in the register as proprietor of the trademark'. Thus, though an assignee of the trademark is vested with the title to the trademark by virtue of the assignment which is by an act of the parties concerned, in contra distinction, the 'registered proprietor' of a mark is vested with title of the trademark on account of his name being entered in the register as proprietor of the trademark.

37. The matter is further clarified by the definition of transmission in Section 2(zc) of the Act wherein 'transmission' has been defined to mean 'transmission by operation of law, devolution on the personal representative of a deceased person and other mode of transfer, not being assignment'. It is not difficult to visualize a case where the title in the trademark may devolve on the legal representative of a deceased person or in the case of an entity may devolve by operation of law to the successor-in-interest, but such transmission may not be recorded with the Registrar, though the person/entity concerned has applied for registration thereof. Certainly, in such a case it cannot be said that there can be no transmission without registration. Applying the same rationale, the argument that the assignee acquires no title without registration of the assignment deed is specious to say the least.

38. For all the aforesaid reasons, I find no merit in the application filed by the defendants under Order 7 Rule 11 read with Order 1 Rule 11 CPC nor there is any merit in the prayer of the defendants that the defendants be given the conduct of the suit.

39. Dealing next with the injunction application, in my considered opinion, for all the reasons aforesaid, the plaintiff has made out a prima facie case in its favour. The balance of convenience also tilts in favour of the plaintiff. The result of the test of irreparable injury also goes in favour of the plaintiff-trust which has acquired valuable vested rights in the trademark 'CINNI' by virtue of the Deed of Assignment executed by the defendants in its favour and which has been using the said trademark for its products ever since. The defendants have nowhere denied the execution of the Deed of Assignment, which is signed by the defendant No. 2. The effect and purport of the said Deed of Assignment is also not in dispute nor it is denied that no suit has been instituted for the cancellation of the said Deed of Assignment, which still holds the field. Since the entire action instituted by the plaintiff-trust is on the basis that the defendants have started manufacturing and marketing various types of fans using the impugned trademark 'CINNI' that already stood assigned to the 1st plaintiff-Trust, the interim orders passed by this Court on May, 2009, restraining the defendant No. 2 from interfering with the business of the plaintiff in terms of the assignment deed dated 05.11.2000 and further

restraining the said defendant from transferring the impugned trademark 'CINNI' that stood assigned to the plaintiff-trust by the aforesaid assignment deed in favour of any third party except the plaintiff-trust, appear to be wholly justified, and are made absolute.

IA No. 5726/2009 stands allowed to the aforesaid extent.

IA Nos. 6870/2009 and 6871/2009 are dismissed.

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