

(2002) 01 DEL CK 0115

In the Delhi High Court

Case No : IAs 4359 and 5385 of 2001 in Suit No. 902 of 2001

Aviat Chemicals Pvt. Ltd. and Another	APPELLANT
Vs	
Magna Laboratories (Gujarat) Private Ltd. and Another	RESPONDENT

Date of Decision : 31-01-2002

Acts Referred:

Citation : (2002) 96 DLT 841 : (2002) 24 PTC 231

Hon'ble Judges : Vinod Sagar Aggarwal, J

Bench : Single Bench

Advocate : Hemant Singh, for the Appellant; Pratibha Singh, for the Respondent

Final Decision : Dismissed

Judgement

V.S. Aggarwal, J.—plaintiffs are two companies, Aviat Chemicals Pvt. Ltd. and NBZ Pharma Ltd. By virtue of the present suit they seek a permanent injunction to restrain infringement of the registered trade mark i.e. MULTIVITAMIN INFUSION (for shirt MVI), passing off, and rendition of accounts against the defendant No. 1 Magna Laboratories (Gujarat) Pvt. Ltd.

2. Some of the relevant facts are that plaintiff No.1 contends that it is carrying on business as manufacturers and dealers of pharmaceutical and medicinal preparations. plaintiff No. 2 is also a company incorporated under the Companies Act carrying on business of manufacturing and selling pharmaceutical medicinal preparations. The grievance of the plaintiffs is that defendants are infringing the registered trade mark MVI and passing off with respect to the trade mark referred to above in relation to their medicinal and pharmaceutical preparation. plaintiff No. 1 is pleaded as proprietor of the trade mark MVI in respect of medicinal and pharmaceutical preparations. Around 22nd September, 1958 US Vitamin Corporation (Arlington Funk Laboratories) USA filed an application for registration of trademark MVI and had obtained the registration of the trade mark. The registration of the trade mark has been assigned from time to time and plaintiff No.1 is the present registered proprietor of the said trade mark. It is

shown as subsequent proprietor in the register of Trademarks. By a license user agreement of 6th March, 1999 the first plaintiff had granted in favor of plaintiff No. 2 a non-exclusive license and right to use the trade mark MVI. plaintiff No. 2 is manufacturing and selling preparations under the trade mark MVI. The plaintiffs trade mark MVI is printed in capital bold letters in blue colour. They have established a formidable reputation and goodwill.

3. It has been further pleaded that by a license/registered user agreement of 28th May, 1996 plaintiff No. 1 had granted in favor of the defendant a non-exclusive license and right to use the trade mark MVI. Defendants were manufacturing and selling medicinal preparation under the trade mark MVI as licensee of plaintiff No. 1. Defendants had agreed to pay royalty as per terms and conditions of the agreement. Defendants committed several breaches of the terms and conditions and default in making the payments. The result was that plaintiff No. 1 by their advocates letter of 22nd January, 1999 terminated the license/registered user agreement of 28th May, 1996. Defendant was called upon to desist immediately from manufacturing and selling the medicinal preparations under the trade mark MVI. It had been asserted that in the third week of April 2002 the plaintiff No. 1 came across medicinal preparations bearing the trade mark MVI which was manufactured by the defendants. In spite of the termination of the license it is claimed that defendant is surreptitiously continuing to manufacture, sell and prepare the medicines under the trade mark MVI. The medicines were purchased by Mr. Hem Chander Kandpal, a representative of plaintiff No. 1 in presence of Dasa Ram, Notary public. On basis of these broad facts the above said reliefs are being claimed. During the pendency of the suit by virtue of is 4359/2001 the plaintiff seek an ad interim injunction in this regard.

4. In the written statement filed by M/s Magna Laboratories (Gujarat) Pvt. Ltd., the defendant, certain preliminary objections have been taken that this court has no territorial jurisdiction to try and entertain the present suit. This is for the reason that as per defendant the registered office of defendant No. 1 is in Mumbai and defendant No. 2 is simply a trader with whom defendant No. 1 has no dealings. Defendant No. 2 is a retailer who sells medicinal and pharmaceutical preparations of various manufacturers. Since plaintiffs and defendant No. 1 have their registered office at Mumbai Therefore the Civil Courts at Delhi are stated to be having no jurisdiction to entertain the suit. Furthermore it has been pleaded that trade mark registration certificate relied upon by the plaintiff only indicates that registration is limited to the States of Maharashtra, Gujarat and Madras and Therefore there is no violation of the trade mark so far as the Union Territory of Delhi is concerned. It has also been alleged that the plaintiffs have not come to the court with clean hands. They have suppressed material facts. In this regard pleas has been raised that the trade mark certificate dated 11.4.2001 filed with the plaint is interpolated inasmuch as certificate obtained by the defendant of 11th May, 2001 does not record the entries of certificates of 11th April, 2001. plaintiff filed another certificate of 31st May, 2001 which is absolutely different from the certificate of 11th April, 2001. It has further been pleaded that plaint

does not mention the alleged assignment deed of 18th February, 1997 nor the same has been filed with the plaint. Yet another preliminary objection taken up has been that the suit suffers from delay and laches and acquiescence. The plaintiffs are not entitled to any reliefs. The plaintiffs were stated to be not proprietors of the trade mark MVI as is clear from the same that has been filed.

5. It has further been alleged that there has been total concealment of facts. The plaintiffs obtained ex parte order of injunction on basis of a blatantly false statement made in the plaint. It is not a registered proprietor of the trade mark MVI. It is alleged that certificate of 11th May, 2001 issued by the Trade Marks Registry does not contain the so-called assignment which appears in the copy of the certificate placed on the record by the plaintiffs. There is no assignment in favor of plaintiff No. 2 and it is being insisted that certificate so filed is basically incorrect and false. So far as agreement of 28th May, 1996 is concerned defendants claim that it is completely void document because in the said document plaintiff had represented to defendant No.1 that it is the proprietor and beneficial owner of the mark MVI. plaintiff No. 1 is stated to have been incorporated only for earning royalty from defendant No.1. It was under instructions of US Vitamin Ltd that royalty was being paid by defendant No. 1 to plaintiff No. 1. In this process even on merits the contentions as put forward by the plaintiffs were controverted.

6. An application is 5383/2001 had been filed seeking vacation of the ad interim ex parte order that was passed. By the present order both the said IAS are proposed to be disposed.

7. On behalf of the plaintiffs it was highlighted that there was an agreement between the parties as a result of which license had simply been granted to defendant No. 1. The agreement is stated to be of 28th May, 1996 and on the strength of this agreement it was alleged that defendant No. 1 now cannot challenge that plaintiff No. 1 is not the registered proprietor of the trade mark MVI and that in this regard he is estopped from taking any such plea.

8. In order to appreciate the said argument reference can well be made to the agreement of 28th May, 1996. The said agreement records that plaintiff No. 1 is the proprietor and beneficial owner of the trade mark referred to above and that application for registration in the name of plaintiff No. 1 is pending under Trade and Merchandise Marks Act, 1958. It further recites that plaintiff No. 1 had agreed to grant to the user the non-exclusive license and right to use the said trade mark within India upon or in relation to goods proposed to be registered. It was confirmed that the defendant No. 1 shall only use the trade mark as a licensed user in accordance with terms and conditions mentioned in the agreement. Paragraph 4.4. of the said agreement reads:-

"4.4. Without prejudice to the generality of the foregoing the User further covenants that as and when the said Trade mark shall be used, the said Trade Marks shall be designated in such manner so as to clearly indicate that the same

is the trade mark and sole and absolute property of the Proprietor and is being used by the User only by way of permitted or licensed use and not otherwise."

9. It further refers to the fact that during the period that agreement would be in force certain restrictions had been imposed which are also being reproduced for the sake of facility:-

"7.1 The User shall not at any time during the period that this Agreement is in force or at any subsequent thereto:-

(a) take any action which shall or may impair any right, title or interest of the Proprietor to or in the said Trade Mark in any country or create any right, title or interest therein or thereto which may be adverse to the Proprietor;

(b) question the validity of the said Trade Mark or assert or claim any right, title or interest to or in any of the said Trade Mark adverse to those of the Proprietor.

(c) use the said Trade Mark upon or in relation to any goods other than the said Products in respect of which the said Trade Mark is proposed to be registered and/or shall be registered;

(d) permit the use of the said Trade Mark by any other person, firm or body corporate in any manner whatsoever;

(e) use the said trade Mark in conjunction with any other mark or marks or as part of any other mark or marks in any manner whatsoever.

(f) register the said Trade Mark in any classes within India or otherwise or register any other deceptively similar Trade Mark in any class within India or otherwise."

10. While it is true that certain rights are stated to have been created on the basis of the said agreement but even as per the plaintiff own case the agreement had been terminated by the plaintiffs subsequently. Once the agreement has been terminated indeed the plaintiffs cannot press into service all that has been recorded therein. The embargos that had been placed on defendant No. 1 would come to an end with the termination of the agreement. In that view of the matter indeed this particular argument so much thought of by the learned counsel and eloquently put forward will not take the case of the plaintiff any further. Necessarily for purposes of the present order the same must fail.

11. On behalf of defendant No. 1 it had been highlighted that civil courts at Delhi had no jurisdiction to entertain the suit. The basis of the argument that has been advanced has been to the effect that both the plaintiff as well as defendant No. 1 are companies incorporated and functioning at Mumbai. No sale transaction has taken place at Delhi because so far as defendant No. 2 is concerned it has been alleged that he is simply a retailer and no transaction between defendant No. 1 and 2 takes place.

12. At the outset the principle of law is not to be controverted that the courts

within whose jurisdiction cause of action would arise necessarily will have the jurisdiction to entertain the suit.

13. In support of his argument learned counsel relied upon certain judicial precedents to urge that the civil courts at Delhi will have jurisdiction to entertain the present suit. Reference to some of them in this regard would be in the fitness of things.

14. Reliance has been placed on the decision of the Supreme Court rendered in the case of *Municipal Corporation of Delhi v. Kamla Devi* (1986) 8 SCC 285. In the cited case a civil suit had been filed at Ghaziabad. The property in question was situated at Delhi. It appears that the same had been assessed at Delhi and appeal against the assessment order even was filed before the District Judge, Delhi. These facts had not been disclosed in the suit. One of the questions that came up for consideration before the Supreme Court was as to whether the civil courts at Ghaziabad will have the jurisdiction to entertain the suit or not. The Supreme Court held that the civil courts at Ghaziabad had no jurisdiction to entertain the suit and it was an abuse of the process of the court. It was noted that suit lacked bona fides. The Supreme Court held:

"Once this court is satisfied that Kamla Devi has abused the process of law and misused the legal system, the objection put forward by the respondents' counsel are of no consequence. This court is entitled to act in such cases to prevent such abuse and misuse."

15. The cited case indeed is confined to its peculiar facts. There patently the courts at Ghaziabad had no jurisdiction and it was noted to be an abuse of the process of court. When earlier the assessment orders were to be passed at Delhi and even same were being challenged in Delhi courts obviously Ghaziabad courts had no civil territorial jurisdiction to entertain the said suit. Indeed the decision referred to above is of no avail for defendant No. 1.

16. Reliance further has been placed on the decision of the Madras High Court in the case of *Smithkline French Laboratories Ltd and Anr. v. Indoco Remedies Ltd*. 2001 PTC 372 . In the cited case the Madras High Court held that unless the respondent had effected some commercial sale of the goods under the impugned trade mark within the jurisdiction of the Madras High Court it cannot be said that any part of the cause of action had arisen at Madras. Madras High Court looked into the facts and the paragraph as to how the cause of action had arisen at Madras and noted that there was no averment to show that respondent No. 1 authorised the stockist or distributor or dealer in the city of Chennai. It was held that no part of cause of action had arisen within the jurisdiction of the Madras High Court. As would be noticed above hereinafter this is not in the facts of the present case and when such is the position it will not be of help to defendant No. 1.

17. Attention of the court was further drawn towards another decision of this court in the case of *S S Products of India v. Star Plast* 2001 PTC . In the cited

case there was no registered office of the plaintiff in Delhi. Defendant was not even a resident of Delhi. He was not carrying on any specific sale in the jurisdiction of this court and it was held that the civil courts at Delhi will have no jurisdiction to entertain the suit when there was no massive sale being conducted by the defendant at Delhi. Reverting back to the facts of the present case it is clear that though the sale is purported to have taken place on basis of which the present suit has been filed and has been notarised but at the stage at which the civil suit has been filed it has to be noted that as per the plaintiffs the sale was taking place within the jurisdiction of this court. The report of the local commissioner also indicates that certain articles purported to be of defendant No. 1 were available and once that was the position it cannot be termed that civil courts at Delhi will have no jurisdiction to entertain the suit because as per plaintiffs the sale that is being effected is contrary to the same. It infringes their trade mark and they have a right in passing off. If the sales are taking place in Delhi then the civil courts at Delhi for purpose of the present order must be held to be having jurisdiction to entertain the suit.

18. On behalf of the respondent it was greatly highlighted that the plaintiffs have been mentioning wrong facts with the sole object to get an order of injunction and in this regard reliance was strongly being placed on the fact that copies of the register of trade marks was produced are not at all correct.

19. The broad principle that a person who comes to the court of equity must state correct facts and come with clean hand is not subject matter of controversy. One need not dilate further in this regard and reference can be made to the decision of the Supreme Court in the case of Dalpat Kumar and Another Vs. Prahlad Singh and Others, . The Supreme Court held that while granting injunction the court has to cautiously look at the conduct of the party. Similarly in the case of Modella Woollen Ltd. v. Modella Knitwears Ltd. 1996 (16) PTC 245, a Division Bench of this court also while dealing with a similar situation were there certain material facts that were withheld from the court, refused to grant the ad interim injunction that was prayed. Reverting back to the controversy in question one can refer with advantage to the copy of the register of trade marks relied upon by the plaintiffs with respect to the trade mark MVI. The trade mark was registered for multivitamin preparation for sale in the State of Maharashtra, Gujarat and Madras. In the first copy of this certificate that has been appended along with the documents that were filed with the plaint, the relevant portion reads:-

"Registration renewed for a period of 7 years from 22nd September, 1993. Registration renewed for a period of 7 years from 22th September, 2000. Advertised in journal No. 1229 pursuant to a request on Form TM 24 dated 3rd March, 1997 and order there on dated 7th February, 2000. M/s Aviat Chemicals Private Limited, 404 Sangli Bhavan, Plot No. RPD, 226 Sector No. 4, Charkop, Knadivili (West), Mumbai 400 067, are registered as subsequent proprietors of this trade mark from 18th February, 1997 by virtue of Assignment Deed dated

18th February, 1997.

20. The defendant had taken objection to the same and along with their application they filed another copy pertaining to the same period, the same reads as follows:-

"Register Trade Marks Details for 186931 C/O Depenning & Depenning 10 Government Place East Calcutta. Registration renewed for a period of 7 years from 22nd September, 1972. Registration renewed for a period of 7 years from 22nd September 1979. Registration renewed for a period of 7 years from 22nd September, 1986. Registration renewed for a period of 7 years from 22nd September, 1993. Registration renewed for a period of 7 years from 22th September, 2000. Advertised in journal No. 1229."

21. When the matter went in appeal the plaintiffs filed yet another copy and it deserves a mention that a further copy that was filed with respect to what was filed in appeal had certain corrections made with pen. It is true to settle this controversy at rest, this court had called for the original register. It may for purposes of the present order support the contention of the plaintiff regarding the registration of the trade mark referred to above. But the matter does not end up here. The conduct of the plaintiffs leaves a scar. As already mentioned above copies that were filed in appeal, were different than what was filed for the same period in this court with corrections. Indeed with an eye on the target if such a thing does happen the court of equity before whom an ad interim injunction is prayed will not come to the rescue of such a party.

22. At this stage, it is directed that the concerned authorities should look into this question and fix responsibility on the erring officials as to how such copies are being issued.

23. Furthermore the principle in this regard pertaining to the grant of ad interim orders when there is infringement of the trade mark can also be delineated. In the case of Parle Products (P) Ltd. Vs. J.P. and Co., Mysore, the Supreme Court held that while an action for passing off is a common law remedy, the action for infringement of trade mark is a statutory remedy conferred on the registered proprietor of a registered trade mark. In order to come to the conclusion whether one trade mark is deceptively similar to another, the broad and essential features of the two are to be considered. They should not be placed side by side to fine out if there are any differences in the design.

24. Similarly in the case of Power Control Appliances and Ors. v. Sumeet Machines Pvt. Ltd. 53 (1994) DLT 723, the Supreme Court reiterated the well known principle that in law relating to trade mark there can be only one mark, one source and one proprietor. It cannot have two origins.

25. Strong reliance on behalf of the plaintiff was placed on the decision of the Supreme Court in the case of Cadila Health Care Ltd. Vs. Cadila Pharmaceuticals Ltd., , the Supreme Court took care of the fact that though the drugs are sold

under prescription but that alone is not sufficient to prevent confusion which is otherwise likely to occur because of semi urban and rural divide across the country confusion in this regard can always be there. As a broad working principle guide-lines in this regard were provided for action in passing off on basis of unregistered trade mark. It reads:

"a) The nature of the marks i.e. whether the marks are word marks or label marks or composite marks, i.e. both words and label works.

b) The degree of resemblance between the marks, phonetically similar and hence similar in idea.

c) The nature of the goods in respect of which they are used as trade marks.

d) The similarity in the nature, character and performance of the goods of the rival traders.

e) The class of purchaser who are likely to buy the goods bearing the marks they require, on their education and intelligence and a degree of care they are likely to exercise in purchasing and/or using the goods.

f) The mode of purchasing the goods or placing orders for the goods and

g) Any other surrounding circumstances which may be relevant in the extent of dissimilarity between the competing marks."

26. It is on basis of the said principles it was urged that when the plaintiffs have the registered trade mark necessarily defendants must be restrained as prayed by the plaintiffs. However, the registered trade mark must be taken to be only for the areas for which it had been so registered and had been noted above. It will not have a wide network for the entire country. The principles laid in the case of Cadila (supra) will certainly not have a total application irrespective of other factors because as was pointed out that there was an inordinate delay on the part of the plaintiffs in coming to the court. This fact had been noticed in the order of this court passed on 10th August, 2001. The court need not dilate further all over again in this regard but the fact remains that it was noted that the plaintiffs admittedly came to the court some time in May 2001. They wanted the court to believe that they only came to know of defendants preparations in April 2001. However, from the pleadings it transpired that it was in January 1999 that plaintiffs terminated the license of the defendants. The defendants were called upon to desist from manufacturing and selling medicinal preparation under the trade mark MVI. Subsequent correspondence indicates that as per defendants there was some meeting between the parties and the notice was withdrawn. The defendant contend that they have continued to manufacture the said drug subsequently after January 1999 also. Once such was the correspondence between the parties it is difficult to believe the plaintiffs that they had come to know about it in April 2001. In their words, they were aware of the infringement if any almost for a period of two years and took no action. Delay in this regard would certainly defeat the right of the plaintiff for an ad

interim injunction and one is supported in this view by the number of decisions particularly in the case of Power Control Appliances and Ors. v. Sumeet Machines (supra):

Acquiescence is sitting by, when another is invading the rights and spending money on it. It is a course of conduct inconsistent with the claim for exclusive rights in a trade mark, trade name etc. It implies positive acts; not merely silence or inaction such as is involved in laches. In *Harcourt v. White* 28 Beav 303 Sr. John Romilly said: "It is important to distinguish mere negligence and acquiescence." Therefore, acquiescence is one facet of delay., If the plaintiff stood by knowingly and let the defendants build up an important trade until it had become necessary to crush it, then the plaintiffs, would be stopped by their acquiescence". If the acquiescence in the infringement amounts to consent, it will be a complete defense as was laid down in *Mouson & Co. v. Boehm* (1884) 26 Ch D 406. The acquiescence must be such as to lead to the inference of a license sufficient to create a new right in the defendant as was laid down in *Rodgers v. Nowill* (1847) 2 DGM 614: 22 LJ 404.

27. Similar are the findings recorded in the case of *Gopal Engg & Chemical Works v. POMX Laboratory* AIR 1992 Del 302 and *Peshawar Soap & Chemicals Ltd. v. Godraj Soap Ltd.* 2001 PTC 1. In all these decisions it was held that when there was inordinate delay indeed ad interim injunction would not be granted.

28. Co related with the said factors was the further argument advanced that MVI is a generic name stands for Multi Vitamin Infusions. It cannot be taken to be a name for the plaintiffs for which only they can manufacture multivitamins because otherwise the companies and other names would be distinguishable.

29. Indeed if there is a generic name then such right as is being claimed in the action for purposes of the present order would not be maintainable. A Division Bench of this court in the case of *SBL Ltd. v. Himalaya Drug Co.* 1997 PTC 17 was dealing with the controversy where one of the product was being sold with the name LIV 52 and the other LIV-T. This court took note of the fact that when generic name as such was being used then exclusive right to use LIV in the product will not be possible.

30. The Supreme Court similarly in the case of *J.R. Kapoor Vs. Micronix India*, took note of the fact that MICRO was a generic name and Therefore a similar action that was paid had been refused. The findings of the Supreme Court in this regard reads:-

"...Once Therefore, it is held that the word "micro is a common or general name descriptive of the products which are sold or of the technology by which the products are manufactured, and the users of such products are, Therefore not likely to be misguided or confused by the said word the only question which has to be prima facie, decided at this stage is whether the words "tel" and "nix" in the trade names of the appellant and the respondent are deceptive for the buyers and users and are likely to misguide or confuse them in purchasing one

for the other"

31. Identical indeed is the position herein. MVI namely Multivitamin Infusion must be taken to be a generic name for multivitamin products. Such a right in action and passing off in Delhi will not be maintainable because other difference exists which does not make the products similar. In this contest Therefore the plaintiffs indeed will not have a right to urge that the action for passing off in this regard would be maintainable.

32. As an offshoot of the aforesaid it must be held that the plaintiffs are not entitled to ad interim injunction prayed. Application under Order 39 Rules 1 and 2 CPC (IA No. 4359/2001) is dismissed. Both the IAs are disposed of.

33. List before the regular bench for further directions on 6th February, 2002.