**(2016) 06 DEL CK 0061**

**In the Delhi High Court**

**Case No :** FAO(OS) 409 of 2013 and CM No. 14306 of 2013 FAO(OS) 488 of 2013 and CM No. 17017 of 2013 and 17020 of 2013

BCH Electric Limited APPELLANT

Vs

Eaton Corporation and Another RESPONDENT

**Date of Decision :** 03-06-2016

**Acts Referred:**

Civil Procedure Code, 1908 (CPC) — Order 39 Rule 1, Order 39 Rule 2

**Citation :** (2016) 230 DLT 723 : (2016) 158 DRJ 696 : (2016) 67 PTC 341

**Hon'ble Judges :** Badar Durrez Ahmed and Vibhu Bakhru, JJ.

**Bench :** Division Bench

**Advocate :** Mr Amit Sibal, Senior Advocate with Mr C.A. Brijesh, Ms V. Mohini, Mr. Peeyoosh Kalra and Ms Shreyosi Pal, Advocates, for the Appellant; Mr Sudhir Chandra, Senior Advocate with Ms Navneet Moni, Mr Shreyes Rastogi and Ms Shraddha Deb, Advocates, for the Re

**Final Decision :** Dismissed

## Judgement

Vibhu Bakhru, J.—The appellant, BCH Electric Limited (hereafter ''BEL''), has filed the present appeals impugning a common order dated 01.07.2013 FAO(OS) 409 & 488 of 2013 Page 2 of 60 (hereafter ''the impugned order'') passed by a Single Judge of this Court in I.A. No. 1204/2012 in CS(OS) 156/2012 captioned "Eaton Corporation & Anr. v. BCH Electric Limited" and I.A. No. 4318/2012 in CS(OS) 575/2012 captioned "BCH Electric Limited v. Eaton Corporation & Anr.". Both the said applications were filed under Order XXXIX Rule 1 & 2 of Code of Civil Procedure, 1908 seeking interim injunctions in relation to certain trademarks. CS(OS) No.156/2012, accompanied by the interim application I.A. No. 1204/2012, was filed on 18.01.2012 by Eaton Corporation and its Indian subsidiary Eaton Power Quality Pvt. Ltd. (Respondent nos.1 & 2 herein), inter alia, praying as under:-

"That a decree of permanent injunction restraining the defendant, their servants, agents, distributors, dealers, associates, representatives and all others acting for and on their behalf from manufacturing and selling, offering for sale, directly or indirectly dealing in electric goods included in class 9 and/or any other cognate or allied goods or the goods of the same description under the impugned arrangement and/or marks CUTLER-HAMMER, BHARTIA CUTLERHAMMER, CH(logo) or CH CONTROL or any other mark as may be identical and/or deceptively similar to the plaintiffs'' trade mark CUTLER-HAMMER registered under no. 164435 in Class 9 amounting to infringement thereof."

2. BEL filed its written statement to the plaint and a reply to I.A. No. 1204/2012 in CS(OS) 156/2012 on 18.02.2012. Thereafter, BEL also filed a suit against respondent nos. 1 & 2 on 03.03.2012 being CS(OS) 575/2012, inter alia, praying as under:-

"(b) Pass and pronounce a decree of permanent/perpetual injunction restraining Defendants, its promoters, directors, assigns, successors-in-interest, licensees, franchisees, partners, representatives, servants, distributors, dealers, employees, agents etc. or anyone associated with it from using the mark/s, CUTLER-HAMMER and/or any mark identical or deceptively similar to Plaintiff''s trade marks/logos CUTLER-HAMMER, BHARTIA CUTLERHAMMER, in any manner so as to pass off or enable others to pass off their goods or business as that of Plaintiff or in some way connected with Plaintiff;

(c) Pass and pronounce a decree of permanent/perpetual injunction restraining Defendants, its promoters, directors, assigns, successors-in-interest, licensees, franchisees, partners, representatives, servants, distributors, dealers, employees, agents etc. or anyone associated with it from claiming and representing itself as the proprietor of the trade marks, CUTLERHAMMER and variant/s thereof in India;"

3. The disputes involved in that present petition relate to the use of the following trademarks:-

Registered by Eaton Corporation with registration No. 164435 (hereafter referred to as "Cutler/Hammer")

Registration applied for by BEL under application No. 1562940 (hereafter referred to as "Bhartia Cutler-Hammer")

CUTLER/HAMMER Registration applied for by BEL under application No 1189782 (hereafter referred to as "Cutler-Hammer")

(hereafter referred to as "CH Cutler-Hammer")

Registered by BEL under registration No. 582999 (hereafter referred to as "CH Control Black")

Registered by Eaton Corporation with under registration No. 205632 (hereafter referred to as "CH Control")

Registration applied for by BEL under an application number 1562938 (hereafter referred to as "Bhartia CH Control")

Registered by Eaton Corporation under registration No. 164434 (hereafter referred to as "CH Label")

Registered by Eaton Corporation under registration No. 642706 (hereafter referred to as "CH Logo")

4. It is not in dispute that the trademarks Cutler/Hammer, CH Label and CH Control belonged to Eaton Corporation and/or its predecessor (hereafter, in certain context, Eaton Corporation including its predecessor and affiliates are also referred to as ''Eaton''). However, BEL contends that Eaton abandoned the said trademarks in India and further acquiesced in their use by BEL in India and is, therefore, not entitled to the relief as sought for in the suit CS(OS)156/2012. BEL further claims that it is now the proprietor of the trademarks CH Control Black, Cutler-Hammer, Bhartia Cutler-Hammer, Bhartia CH Control. Whilst the mark CH Control Black has since been registered in its name, applications for registration of the other trademarks, although objected to by Eaton, are currently pending before the Trademark Authorities. Eaton, on the other hand, disputes the contention that it has ever abandoned any of the trademarks in question.

Factual background

5. Cutler-Hammer Mfg. Co. was incorporated in the year 1893. Eaton Corporation (Plaintiff No.1 in CS(OS) 156/2012) was founded in 1911 and was incorporated as a company in the State of Ohio, United States of America (USA) on 28.08.1916. Cutler-Hammer, Inc. was incorporated on 06.12.1928.

6. It is asserted by Eaton that the trademark Cutler-Hammer was first adopted by Cutler-Hammer Mfg. Co. (the predecessor of Eaton Corporation) in 1893 in respect of electric apparatus for use in operating machines, engines, motors and other goods included in Class 9. It is further asserted that goods included in Class 9 under the trademark Cutler-Hammer, were shipped to India for the first time in the year 1919.

7. Cutler Hammer, Inc. applied for the registration of the trademark Cutler/ Hammer under Registration No. 164435 in respect of goods in Class 9 on 08.06.1954 and the said mark was duly registered in its name. Indisputably, Eaton Corporation is recorded as a subsequent registered proprietor of the said trademark and the said registration stands renewed up to 08.06.2020. Similarly, the trademark CH Label under Registration No. 164434 was also registered in the name of Cutler-Hammer, Inc. with effect from 08.06.1954. The said trademark was subsequently registered in the name of Eaton Corporation. However, the said registration lapsed on account of non-payment of renewal fee due for the period 08.06.1989 to 08.06.1996. The trademark CH Control under Registration No. 205632 was also registered in the name of Cutler-Hammer Inc. on 03.11.1961 and Eaton Corporation was recorded as a subsequent registered proprietor of the

 

said mark. However, this registration also lapsed on account of nonpayment of renewal fee for the period 03.11.1989 to 03.11.1996.

8. In the year 1965, Cutler-Hammer, Inc. joined with the Indian promoters and a joint venture company, Cutler-Hammer India Ltd., was incorporated in India. The Indian promoters held 51% of the equity in the said joint venture company and the balance was held by Cutler-Hammer Inc. The name, Cutler-Hammer India Ltd., was changed to Bhartia Cutler-Hammer Ltd. on 19.08.1977 and thereafter to Bhartia Industries Ltd. in 1995. The name was once again changed in 2007 and the said company is now known as BCH Electric Ltd. (referred to as BEL herein)

9. In terms of an agreement dated 13.02.1974, Cutler-Hammer, Inc. agreed to terminate its equity interest in BEL (then known as Bhartia Cutler-Hammer India Ltd.) by sale of its equity shares to resident nationals of India. As a condition of the aforesaid agreement, the parties agreed to create certain ancillary relationships including granting a right to BEL to act as an agent in India in respect of products manufactured by Cutler-Hammer Group of companies located overseas.

10. In terms of the aforesaid condition of the agreement dated 13.02.1974, the three companies of the Cutler-Hammer Group, namely, Cutler-Hammer World Trade Inc., Cutler-Hammer International C.A. and Cutler-Hammer Export Sales Corporation entered into a ''Sales Agreement'' with BEL on 03.06.1977 whereby, BEL was appointed as an agent of those companies in India in respect of sales of certain products manufactured overseas.

11. On the same date - that is, 03.06.1977 - Cutler-Hammer, Inc. entered into a ''Licence and Technical Service Agreement'' with BEL. The said agreement was for a term of 10 years.

12. On 26.06.1978, Eaton Corporation, Cutler-Hammer, Inc. and New Chew Inc. subscribed to a plan of reorganisation whereby Eaton acquired Cutler-Hammer, Inc.

13. Thereafter, on 19.02.1979 Cutler-Hammer, Inc. entered into a ''Trading Name Agreement'' with BEL (then ''Bhartia Cutler-Hammer Ltd.'') in terms of which BEL confirmed that Eaton was the owner of the name ''Cutler-Hammer''. Simultaneously, on the same date, that is 19.02.1979, Cutler-Hammer, Inc. entered into a Registered User Agreement with BEL whereby, it granted non-exclusive right to BEL to use the trademarks covered under the Registration No.164434, 164435 and 205632. The term of the ''Registered User Agreement'' was agreed as seven years.

14. On 04.09.1990, Bhartia International Pvt. Ltd., a Group company of BEL entered into an Agency Sales Agreement with Eaton whereby Bhartia International Pvt. Ltd. was appointed as an exclusive sales agent in respect of certain products as specified under the said agreement. BEL also entered into a

 

Licence and Technical Service Agreement dated 11.12.1992 with Eaton Ltd., a British Company, for acquiring the licence to knowhow and technical data to manufacture, use and sell certain products.

15. In the meantime, on 14.10.1992, BEL applied for registration of the trademark CH Control Black for goods under Class 9. On 11.10.1994, Eaton filed an application seeking registration of CH Logo (under No. 642706). It is asserted by BEL that on 22.10.1999, the Trademark Registry informed Eaton as to appellant''s prior mark CH Control Black under Registration No. 582999. However, no opposition was filed by Eaton. The trademark CH Control Black was advertised in the trademarks Journal No. 1328 on 30.03.2005 and thereafter was registered in the name of the BEL on 08.11.2008.

16. On 04.04.2003, BEL filed an application for registration of the trademark Cutler-Hammer under No.1189782 in respect of goods under Class 9. Eaton filed a notice of objection against this application on 22.06.2004.

17. Eaton''s trademark CH Logo under Registration No. 642706, was removed from the Register of Trademarks on account of non-renewal on 24.09.2010. Eaton filed an interlocutory petition on 09.11.2010 for restoration and renewal of the said trademark under Registration No. 642706.

18. BEL exhibited certain goods bearing the trademarks in question at a fair in Hannover Germany. This led Eaton to approach Braunschweig District Court, (Landgericht) and on 07.04.2011, the said Court granted an injunction (in Case No. 90843/2011 (125) - captioned "Eaton Corporation v. BCH Electric Ltd.") restraining BEL from offering for sale, selling and/or acquiring for commercial purposes within Germany, electrical appliances bearing the trademark CH Logo. BEL accepted the aforesaid decision and submitted a declaration dated 23.08.2011 accepting the injunction issued on 07.04.2011 as binding and conclusive and for the said purpose, BEL waived any legal remedy and particularly the statute of limitation.

19. Eaton published a Caution Notice in the Daily, Times of India, on 19.12.2011, inter alia, claiming exclusive rights over the trademark Cutler-Hammer. In response thereto, BEL caused its lawyers to address a letter to Eaton, inter alia, claiming that it had used trademarks CH Control, Cutler-Hammer and Bhartia Cutler-Hammer for several years and has acquired rights in the said trademarks. Thereafter, on 28.12.2011, BEL filed an interlocutory petition with the Trademark Registry opposing the reinstatement of trademark CH Logo under Registration No. 642706. This was followed by BEL publishing a Caution Notice in Times of India, on 04.01.2012. Thereafter, on 06.01.2012, Eaton caused its lawyers to address a letter calling upon BEL to cease and desist from using the Marks Cutler-Hammer and CH Label or any other deceptive variation thereto in relation to its business/products. On 09.01.2012, BEL filed an application with the Trademark Registry, Kolkata for cancellation of the trademark Cutler-Hammer registered in the name of Eaton in respect of goods under Class 9.

 

20. On 18.01.2012, Eaton and its subsidiary filed the Suit bearing No. CS(OS) 156/2012 along with an interim application I.A. No. 1204/2012 which has been disposed of by the impugned order. Thereafter, in the month of March, 2012, BEL filed a suit bearing No. 575/2012 along with I.A. No. 4318/2012. These IAs were disposed of by the impugned order.

Impugned Order

21. The learned Single Judge has noted the assertions made by Eaton in its plaint that it was founded in 1911 and is a well-known premier diversified fortune 200 industrial company having a manufacturing presence in several countries. It is a global corporate which has been carrying on business for more than 100 years; it currently employs approximately 73,000 employees worldwide and its products are sold in 150 countries. The Single Judge has also noted that Cutler-Hammer Inc. commenced its business in India by shipping goods under the trademark Cutler-Hammer in 1919. After briefly noting the relevant facts as pleaded, the Court noted that the following issues were required to be considered for deciding the subject applications:

"(i) Whether the defendant is infringing the registered mark CUTLER-HAMMER.

(ii) Whether the defendant is passing off its goods as that of the plaintiffs?.

(iii) Whether the defendant being earlier permissive user of trademarks are entitled to claim the proprietorship rights after the expiry of period of licence agreement and are entitled to use the same trademarks.

(iv) Whether the plaintiffs are entitled for interim injunction at this stage despite of delay, latches, acquiesces and waiver as per plea raised by the defendant.

(v) Whether the defendant who is also holding the registration of logo mark CH in Class 9 as of 14th October, 1992 can be retrained by this Court.

(vi) Whether the defendant is entitled for injunction against the plaintiffs in its application being I.A. No.4318/2012 restraining the plaintiffs for extending the groundless threats to the dealers and other representatives of the defendant.

(vii) In whose favour balance of conveniences lies in view of the facts and circumstances of the present two actions filed by the parties."

22. The Court noted that the BEL had obtained registrations in respect of the trademark CH Control Black and had further applied for registration of the trademarks Cutler-Hammer, Bhartia Cutler-Hammer claiming the user of the Trademarks as its own even for the period when the said marks were used under a license granted by Eaton (Cutler-Hammer, Inc). The Court observed that the applications made by the BEL for registration of the trademarks were clearly contrary to their pleadings wherein BEL had affirmed that it had continued to use the marks in question after the expiry of the Registered User Agreement with the knowledge of Eaton. The Court held that Eaton was a prior adopter and user of the trademark(s) Cutler/Hammer and CH worldwide including in India. The

 

trademark Cutler-Hammer bearing no.164435 was registered on 08.06.1954 which was prior to the incorporation of BEL and the said trademark continues to be registered in the name of Eaton. The Court rejected BEL?s contention that the trademark Cutler-Hammer did not belong to Eaton and observed that the application for recording Eaton Corporation as a subsequent registered proprietor of the trademark Cutler/Hammer was filed by the same firm, which was now acting on behalf of BEL.

23. The Court further observed that in terms of the Registered User Agreement dated 19.02.1979 as well as other agreements in terms of which BEL acquired the license to use the trade name Cutler-Hammer and the trademarks in question, BEL had expressly acknowledged and admitted the proprietary rights of Eaton in the trademarks in question and had further agreed not to apply for registration of the said marks. The Court held that in the given circumstances, adoption of the trademark Cutler/Hammer by BEL was dishonest and so were its applications for registration of other trademarks in question including CH Control Black under no. 582999. The Court held that registration of the said trademark was obtained by BEL by committing a fraud on the Registry by making false claims of proprietorship and user thereof.

24. The Court further held that BEL had no plausible explanation/justification to adopt the marks Cutler-Hammer, Bhartia Cutler-Hammer, CH and other variants thereof. The Court held that BEL had committed the following wrongful acts:

"(i) The defendant has claimed the proprietorship right in the Trademarks Registry and placed evidence in order to obtain the registration during the period when the defendant was licensee.

(ii) The defendant has made every effort to impair the trademarks of the plaintiffs.

(iii) The defendant is claiming by giving its indication that the defendant is still part of the plaintiffs which is untrue.

(iv) The defendant applied for registration and obtained registration of logo ''CH'' knowingly, intentionally and fraudulently which is contrary to clause 7.7 of the Licence and Technical Service Agreement.

(v) The defendant has challenged the registration of the plaintiffs contrary to the agreements despite of recognizing the ownership rights of the plaintiffs. They have claimed their independent rights by acquiring user which is in use to the plaintiff.

(vi) The defendant is claiming independent user in order to become proprietor of the same very trademarks."

25. The Court rejected BEL''s contention that Eaton had abandoned the trademarks in India and BEL was entitled to claim independent proprietary rights by virtue of being its user without any protest by Eaton. The Court referred to

 

the decision in the case of Velcro Industries v. Velcro India Ltd.: 1993 (1) Arb. LR 465 wherein, the Bombay High Court had noted that the defendants in that case were acting as licensees in use of the name and even if the Licence Agreement did not provide that on termination of the license the defendants would cease use of the name Velcro, nonetheless, the defendants could not use the said name as a corporate name because the same would give an impression to the public that they are still connected with or had a license from the plaintiffs.

26. The Court accepted that Eaton had built up a trans-border reputation in respect of its goods under the trademarks and the use of the same by BEL was liable to be injuncted. Insofar as the plea of delay, laches, waiver and acquiescence is concerned, the Court noted that Eaton and BEL had a business relationship since BEL?s incorporation in the year 1965 and BEL was licensed to use the trademarks as well as the trade name Cutler-Hammer in terms of various agreements entered into between Eaton and BEL. The Court examined the conduct of parties and held that (i) there had been no acquiescence on the part of Eaton as all agreements entered into expressly specified that Eaton was the registered proprietor of the trademarks; (ii) that BEL could not claim any right over the trademarks; (iii) BEL could not attempt to secure any statutory rights in respect of the said trademarks. The Court further observed that it is well settled that where there is fraud, there is no room for the doctrine of acquiescence to operate.

27. Insofar as the plea of abandonment of trademark is concerned, the Court held that the same depends on the intention of the parties, to be inferred from the facts of each case; and in the present case, no such intention could be inferred. The Court also rejected the plea of delay urged by BEL by observing that BEL''s user of the trademark was a permissive user and its claim of being a proprietor even during the license period was fraudulent and dishonest. The Court held that an ex-licensee could not claim proprietorship of the trademark either during the license period or after expiry thereof.

28. Lastly, the Court rejected the contention that the balance of convenience was in favour of BEL by observing that Eaton was founded in 1911 and was a premier diversified fortune 200 industrial company with a presence in several countries and was selling its products under various well known trademarks. The Court held that trademarks Cutler-Hammer and CH Logo were well known and had an extra territorial goodwill and reputation worldwide. And, the use of such marks by BEL was bound to confer undue advantage of reputation and goodwill to BEL. The Court further observed that Eaton was the registered proprietor of the trademark Cutler/Hammer under no.164435 and, therefore, BEL would not have any statutory right in the trademark Cutler-Hammer/Bhartia Cutler-Hammer and or its variants.

29. In view of the above, the Court held that Eaton had established a prima facie, case for grant of interim injunction and, accordingly, the prayers made by Eaton in its interim application, I.A. No.1204/2012, were allowed and BEL, its

 

dealers, agents and representatives on its behalf were restrained from using the impugned arrangement and all marks Cutler-Hammer, Bhartia Cutler-Hammer, CH Control or CH Logo or any other mark that may be identical or deceptively similar to Eaton?s registered trademark Cutler-Hammer under registration No.164435 in Class 9. BEL was also restrained from dealing in goods included in Class 9 and or any other cognate or allied goods under the aforesaid trademarks. However, BEL was granted three months time to dispose of the existing stock. BEL''s application being I.A. No.4318/2012 was, accordingly, dismissed.

Submissions

30. Mr Amit Sibal, Senior Advocate appearing on behalf of the BEL contended that BEL was a leading manufacturer of premium low voltage Electrical and Electronic products in India and was supplying goods to a large number of organisations including several leading public sector undertakings. He submitted that BEL was a registered proprietor of the trademark CH Control Black under the Registration No. 582999 in Class 9 since 14.10.1992 and BEL had also applied for registration of the trademark Bhartia CH Control. He contended that BEL had been selling its products under the said trademarks since several years and consequently, the said trademarks had come to be identified/associated with BEL exclusively. On the other hand, Eaton had not used the trademarks in question in India even after BEL had been restrained from using the marks by the impugned order. He relied upon certain market survey reports in support of this assertion.

31. Next, Mr Sibal referred to various agreements and correspondence with Eaton and/or other group companies which indicated that there was a continual business relationship between BEL and Eaton and/or their group companies. In addition, the representatives of Eaton had been visiting BEL''s facilities in India and some of the ex-employees of Eaton had also been employed by BEL. On the strength of the aforesaid facts, he contended that Eaton had due knowledge of BEL''s use of the trademarks but it had taken no steps to either object to or prevent such user. He also drew the attention of this court to paragraph 17 of the rejoinder filed by Eaton in response to the reply filed by BEL to Eaton''s application for interim relief, wherein, according to him, Eaton had admitted that it had knowledge of the use of the mark Cutler-Hammer by BEL. In view of the aforesaid, he argued that there was acquiescence on the part of Eaton in the use of the trademark in question by BEL and consequently, Eaton was not entitled for an interim injunction restraining BEL from using the trademarks in question. He referred to the decision of the Supreme Court in Power Control Appliances and Another v. Sumeet Machines Pvt. Ltd.: (1994) 2 SCC 448 and urged that acquiescence was one of the defences available under Section 30(1)(b) of the Trademark and Merchandise Marks Act, 1958. On the strength of the aforesaid decision, he contended that since Eaton had stood by while BEL was spending substantial money on advertisements / marketing of the products under the trademarks in question to build up the business, it was now dis entitled to claim an injunction restraining BEL from using those trademarks.

 

32. Mr Sibal also urged that after Cutler Hammer, Inc. was taken over by Eaton Corporation in 1978, it abandoned the trademarks in question and its products in India were sold under the brand name ''Moeller'' and ''Eaton''. Thus, Eaton allowed the trademarks CH Label, CH Control and CH Logo to lapse and were thereafter removed from the Register of Trademarks. He contended that Eaton had also not renewed the trademarks in question in other jurisdictions.

33. Mr Sibal contested the finding of fraud returned in the impugned judgment and submitted that the registration of trademark CH Control Black, Bhartia Cutler-Hammer and Cutler-Hammer were effected by following the due process of law and after providing due opportunity to Eaton to object to the same. Therefore, the finding that such registration was obtained by fraud was erroneous.

34. He further contended that Eaton''s allegation of passing-off was unsustainable. Eaton was not using the trademarks in question in relation to its products or business in India; thus, there was no risk that BEL''s products would be mistaken as that of Eaton. He emphasised that there was no evidence on record which would establish that there was any instance of confusion or deception in respect of the goods manufactured and sold by BEL.

35. Lastly, Mr Sibal, contended that Eaton had failed to establish a prima facie case and the balance of convenience also lay squarely in favour of BEL. He strongly relied on the decision of the Supreme Court in Wander Limited & Another v. Antox India Pvt. Ltd.: 1990 Supp.(1) SCC 727 and contended that the relief of interlocutory injunctions ought to be granted to preserve status-quo and not to alter a position which has continued for several years. He also relied on the decision of House of Lords in American Cynamid Co. v Ethicom Ltd.: (1975) 1 All ER 504 in support of the aforesaid contention.

36. Mr Sudhir Chandra, Senior Counsel, appearing for Eaton supported the impugned judgment and contended that the use of the trademarks in question by BEL was patently dishonest. He referred to the agreements dated 03.06.1977 and the Registered User Agreement dated 19.02.1979 and earnestly contended that in view of the said agreements, BEL could never claim proprietary rights in the trademarks in question. He emphasized that there was an express stipulation that the use of the trademarks by BEL would inure to the benefit of Eaton and in the circumstances, BEL''s claim to any rights in respect of the said trademarks was rightly repelled by the court as being dishonest.

37. Countering the submissions that Eaton had abandoned the trademarks, Mr Chandra contended that the trademark CH Label and CH Control under the Registration No. 164434 and 205632 respectively were inadvertently removed from the register for non-payment of renewal fee. He argued that efforts were not made to restore the registration because Eaton had commenced using CH Logo which was similar to the trademarks CH Label and CH Control and, therefore, the registration of the said trademarks was not restored to avoid incurring expenses in maintaining registrations for two substantially identical

 

trademarks. He submitted that the trademark CH Logo continued to be registered till the year 2006 but was removed from the register for non-payment of renewal fee. However, immediately on becoming aware of such removal, Eaton had filed an interlocutory petition for reinstatement of the registration on 09.11.2010. He submitted that the trademarks Cutler/Hammer and CH Logo were duly registered and subsisting in other countries including USA. He further submitted that Eaton had objected to the registration and use of trademarks on becoming aware of its use by BEL. He referred to the action instituted in a German Court for restraining BEL from using the trademark CH Control.

38. Mr Chandra further reiterated that Eaton was a prior user of the trademarks in question and enjoyed a wide reputation, recognition and publicity in the Indian and the world market for high quality products. And, by a long and continuous user, its trademarks were well recognised in the market and had also contributed to the generation of goodwill. He further contended that the trademarks in question have a trans-border reputation which has also spilled over to India and any product under the said trademarks would naturally be assumed to be associated with Eaton. He submitted that in the said circumstances, the Court had rightly held that sale of goods by BEL under the subject trademarks would amount to passing off.

39. Mr Chandra also stated that the balance of convenience was in favour of Eaton. He contended that since Eaton had a long business history of more than 100 years and was well established in the business, declining Eaton''s request for restraining use of the trademarks by BEL, would cause irreparable loss and injury to Eaton. Reasoning and Conclusion

40. As noticed before, the predecessor of Eaton Corporation had commenced business in India almost a century ago; Cutler-Hammer Mfg. Co. was incorporated in 1893 and commenced its business under the trademark Cutler-Hammer in respect of goods included in class 9. The first shipments in India under the trademark Cutler-Hammer were made in India in the year 1919. Admittedly, the trademarks Cutler/Hammer (registration No. 164435) and CH Label (Registration No. 164434) were registered in the name of Cutler-Hammer, Inc. w.e.f. 08.06.1954. Subsequently, Cutler-Hammer, Inc. applied for registration of its trademark CH Control (Registration No. 205632) on 03.11.1975. The said trademarks were owned by Cutler-Hammer, Inc. but were made available to BEL by virtue of its association with Cutler-Hammer, Inc., which at the material time was in the nature of a joint venture company between Cutler-Hammer, Inc. and the Indian promoters.

41. It is relevant to note that at the material time, Cutler-Hammer, Inc. owned 49% of the equity capital of BEL. BEL''s corporate name also reflected the participation of Cutler-Hammer, Inc. in the company; BEL was then known as Bhartia Cutler-Hammer India Ltd.

42. The recitals in the agreement dated 03.06.1977 captioned ''Sales

 

Agreement'' entered into between BEL and three subsidiaries of Cutler-Hammer, Inc., indicates that pursuant to an agreement dated 13.02.1974, Cutler-Hammer, Inc. had agreed to terminate its equity interest in India by sale of 1,96,000 shares held by it in BEL to resident nationals of this country thereby vesting the entire issued equity capital of BEL in Indian hands. However, the above agreement also indicates that Cutler-Hammer, Inc. and BEL/its Indian promoters, desired to continue their association notwithstanding the sale of equity interest by Cutler-Hammer, Inc. and, therefore, the parties to the agreement dated 13.02.1974 agreed for creating certain ancillary relationships which would become effective after Cutler-Hammer, Inc. sold its equity in BEL. The recital to the Sales Agreement dated 03.06.1977 also indicates that one such ancillary relationship was to constitute BEL as an agent of Cutler-Hammer, Inc. for the products manufactured by the Cutler-Hammer Group of companies located outside India.

43. In terms of the aforesaid understanding, three companies of the Cutler-Hammer Group, namely, Cutler-Hammer World Trade Inc., Cutler-Hammer International C.A. and Cutler-Hammer Export Sales Corporation had entered into the aforementioned ''Sales Agreement'' with BEL on 03.06.1977 whereby BEL was appointed as an exclusive agent of those companies in India for sale of certain products manufactured overseas. In terms of the said agreement, BEL agreed to promote sale of the products manufactured by the Cutler-Hammer Group actively and further agreed "neither to handle nor to promote the sale of any merchandise competitive with the products directly or indirectly". The said three companies on their part agreed that the orders procured by BEL would be supplied by them and in consideration for its services as an agent, BEL would be entitled to a distributor''s discount plus 20% of the net price as commission. Insofar as the trademarks are concerned, BEL agreed that nothing in the said agreement dated 03.06.1977 would be construed to confer upon BEL any right of ownership of any trade names or trademarks. The relevant clause of the said agreement reads as under:-

"1. India agree that nothing herein shall be construed to confer upon or to vest in India any right of ownership in any tradenames or trademarks which heretofore or hereafter are the registered property of International or of any of its affiliated companies. India further agrees to do nothing which will in any way impair International''s complete ownership of such tradenames or trademarks and to use them only so as to reflect ownership by International. India further agrees that it will not use such tradenames or trademarks to indicate or to imply in any way that India is part of International or that International has any ownership in India. All use of such tradenames or trademarks by India shall cease upon termination of this Agreement. India agrees that it will not remove or obscure any distinguishing marks affixed by International to any product sold hereunder and further agrees that it will not affix any additional markings of its own to such Product without the prior approval of International."

 

(In the aforesaid clause ''India'' refers to BEL and ''International'' referred to the three companies of the Cutler-Hammer Group)."

44. On the same date - that is, 03.06.1977 - Cutler-Hammer World Trade Inc. (a subsidiary of Cutler-Hammer, Inc.) entered into a ''Licence and Technical Services Agreement'' with BEL (then known as Cutler-Hammer India Ltd. but described under the agreement by its then proposed name Bhartia Cutler-Hammer Limited). The said agreement was for the term of 10 years. The recitals in the said agreement indicates that BEL had enjoyed certain benefits of technical assistance and licence arrangement dated 04.09.1965 and the parties desired to continue the relationship while recognising certain intervening events which included the creation of a Cutler-Hammer World Trade Inc. as a wholly owned subsidiary of Cutler-Hammer, Inc. and divestment by Cutler-Hammer Inc. of its equity interest in BEL (Cutler-Hammer India Ltd.) in terms of the agreement dated 13.02.1974.

45. In terms of the said agreement (Licence and Technical Service Agreement dated 03.06.1977), BEL was granted, inter alia, the exclusive licence to manufacture certain specified products within India as well as non-exclusive right to export or otherwise dispose of the specified products outside India. Article VII of the said agreement is relevant and reads as under:-

"Section 7.1 Any Item of Manufacture made hereunder by Licensee and any written or printed material published and promulgated to the public by Licensee shall be marked only with such Tradenames and Trademarks of Cutler-Hammer, Inc., Licensor, and/or Associated Companies of Licensor in the manner and to the extent as set forth hereinafter or as shall be specifically authorised in writing by an officer of the proprietor of such Tradename or Trademark. The mere inclusion of any such Tradenames and Trademarks upon any drawings or specifications furnished hereunder shall not be construed as authorization for use. It is expressly understood that even when use is authorised, Licensee shall not thereby secure any rights in said Tradenames and Trademarks.

Section 7.2. It is expressly agreed that the license fee payable to Licensor hereunder shall include all compensation for use by Licensee of such Tradenames and Trademarks, and Licensor shall not be entitled to any other compensation, direct or indirect for such usage.

Section 7.3 The parties acknowledge that as at the inception of this Agreement, Licensee (under its prior name, Cutler-Hammer India Ltd.) is an authorised and recorded "Registered User" of the following proprietary Trademarks of Cutler-Hammer, Inc., for the periods indicated:

No. 164434 - Product Mark consisting of letters "C-H" in a monogram border (registry renewed for period of seven years from 8 June 1975)

No. 164435 - House mark consisting of words "CUTLER-HAMMER" in distinctive print (registry renewed for period of seven years from 8 June 1975)

 

No. 205632 - House mark consisting of letters "CH" and word "Control" in a special arrangement within a rectangular border (registry renewed for period of seven years from 3 November 1975)

Licensor (and Cutler-Hammer, Inc. as proprietor) agree that Licensee may continue its status as registered user of said Trademarks after inception of this Agreement, PROVIDED, HOWEVER, that such use is subject to the following additional conditions:

(a) Unless otherwise specifically authorised in writing by Licensor, the use of Product Mark 164434 C-H shall be limited solely and exclusively to identify and mark Licensed Products (except SEPM Products) manufactured by Licensee pursuant to this Agreement. If so used Licensee agrees to affix the legend ("Made in India by Bhartia Cutler-Hammer Limited, a wholly Indian owned Licensee of Cutler-Hammer, Inc., U.S.A.") to such Licensed Products.

(b) Unless otherwise specifically authorised in writing by Licensor, Licensee agrees that the use of House mark 164435 shall be confined to use in the company name, Bhartia Cutler-Hammer Limited and whenever so used, it shall be followed with a subscription "a wholly Indian Licensee of Cutler-Hammer, Inc., U.S.A."

(c) Unless otherwise specifically authorised in writing by Licensor, licensee agrees its use of House mark 205632 shall be limited solely and exclusively to identify and mark Licensed Products (except SEPM Products) manufactured by Licensee pursuant to this Agreement or in connection with written or printed materials. Whenever such mark is used, it shall be accompanied by the legend ("Made in India by Bhartia Cutler-Hammer Limited, a wholly Indian owned Licensee of Cutler-Hammer, Inc., U.S.A." Whenever such mark is used in connection with written or printed materials, it shall be used in conjunction with the House mark of Licensee. Whenever such mark is used to identify and mark such Products, it shall wherever feasible be used in conjunction with the House mark of Licensee.

Section 7.4 When necessary to effectuate any succeeding authorization under this Agreement, Licensor shall, as requested by Licensee, execute or obtain the execution of all documents necessary or required in order that Licensee shall have the legal right to use, as a "Registered User", any Trademarks covered under this Agreement.

Section 7.5 Licensee shall not permit any other person to use any Trademark or Tradename contemplated hereunder, or part thereof, in connection with the business name and title of such person.

Section 7.6 Licensee shall, when requested by Licensor, execute recordable documents confirming the sole right and ownership of the proprietor thereof in and covering the use by Licensee of any Tradename or Trademark, registered or unregistered, contemplated herein.

Section 7.7 Licensee shall not apply for or obtain registration of any Trademark or Tradename contemplated herein or challenge the validity or contest the right of the proprietor thereof to obtain registration thereof, and Licensee shall comply with any reasonable request by Licensor or other proprietor for assistance in obtaining registration thereof."

46. A plain reading of the aforesaid two agreements dated 03.06.1977 (the Sales Agreement and the Licence and Technical Service Agreement) clearly indicates that it was agreed and understood between the parties that BEL would not claim any rights in the specified trademarks and the trade name of Cutler-Hammer. It was expressly agreed that BEL would not apply and obtain registration of any trademark or trade name contemplated therein or contest the rights of the proprietor to obtain any registration thereof.

47. It is relevant to note that in 1977, BEL was known as ''Cutler-Hammer India Ltd.'' and with the Cutler-Hammer, Inc. terminating its equity interest in the said company, the name of the company was also changed to Bhartia Cutler-Hammer Ltd.

48. Thereafter, Cutler-Hammer, Inc. and BEL entered into another agreement dated 19.02.1979 captioned ''Trading Name Agreement''. The recital of the said agreement, inter alia, recorded that:

"WHEREAS, CUTLER is the owner of the words CUTLERHAMMER (hereinafter referred to as "the said name") when used as a registered or unregistered trademark, corporate title or trading style in the field of activity in which the parties are engaged; and

WHEREAS, BHARTIA believed that various commercial advantages could result if BHARTIA were permitted to include the said name as part of the corporate title of BHARTIA and..."

49. Clause 1 of the said agreement is also relevant and is reproduced below:-

"1. CUTLER hereby confirms that CUTLER granted to BHARTIA, prior to the date of incorporation of BHARTIA permission to use the said name as part of the corporate title of BHARTIA, and BHARTIA covenanted and agreed that -

(a) CUTLER is the owner of the said name;

(b) The grant is terminable at will by CUTLER in CUTLER''S sole and absolute discretion;

(c) The grant is personal to BHARTIA and shall not be assignable by BHARTIA without CUTLER''S prior written consent; nor will BHARTIA incorporate the said name as part of the name of any division, subsidiary or affiliate without first obtaining the written permission of CUTLER;

(d) The grant shall automatically terminate upon the happening of any of the following events:

(i) BHARTIA is ordered or adjudged bankrupt; or is placed in the hands of a

 

Receiver; or enters into any scheme or composition with creditors to make an assignment for the benefit of creditors.

(ii) If the assets of BHARTIA are seized or attached in conjunction with any action against BHARTIA by a third party.

(e) The said name shall be used only upon or in connection with goods manufactured by or for BHARTIA under license from CUTLER."

50. Simultaneously - on 19.02.1979 - Cutler-Hammer, Inc. and BEL entered into a "Registered User Agreement" whereby, subject to the covenants recorded therein, Cutler-Hammer, Inc. granted BEL a nonexclusive right to use the trademarks Cutler/Hammer (registration No. 164435), CH Control (Registration No. 205632) and CH Label (Registration No. 164434). Clause 7 of the said agreement is relevant and reads as under:-

"(7) User recognises The Trade Mark Owner''s title to said Trade Marks and shall not at any time do or suffer to be done any act or thing which will in any way impair the rights of The Trade Mark Owner in or to said Trade Marks. It is understood that User shall not acquire and shall not claim any title to said Trade Marks by virtue of the License granted to User, or through User''s use of said Trade Marks, it being the intention of the parties that all use of said Trade Marks by User shall at all times inure to the benefit of The Trade Mark Owner."

(emphasis ours)

51. In view of the agreements referred to above, it is clear that the trade name Cutler-Hammer and the trademarks referred to above belonged exclusively to Cutler-Hammer, Inc. (and now to it''s successor Eaton Corporation). BEL had, on various occasions, reaffirmed the ownership of the trade name and trademarks and further undertaken not to claim any title, adverse to that of Cutler-Hammer. More importantly, as a licensee, BEL had agreed that the use of the trademarks would inure to the benefit of the licensor and use of the trademarks by BEL were not as a proprietor but as a licensee.

52. The Trading Name Agreement of 19.02.1979 indicates that BEL considered it commercially beneficial to include the name Cutler-Hammer as a part of its corporate title and this was permitted by Cutler-Hammer, Inc., on BEL expressly agreeing to recognise Cutler-Hammer Inc. as the owner of the trade name Cutler-Hammer. The recital to the agreement expressly records Cutler-Hammer, Inc. to be the owner of the words Cutler-Hammer whether used as a trademark, corporate title or a trading style.

53. It is amply clear from the historical background as narrated above that Cutler-Hammer, Inc. was a constituent joint partner in BEL and Cutler-Hammer, Inc. projected its business presence in India through BEL. In view of the policy and legislative changes-that is, the enactment of Foreign Exchange Regulation Act, 1974 restricting the foreign equity participation in Indian companies to 40% - brought about in 1974, several foreign companies which had established their

 

presence in India through equity participation in Indian companies, decided to sell their equity stake. It appears that although Cutler-Hammer, Inc. also terminated its equity interest; it, nonetheless, continued to maintain its association with BEL.

54. On 13.07.1988, Bhartia International Pvt. Ltd. (hereafter BIPL), a Group Company of BEL, was appointed as an exclusive commission sales agent to solicit sales of specified products manufactured by Eaton outside India.

55. Clause 1 of Article 3 of the said agreement is more or less similarly worded as clause 1 of Article 3 of Sales Agreement dated 03.06.1977 quoted hereinbefore. This agreement also, records BIPL''s confirmation that nothing in that agreement, would confer upon BIPL any rights of ownership in any tradenames or trademarks or other proprietary rights which heretofore or hereafter are owned or are registered property of Eaton or any of its affiliated companies. BIPL further agreed to do nothing which would in any way impair Eaton?s complete ownership of such trade names or trademarks or other proprietary rights and to use them so as to reflect the ownership of Eaton. Another similarly worded agreement was also executed between Eaton and BIPL on 04.09.1990.

56. Subsequently, BIPL merged with BEL. It is also material to note that both these agreements - that is, Sales Agreements dated 13.07.1988 and 04.09.1990 - were executed by Mr O.P. Bhartia on behalf of BIPL. The earlier agreements - that is, Sales Agreement dated 03.06.1977, Licence and Technical Service Agreement dated 03.06.1977, Trading Name Agreement dated 19.02.1979 and Registered User Agreement dated 19.02.1979 - were also executed by Mr O.P. Bhartia on behalf of BEL.

57. On 10.04.1990, Eaton and BEL entered into yet another "Licence & Technical Service Agreement" in terms of which Eaton granted BEL a licence to manufacture, use and sell certain products - viz., "Freedom Series of Starters, Contactor''s and Relays and Blown Fuse indicators" - as set forth in the schedule appended to the said agreement. The recitals of this agreement indicates that the same was in terms of the foreign collaboration approval granted by the Government of India by its letter dated 07.11.1988. Although, it has been contended that the products licensed under this agreement were different from the products licensed under the ''Licence and Technical Service Agreement'' of 03.06.1997, it is noteworthy that the products licensed under the earlier agreement (dated 03.06.1977) also included Contactor''s, Overload Relays and Solid State Relays and Controls. It is important to note that unlike the earlier Licence and Technical Service Agreement executed on 03.06.1977, this agreement did not mention the use of any trademark.

58. Thereafter, on 11.12.1992, Eaton and BEL entered into another agreement whereby Eaton licensed BEL to manufacture, use and sell certain products viz. "Locomotive, Dynamic Breaking Resisters and Power Resisters". This agreement

 

also did not mention any trademarks.

59. On 16.03.1994, BEL and Eaton entered into an agreement captioned "Export Agreement", whereby Eaton agreed to assist BEL in export of products licensed by Eaton to BEL under the Licence and Technical Service Agreement dated 10.04.1990.

60. Eaton has produced a letter dated 10.06.1982 addressed by Mr P.D. Agarwal, of BEL to Mr Hector Kitscha of Eaton Corporation informing him that the Government of India vide its letter dated 15.04.1982 has approved payment of royalty on increased manufacturing capacity of contactor, relays, etc. and that the Government required a new agreement to be executed, a draft of which had been prepared and was attached with the letter. It was further stated that the new agreement would extend beyond the terminal date of the existing licensing and technical service agreement which would expire on 02.06.1987. The letter further provided the reason for not referring to trademarks in the draft agreement as under:-

"4. The Government does not permit the use of foreign Trade Mark for domestic sales. In view of this, we have not made any reference to Trade Mark in this agreement and the trade mark matter may continue to be governed by our existing agreements."

61. The foreign collaboration approval dated 07.11.1988 pursuant to which Eaton and BEL had entered into the Licence and Technical Service Agreement dated 10.04.1990 also expressly provided that "foreign brand names will not be allowed for use on the products for internal sales although there is no objection to the use on products to be exported". This would explain as to why the agreements entered into after 1982 were silent as to the use of the trade marks.

62. Although, BEL in its written statement has denied the assertions made by Eaton with regard to the past association of Cutler-Hammer, Inc. in India, no arguments were advanced to dispute the facts as noted above. The agreements referred to above are also not disputed. In view of the above, it is not open for BEL to claim that it had any proprietary interest in the trademarks in question. In our prima facie view the fact that the origin of the trademarks CH Control, CH Label and Cutler/Hammer can be traced to Cutler-Hammer, Inc. and/or its predecessors leads to an inescapable conclusion that trademark Cutler/Hammer as well as other marks such as CH Label and CH Control were owned by Cutler-Hammer, Inc.

63. Notwithstanding the above, BEL has projected that it has, by virtue of honest, extensive and bona fide use, acquired proprietary rights in the trademarks in question. BEL further states that it filed applications for registration of the trademark CH Control Black to protect its business and to prevent third parties from securing any rights in the trademarks which it claims were abandoned by Eaton.

 

64. The trade name and trade mark Cutler/Hammer was used by BEL as a licence and not as a proprietor. BEL in its written statement claims that "tremendous goodwill and reputation vests with the defendant and its aforesaid marks" by virtue of the products sold by it from 1976-2011 under the trademarks Bhartia CH Control, Cutler/Hammer, Bhartia Cutler-Hammer and CH Control. We find considerable difficulty in accepting this assertion. It is apparent from the agreements referred to above that BEL was never the proprietor of the trade name Cutler-Hammer, the trademark Cutler/Hammer; and /or other related trademarks. The letters CH in the trademarks CH Control, CH Label etc., represent the initials of the words Cutler-Hammer. BEL was licensed to use the said marks and in terms of the arrangement, had unequivocally accepted the ownership of the marks to be that of Eaton (Cutler-Hammer, Inc.). BEL had further undertaken not to assert any proprietary rights in respect of the said trademarks and, therefore, it would not be open for BEL to contend that it had any proprietary interests in those trademarks or that the goodwill associated with those marks belonged to it by virtue of their use for half a century. It is obvious that BEL had used the trademarks belonging to Cutler-Hammer, Inc. to take advantage of the associated goodwill and to reflect an association with Cutler-Hammer, Inc. The use of the trademark name Cutler-Hammer was perceived by BEL to be of significant commercial advantage; we see no other reason as to why BEL would seek the trademarks in the first place. In the Trading Name Agreement of 1979, BEL also acknowledged that the use of the name Cutler-Hammer in its corporate name would result in "various commercial advantages" to BEL.

65. In the aforesaid circumstances, the applications made by BEL for registration of the trademark Cutler-Hammer (application no.1189782) showing its user since 31.2.1963 is prima facie, misleading; it is, plainly, intended to mislead the Trademark Registry to believe that BEL has been using the trademark as a proprietor since 31.12.1963. BEL applied for registration of brand Bhartia CH Control Black on 14.10.1992. The print out from the Office of Registrar of Trademark indicates user of the trademark as "proposed". This would imply that at the time of applying for registration, BEL did not claim any past user but only indicated that it was proposing to use that trademark. However, it was submitted on behalf of Eaton that BEL had represented in its application that it was using the trademark since 04.03.1968. BEL did not contest this assertion before us. Eaton had also produced a letter dated 28.09.1992 addressed by BEL to its agent Remfry & Sagar, in the context of registration of trademarks, which indicates that BEL was claiming the user of the trademark since 04.03.1968. The learned Single Judge has also prima facie returned the finding that BEL had misrepresented its user since 04.03.1968 for obtaining the registration of the trademark Bhartia CH Control Black. In this backdrop, we find no reason to differ from that view. Similarly, the applications for other trademarks in question are also misleading inasmuch as they indicated BEL to be a proprietor of those trademarks even during the period when the same were, admittedly, used under a licence from

Cutler-Hammer, Inc.

66. The learned Single Judge, in the impugned order, held that BEL had failed to provide any bona fide reason for adopting or claiming ownership of the trademarks in question. The only explanation provided by BEL was that Eaton had abandoned the marks; the same were important to its business; and it had applied for registration to prevent third parties from securing the said trademarks. This explanation can most charitably be described as inconsiderable. BEL had an on-going business relationship with Eaton and if what BEL states is correct, it would have no difficulty in negotiating the purchase of those trademarks. But, the undisputed fact is that whilst BEL negotiated at least two Licence and Technical Service Agreements, it did not include any mention of trademarks therein.

67. According to BEL, the trademarks in question were important for its business. Therefore, even after the term of the ''Licence & Technical Service Agreement'' dated 03.06.1977 and the ''Registered User Agreement'' dated 19.02.1979 expired, BEL did not refrain from using the trademarks - as it was obliged to do under the above mentioned agreements - but continued to trade on the goodwill so associated with those trademarks. Eaton did not object to such use; but, that would not constitute BEL as the owner of trademarks and any endeavour to claim their ownership at the material time would prima facie amount to usurping Eaton''s property. Thus, it is not possible to accept BEL''s claim of ownership by way of its user even for the period when it was a licence.

68. We are also not persuaded to accept the contention that Eaton had abandoned its trademarks in question. BEL has produced certain contemporaneous correspondence during the years 1992 to 1995 in support of its contention that Eaton had full knowledge of BEL''s use of the trademark Bhartia CH Control as it was used as BEL''s logo on the letterheads. It is worthwhile to note that most of the letters/facsimiles emanating from Eaton, which are relied upon by BEL, also clearly mention the words Cutler-Hammer. To mention a few: the letter dated 01.11.1993 addressed by Mr M.M. Chantler, Manager, Multinational Sales, Eaton Corporation to the General Manager, BEL is on the letterhead which mentions "Cutler-Hammer Products"; the facsimile dated 06.01.1994 addressed to Mr R. Sarkar of BEL also bears the caption "EATON Cutler-Hammer and Dynamatic"; the facsimile message dated 03.10.1994 is addressed by BEL to Cutler-Hammer, Pittsburgh; the letter dated 19.12.1994 and facsimile message dated 30.10.1995 sent by one David of Eaton is on the letterhead "Cutler-Hammer Westinghouse & Cutler-Hammer Products".

69. Eaton has also filed a list of countries where its trademarks, Cutler/Hammer and CH logo, are registered. In addition, it has also produced catalogues of its products which indicate the use of the trademarks as well as the trade name Cutler-Hammer. In view of the material produced by Eaton, we find no reason to fault the learned Single Judge''s conclusion that Eaton had not abandoned its trademarks.

 

70. It was earnestly contended on behalf of BEL that whilst the products under the brand name/trademark Cutler-Hammer may be sold in other parts of the world, Eaton had not sold its products under the said brand name/trademark in India where it was using the trademarks Moeller and Eaton. And, this according to BEL, constituted abandonment of the trademarks by Eaton.

71. We are not persuaded to accept this view for several reasons. First of all, for the reason that even if it is assumed that Eaton has not sold products under the trademark Cutler-Hammer in India, the same would not constitute abandonment of the trademarks if they were used extensively overseas. The learned Single Judge has noted in the impugned order - and in our view rightly so - that the tradename/trademark Cutler-Hammer had acquired trans-border reputation.

72. Secondly, there is evidence on record which indicates that Eaton was selling its products in India under the brand name Cutler-Hammer. Even the correspondence relied upon by BEL indicates that it had made inquiries regarding Eaton''s products.

73. Thirdly, BEL had entered into a licence agreement for use of knowhow and patents for manufacture of certain products. Further BIPL - a group company of BEL, which later merged with BEL - had entered into Sales Agreements on 13.07.1988 and 04.09.1990 for acting as Eaton?s agent to solicit sales of products manufactured by Eaton.

74. Last and most importantly, BEL had expressly agreed that the use of the trademarks by BEL would for all times inure to the benefit of Eaton. The fact that the term of the said Registered User Agreement came to an end does not mean that BEL stood released from this understanding.

75. As noticed hereinbefore, the agreements entered into between BEL and Eaton after 1979 did not specifically mention licensing of trademarks. However, BEL had already committed that its use of the trademarks would inure for the benefit of Eaton and - as BEL''s letter dated 10.06.1982 indicates - Eaton and BEL understood that the use of the trademarks would continue to be governed by the terms of the earlier agreements. In the aforesaid circumstances, we are unable to appreciate as to how BEL can now claim that Eaton had abandoned and it had acquired ownership of the trademarks in question.

76. The fact that Eaton did not renew the trademarks CH Control and CH Label does not, in the facts of the present case, indicate that Eaton had abandoned its trademarks. Eaton had applied for the trademarks CH Logo on 11.10.1994. The documents produced on record indicate that the said Mark has been registered in various countries. Eaton explained that it has inadvertently not renewed the trademarks CH Label and CH Control as it had adopted another version of the trademark, namely, CH Logo and it did not find it economical to maintain multiple similar marks. It is not disputed that registration of the trademark Cutler/ Hammer did not lapse. It also cannot be disputed that Eaton continued to use the tradename ''Cutler-Hammer''. The trademarks containing the initials ''CH''

 

merely represent the initials of the word Cutler-Hammer and even if some of the trademarks bearing the initials CH were not renewed, the same would not entitle a third party to use those marks as that would indicate a relationship with Cutler-Hammer and enable the user to trade on the goodwill associated with that trade name.

77. BEL further claims that Eaton had not protested or taken any action against the use of its trademarks but had encouraged BEL to use the same as its own and, resultantly, BEL acquired title to the trademarks in question by its ubiquitous use. It claims that since Eaton had acquiesced to the use of trademarks in question, it is now not entitled to seek an injunction.

78. In Power Control Appliances (supra), the Supreme Court noted that acquiescence was one of the defences available in a suit for infringement of trademark. It, inter alia, explained the scope of acquiescence as under:-

"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."

79. The Supreme Court also referred to a following passage from the decision in the case of Electrolux Ld. v. Electrix Ld.: (1954) 71 RPC 23:-

"Upon this matter, a great deal of learning has been referred to, and we have also had our attention drawn to a number of cases. The latter include the well-known statement in Willmott v. Barber, (1880) 15 Ch D 96, by Fry, J. (as he then was) at p. 105. He said this:

"It has been said that the acquiescence which'' will deprive a man of his legal rights must amount to fraud, and in my view that is an abbreviated statement of a very true proposition. A man is not to be deprived of his legal rights unless he has acted in such a way as would ''make it fraudulent for him to set up those rights''. Let me pause here to say that I do not understand that, by the word ''fraudulent'', the learned Judge was thereby indicating conduct which would amount to a common law tort of deceit. ''What, then, are the elements or requisites necessary to constitute fraud of that description?'' In the first place ''the plaintiff must have made a mistake as to his legal rights''. Secondly, the plaintiff must ''have expended some money or must have done some act (not necessarily upon the defendant''s land) on the faith of his mistaken belief''. Thirdly, the defendant, the possessor of ''the legal right, must know of the existence of his own right which is inconsistent with ''the legal right, must know of the existence of his own right which is inconsistent with'' the right claimed by the plaintiff. If he does not know of it he is in the same position ''as the plaintiff, and the doctrine of acquiescence is founded upon conduct with a knowledge'' of your legal rights. Fourthly, the defendant, the possessor of the legal right, must know ''of the plaintiff''s mistaken belief of his rights. If he does not, there is nothing which'' calls upon him to assert his own rights. Lastly, the defendant, the possessor of the legal ''right, must have encouraged the plaintiff in his expenditure of money or in the "other acts which he has done, either directly or by abstaining from asserting his legal right''. In reading that passage, it is perhaps necessary to note (because it makes it at first sight a little more difficult to follow) that the positions of plaintiff and defendant as they are usually met with are there transposed, and that one of the parties who is there spoken of as the plaintiff corresponds with the present case with the Defendants, and vice versa."

80. It is apparent from the above that in order to make good the defence of acquiescence, the defendant must have acted bona fide and in an honest belief that it was not treading on anyone else''s rights. Clearly, a person who knowingly usurps a trademark of another and carries on his trade with the intention of benefiting from the goodwill of another cannot be heard to take the defence of acquiescence.

81. In the case of Hindustan Pencils Pvt. Ltd. v. M/s. India Stationery Products Co. and Ors.: AIR 1990 Delhi 19, this Court held as under:-

"Even though there may be some doubt as to whether laches or acquiescence can deny the relief of a permanent injunction, judicial opinion has been consistent in holding that if the defendant acts fraudulently with the knowledge that he is violating the plaintiff''s rights then in that case, even if there is an inordinate delay on the part of the plaintiff in taking action against the defendant, the relief of injunction is not denied. The defence of laches or inordinate delay is a defence in equity. In equity both the parties must come to the Court with clean hands. An equitable defence can be put up by a party who has acted fairly and honestly. A person who is guilty of violating the law or infringing or usurping somebody else''s right cannot claim the continued misuse of the usurped right."

82. In Kerly''s Law of Trademarks and Trade Names Fifteenth Edition, the authors state that the test of acquiescence is :

"..... whether in all the circumstances it would be unconscionable to allow the claimant to maintain his claim. It is, however, clear that the matters which fall to be considered include the factors identified in the old cases: whether the proprietor induced or encouraged the defendant''s behaviour, or represented to him that he was entitled so to act, the passage of time, reliance by and detriment to the defendant and so on.

Mere failure to sue, however, without some positive act of encouragement, is not in general enough to give a defence. A defendant who infringes knowing of the claimants mark can hardly claim if he is later sued upon it."

83. The plea of acquiescence must be considered in the context of the facts of each case. The relevant facts that, prima facie, emerge in this case are that BEL had been using the trademark Bhartia Cutler-Hammer and Bhartia CH Control.

 

BEL has produced copies of its product catalogues and price lists for several years from 1995 to 2006. These indicate that BEL was using the trademarks Bhartia CH Control and Bhartia Cutler-Hammer. In the price lists of 1995 the words Cutler Hammer are reflected as a part of the then Corporate name of BEL. In the price lists for later years, the trademark Bhartia Cutler-Hammer is used independently as well as reflected as a name of a division of BEL. BEL has shown letters from various customers to indicate that its customers recognize the brand Bhartia Cutler Hammer as BEL''s brand. A bare perusal of these letters indicate that there is some variance as to how the name ''Bhartia Cutler-Hammer has been used and understood by various customers. As an illustration, the letter dated 29.06.2005 sent by Steel Authority of India is addressed to M/s Bhartia Cutler Hammer. Another letter dated 20.07.2005 issued by Bharat Sanchar Nigam Limited is addressed to Bhartia Industries Limited but refers to the brand of the products as Bhartia Cutler Hammer. Yet, another letter dated 26.09.2005 sent by Power Grid Corporation of India Limited approves certain products (MCCB) under the brand name "BCH". A tender query dated 01.02.2006 by Ministry of Power - Under Management of NTPC Limited is addressed to Bhartia Cutler Hammer Limited. It appears from the material produced on record that BEL was using the name Cutler Hammer as a part of its corporate name till 1995 and, thereafter, had named one of its divisions as Bhartia Cutler-Hammer. It is for this reason that some of the letters are also addressed by BEL''s Customers to M/s Bhartia Cutler-Hammer even after BEL had changed its name to Bhartia Industries Limited. Undisputedly, BEL was permitted to use the name of Cutler Hammer as a part of its corporate title under the Trading Name Agreement dated 19.02. 1979 where under BEL had acknowledged that it would acquire no right or title in the words "Cutler Hammer". In view of this express agreement, BEL cannot now claim acquiescence on the part of Eaton as a defence for use of the said name. The said Trading Name Agreement did not have a fixed term and therefore BEL could continue to use the name till such time as not objected to by Eaton; a permissive use cannot give rise to a defence of acquiescence. Insofar as the use of Bhartia Cutler-Hammer as a trademark is concerned, its use is minimal and in most places in the context of the corporate name or as a part of its trading name/trading style. It is important to note that BEL applied for registration of the trademark Bhartia Cutler-Hammer by application no. 1562940 dated 29.05.2007. This is much after Eaton had filed an opposition to the BEL''s application for registration of the trademark Cutler/Hammer, which is stated to have been filed on 23.06.2004. In the circumstances, we find it difficult to accept that the plea of acquiescence is available to BEL.

84. Insofar as the trademark Bhartia CH Control is concerned, it is apparent that the said trademark has been formed by using the trademark CH Control in conjunction with the BEL''s House trademark. In this regard, it is relevant to mention that in the Licence and Technical Service Agreement dated 03.06.1977 as referred to hereinbefore expressly required BEL to use the trademark CH Control (Registration No. 205632) in conjunction with the house mark of BEL.

 

Thus, the use of the mark Bhartia CH Control was in conformity with clause (c) of Article 7.3 of the Licence and Technical Service Agreement dated 03.06.1977.

85. It is also noteworthy that in terms of the ''Licence & Technical Service Agreement'' dated 03.06.1977, no royalty or charges was payable by BEL for such use. Although, BEL was obliged to discontinue such trademark on termination of the licence term, it did not do so. Prior to the expiry of the term of the ''Licence & Technical Service Agreement'' dated 03.07.1977, the parties had negotiated other agreements but did not include any clause relating to the trademarks in those agreements as they, apparently, understood that the matter relating to trademarks would be governed by the earlier agreements. And, in this context, it is relevant to recount that the parties had agreed that the use of the trademarks at all times by BEL would inure to the benefit of Eaton. At the material time, BEL was also using the tradename Cutler-Hammer as a part of its title under the Trading Name Agreement of 1979. It continued to use the said name till 1995. It is also material to note that, admittedly, till 2000, BEL was licensed to manufacture and sell certain products. It is noteworthy that the Royalty reports in respect of the licence granted by Eaton to BEL were also addressed to Eaton and the addressee''s name included the words Cutler-Hammer. The fact that the said products may be different from those sold under the trademarks Bhartia CH Control or CH Control Black, may not be material in the context of the facts as noted hereinbefore; the parties were enjoying certain business relationship and BEL had confirmed that insofar as trademarks are concerned earlier agreements would govern their use. The correspondence produced by BEL indicates that at one time Eaton had also evinced interest in acquiring certain equity interest in BEL. In its pleadings, Eaton has affirmed that it believed that BEL would stop using their trademarks. Eaton was aware that BEL had applied for registration of the trademark CH Control Black in 1999 and yet had not filed any opposition. Eaton has explained this by stating that it missed the deadline for filing the opposition. Given the past history and association of BEL and Eaton, it is not difficult to understand why a precipitate action was not taken by Eaton.

86. Whilst it is apparent that there is delay on the part of Eaton to institute the present action, in the attendant circumstances as indicated above, it does not follow that Eaton had encouraged infringement of its trademarks. As explained in Power Control Appliances (supra) acquiescence implies positive acts; not merely silence or inaction such as is involved in laches.

87. It is now well settled that mere delay in an action in instituting a suit would not be fatal to it. In Midas Hygiene Industries P. Ltd. v. Sudhir Bhatia & Ors.: 2004 (28) PTC 121 (SC), the Supreme Court held as under:-

"The law on the subject is well settled. In cases of infringement either of Trade Mark or of Copyright normally an injunction must follow. Mere delay in bringing action is not sufficient to defeat grant of injunction in such cases. The grant of injunction also becomes necessary if it prima facie appears that the adoption of the Mark was itself dishonest."

88. Further the Learned Single Judge found the conduct of BEL deceitful. BEL had applied for registration of various trademarks - and had also obtained the registration of CH Control Black ? on a misrepresentation as to its user. As indicated hereinbefore, we find no reason to differ from that view.

89. In Wander Limited & Anr. v. Antox (supra), Wander Ltd. claimed to be the registered proprietor of the trademark ''Cal-De-Ce''. Wander had entered into an agreement dated 28.03.1986 with Antox India (P.) Ltd. (hereafter ''Antox''), wherein Antox had agreed to manufacture vitaminsed Calcium Gluconate Tablets under the said registered trademark Cal-De-Ce and sell the entire production to Wander. The said agreement was terminated by Wander by a notice dated 30.11.1988 and Wander entered into a separate manufacturing arrangement with another company (Alfred Berg & Co. (I) Pvt. Ltd.). Antox filed a suit and sought temporary injunction to restrain the manufacture of the products under the brand name Cal-De-Ce. Antox claimed that its agreement with Wander was in itself void as its object was forbidden by law. The Single Judge of the Madras High Court declined to pass an interlocutory injunction. Antox preferred an appeal before the Division Bench of the High Court, which was allowed. It is, in this context that the Supreme Court considered the question whether there was a prima facie case on which Antox could be held entitled to restrain Wander and Alfred Berg from manufacturing and marketing goods under the trade name Cal-De-Ce and whether on consideration of balance of convenience and comparative hardship, a temporary injunction should have been issued. The Supreme Court reversed the decision of the Division Bench.

90. The Supreme Court noted that the Single Judge had returned the prima facie finding that Wander was manufacturing the drug in question under the trademark Cal-De-Ce at its factory in Bombay from August 1983 to June 1986, that is, prior to the agreement with Antox. In the circumstances, the Supreme Court held that Antox could not explain as to how a passing-off action could prevail over the aforesaid prima facie finding. It also noted that the drug controller''s licence which was claimed by Antox to be the source of its rights to be the user of the trademark itself expressly stipulated that the goods to be manufactured would be goods under the registered Trademark of Wander Ltd.

91. The Supreme Court noted that the aforesaid aspects had not been considered by the High Court in the order impugned before them. Having considered the aspect of a prima facie case, the Supreme Court further held that the object of interlocutory injunction was to protect the plaintiff against injury from violation of its right for which the plaintiff could not be adequately compensated and the need for such protection must be weighed against the corresponding need of the defendant to be protected against injury resulting from the injunction. In the present case, the learned Single Judge has prima facie found the conduct of BEL in claiming ownership of the trademarks in question as deceitful and its action of using the trademarks as impairing the rights of Eaton. The learned Single Judge

 

in his discretion considered this a fit case for passing an interim injunction to restrain BEL from using the trademarks in question which has prima facie been held to be unlawful. The ratio of the decision in Wander Limited & Anr. v. Antox (supra) cannot be read as an authority for the proposition that in all cases, injunctions can only be issued for preserving status quo as is contended on behalf of BEL. The prima facie view of the case made out by the plaintiff is also a vital consideration for issue of a restraining order.

92. It is important to note that in Wander Limited & Anr. v. Antox (supra), the Supreme Court underscored the principle that "the Appellate Court will not interfere with the exercise of discretion of the court of first instance and substitute its own discretion except where the discretion has been shown to have been exercised arbitrarily, or capriciously or perversely or where the court had ignored the settled principles of law regulating grant or refusal of interlocutory injunctions. An appeal against exercise of discretion is said to be an appeal on principle. Appellate Court will not reassess the material and seek to reach a conclusion different from the one reached by the court below if the one reached by the court was reasonably possible on the material. The appellate court would normally not be justified in interfering with the exercise of discretion under appeal solely on the ground that if it had considered the matter at the trial stage it would have come to a contrary conclusion. If the discretion has been exercised by the Trial Court reasonably and in a judicial manner the fact that the appellate court would have taken a different view may not justify interference with the trial court''s exercise of discretion."

93. We do not find any of the prima facie findings arrived at by the learned Single Judge to be perverse or unsustainable. We are also not persuaded to accept that any error in applying any legal principle has been committed. Accordingly, we find no ground to interfere with the impugned order.

94. We further clarify that all observations made in this order are in the context of our prima facie view and nothing stated herein should be construed as a final expression of opinion on the merits of the dispute between the parties. Nothing stated herein should be read to prejudice the rival claims/contentions of the parties in the trial of their respective suits.

95. The appeals are, accordingly, dismissed. Pending applications also stand disposed of. The parties are left to bear their own costs.

 