

(2006) 05 DEL CK 0001

In the Delhi High Court

Case No : IA No. 5662 of 1998 in CS (OS) No. 1384 of 1998

Fedders North American

APPELLANT

Vs

Show Line and Others

RESPONDENT

Date of Decision : 12-05-2006

Acts Referred:

Trade and Merchandise Marks Act, 1958 — Section 46, 56

Citation : (2006) 32 PTC 573

Hon'ble Judges : Madan B. Lokur, J

Bench : Single Bench

Advocate : N.K. Kaul, Manmohan Singh, Vikas Goel, Sumeet K. Tyagi, Manjeet and Anu, for the Appellant; Sandeep Sethi Arun Jaitley, Pratibha M. Singh, Mukul Baveja and Smiti Sharma, for the Respondent

Judgement

Madan B. Lokur, J.—The plaintiff is a Corporation incorporated in the United States of America. It claims to carry on an old established business of manufacturing and/or trading in a wide range of air-conditioners, split air-conditioners, de-humidifiers, air-conditioning machinery, etc. It says that its products are manufactured and sold under the trademark Fedders, which is extremely popular in the United States of America and also in other countries of the world.

2. On 21st May, 1956 the predecessor-in-interest of the plaintiff, Fedders-Quigan Corporation entered into an agreement with Lloyd Electric and Engineering Company (LEECO) described as a co-partnership consisting of Pandit Kanhaiya Lal Punj and Suraj Prakash.

3. In terms of the agreement, the plaintiff agreed to grant to LEECO the sole and exclusive right and license for a period of five years from 30th June, 1956 to assemble, manufacture and sell room air-conditioners manufactured by or incorporating parts manufactured or sold by the plaintiff under its trade name and label.

4. One of the clauses of the agreement stipulated quite clearly that the parties understand and agree that the trade name and label Fedders is the exclusive property of the plaintiff and upon termination or cancellation of the agreement for any reason whatsoever, LEECO shall forthwith discontinue use of the trade name or label Fedders. It was also made clear that the plaintiff shall have the right to seek, apply for and obtain by an independent application in any court of competent jurisdiction a mandatory injunction to enforce the provisions of the relevant paragraph of the agreement. This clause reads as follows:

THIRTEENTH: In connection with the performance of this agreement by Lloyd, but not otherwise, Fedders granted permission to Lloyd to use the trade name and label Fedders as hereinbefore provided. The parties understand and agree that the aforesaid trade name and label Fedders is and shall at all times be and remain the exclusive property of Fedders. Upon the termination or cancellation of this agreement for any reason whatsoever (and in addition to the provisions concerning the termination of the use of the Fedders name as hereinabove provided in paragraph TWELFTH of this agreement), Lloyd shall forthwith discontinue the use of the trade name or label Fedders in connection with any merchandise manufactured, produced, assembled or sold by it. In addition to but not in limitation of any other rights and remedies to which Fedders may be entitled by the terms of this agreement or otherwise, and despite any provision for arbitration hereinafter contained, Fedders shall have the right to seek, apply for and obtain by independent application in any court of competent jurisdiction a mandatory injunction to enforce the provisions of this paragraph THIRTEENTH of this agreement.

5. Apparently in view of the license granted to LEECO, but despite the agreement dated 21st May, 1956, LEECO applied on 18th July, 1956 for registration of the trademark Fedders. On 19th February, 1958 the trademark Fedders was registered by the Trade Marks Registration Authority in favor of LEECO under No. 175253. This appears to have taken effect from the date of the application made by LEECO, that is, 18th July, 1956. While the application was pending consideration with the Trade Marks Registration Authority, Fedders Lloyd Corporation, Defendant No. 18 was incorporated on 16th January, 1957 to take over the business of LEECO, as would appear from the narration of facts in Fedders Lloyd Corporation Ltd. v. Fedders Corporation, 2005 (30) PTC 353. Soon thereafter, on 11th February, 1957 LEECO issued a no-objection in favor of Defendant No. 18 to the effect that that Defendant may manufacture and market air-conditioners, refrigerators, air-conditioning machinery, components, etc. under their proposed trademark Fedders Lloyd since it was different from the trademark Fedders of LEECO.

6. It appears that when the plaintiff came to know that its trademark Fedders had been registered in the name of LEECO, it raised some objection with the result that on 24th February, 1958 LEECO assigned the trademark in favor of the plaintiff, who then became the registered proprietor of the trademark No. 175253

dated 18th July, 1956. The registration in favor of the plaintiff was made by the Trade Marks Registration Authority on or about 20th August, 1958 but with retrospective effect.

7. The position, as it stood on 20th August, 1958 was that the trademark or label Fedders had been licensed by the plaintiff to LEECO, who got the trademark registered in its own name. While that registration was subsisting, Defendant No. 18 was incorporated to take over its business and then LEECO permitted Defendant No. 18 to use that trademark or label. On an objection raised by the plaintiff to the registration of the trademark or label Fedders by LEECO, the latter assigned it to the plaintiff, who became the registered proprietor thereof in India and so the position remains till today. Also, by the agreement dated 21st May, 1956 LEECO recognized that the trade name and label Fedders was and shall continue to remain the exclusive property of the plaintiff.

8. Notwithstanding some ups and downs, the agreement dated 21st May, 1956 between the plaintiff and LEECO ran its course of five years. In the absence of anything to the contrary, it appears that the agreement was executed satisfactorily during its currency by both the parties so much so that in October, 1963 the plaintiff and Defendant No. 18 sought to enter into a fresh license agreement for a period of five years whereby Defendant No. 18 would be permitted to use the trademark and label Fedders on its products.

9. Apparently in pursuance of this, on 10th October, 1963 the plaintiff sent a letter to Defendant No. 18 confirming that permission had been given to it to include the word Fedders which is its registered trademark in the name of Defendant No. 18 in conjunction with a license agreement for use of the said trademark on the products, and the entry of Defendant No. 18 as a registered user in India under registration No. 175253. The letter dated 10th October, 1963 also mentioned that upon termination of the entry of Defendant No. 18 as a registered user, it would change its name by deleting the words Fedders there from and use another name which would not include as a part thereof the word Fedders or any other similar name.

10. Significantly, Defendant No. 18 did not object or protest the contents of this letter or claim that it was independently entitled to use the name Fedders by virtue of the no objection given to it by LEECO on 11th February, 1957 or that the plaintiff had no authority to require Defendant No. 18 not to use the name Fedders as a part of its corporate name. In other words, Defendant No. 18 acknowledged the exclusive right of the plaintiff to the use of Fedders.

11. On 11th October, 1963 the plaintiff and Defendant No. 18 entered into a royalty license agreement whereby the plaintiff granted to Defendant No. 18 the sole and exclusive right and license for a period of five years from 11th October, 1963 to assemble, manufacture and sell air-conditioners etc. The agreement stated that the plaintiff had represented that it has the right to grant and does grant to Defendant No. 18 the authorization to use the Fedders trade name and

label and the trademark Fedders which has been registered in India in respect of the plaintiff's product.

12. Clause 8 of the agreement made it clear that Defendant No. 18 will not represent in any way that it has any right or title to the ownership of the trade name and/or trademark Fedders or to the eventual registration thereof since it is understood that such trade name and/or trademark and the registration thereof will continue to be in the ownership of the plaintiff and will be used by Defendant No. 18 on behalf of and in the interest of the plaintiff. Defendant No. 18 specifically recognized the plaintiff's title in and to the trade name and/or trademark Fedders and that it would not at any time do or suffer to be done any act or thing which would in any manner impair the right of the plaintiff in and to the said trade name and/or trademark and to its registration. Defendant No. 18 also agreed that it shall not either directly or indirectly at any time challenge the title of the plaintiff to such trade name and/or trademark or the validity of such registration obtained by the plaintiff for such trademark.

13. It must be mentioned at this stage that learned Counsel for Defendant No. 18 contended that the agreement dated 11th October, 1963 was not a concluded contract since some further steps were required to be taken by the parties. It was contended that in terms of Clause 13 of the agreement, it would become a binding contract only when a duly executed counterpart is actually received by the plaintiff at its principal office, but no such duly executed counterpart was sent by Defendant No. 18 to the plaintiff with the result that the contract was not concluded.

14. I am afraid this argument is not available to learned Counsel for Defendant No. 18 for three reasons. Firstly, because in CO No. 10 of 1982 (Fedders Lloyd Corporation Pvt. Ltd. v. Fedders Corporation) decided on 19th September, 1997, a learned Single Judge of this Court held in paragraph 25 that Defendant No. 18 was admittedly using the trademark Fedders under the agreement dated 11th October, 1963. I am of the view that Defendant No. 18 cannot be allowed to approbate and reprobate at the same time.

15. Secondly, in an appeal against the aforesaid decision Fedders Lloyd Corporation Ltd. and Lloyd Sales Corporation Pvt. Ltd. Vs. Fedders Corporation and The Registrar of Trade Marks, , the Division Bench noted the reliance placed upon Clause 13 mentioned above and observed that Defendant No. 18 had availed benefits under the agreement dated 11th October, 1963. It was also noted that in the petition decided by the learned Single Judge, Defendant No. 18 had admitted that it had entered into a technical collaboration agreement with the plaintiff in 1963 which terminated in the year 1968. In paragraph 11 of the petition, it was stated as follows:

In the year 1963 the petitioner No. 1 had entered into a technical collaboration arrangement with the respondent No. 1 with regard to the manufacture of window type Air-conditioner which arrangement concluded in the year 1968.

Thereafter inspire of the efforts made by the parties no further arrangement could be entered into.

The Division Bench also noted the decision of J.K. Jain v. Ziff Davies 2000 PTC 244 (DB) to the effect that an ex-licensee cannot deny the rights of an owner of a trademark in the context of the admission of Defendant No. 18 that it had entered into a technical collaboration agreement with the plaintiff in 1963. In the totality of these circumstances, I am of opinion that Defendant No. 18 cannot repudiate the agreement dated 11th October, 1963.

16.Thirdly, in proceedings initiated by the plaintiff before the Calcutta High Court, Defendants No. 18 and 19 filed a written statement in which it was stated (in paragraph 13) as follows: With reference to paragraphs 2 and 3 of the several sub-paragraphs of paragraph 3 of the petition I say that the plaintiff and defendant No. 1 entered into an agreement dated October 11, 1963 which was amended by a further agreement on or about October 27, 1963 (hereinafter referred to as the said agreement) being annexure to the petition. Under the circumstances, it is too late in the day for Defendants No. 18 and 19 to say that it did not enter into any agreement dated 11th October, 1963. The agreement dated 11th October, 1963 has been affirmed by Defendants No. 18 and 19 in this Court and the Calcutta High Court.

17. In my opinion, these facts and the decision of the Division Bench are a complete answer to the contention raised by learned Counsel for Defendant No. 18 that no agreement was entered into between the parties on 11th October, 1963. This matter has conclusively been decided against Defendant No. 18 and cannot be reopened in the manner in which it is now being done.

18. Between 1968 (when the agreement dated 11th October, 1963 ran its full course) and late 1971, it appears that the plaintiff and Defendant No. 18 were trying to negotiate an extension of the agreement dated 11th October, 1963 but could not do so. Therefore, in early 1972, the plaintiff filed a suit in the Calcutta High Court against Defendants No. 18 and 19 (being Suit No. 361 of 1972) in which it was alleged that they were infringing the trademark of the plaintiff and passing off their name as that of the plaintiff. On 31st May, 1974 a learned Single Judge of the Calcutta High Court granted an interim injunction restraining the defendants therein from infringing the registered trademark of the plaintiff but in appeal, a Division Bench stayed that order. Eventually, that suit was dismissed for non-prosecution some time in September, 1999 ?" but more of that later.

19. In the meanwhile, Defendant Nos. 18 and 19 filed CO No. 19 of 1982 (a reference has already been made to this above) in which it was alleged that the plaintiff had not used its trademark for a period of more than five years and one month and, Therefore, under the provisions of Sections 46 and 56 of the Trade and Merchandise Marks Act, 1958, the trademark Fedders be removed from the register of trademarks. As already mentioned above, the petition was dismissed by a learned Single Judge of this Court on 19th September, 1997 and an appeal

against that decision was also dismissed in Fedders Lloyd Corporation Ltd. and Lloyd Sales Corporation Pvt. Ltd. Vs. Fedders Corporation and The Registrar of Trade Marks, A very significant finding arrived at by the Division Bench was that the plaintiff had been able to satisfy the Court that non-use of the trademark was due to special circumstances in the trade. Consequently, on this issue the Division Bench found no merit in the appeal filed by Defendant Nos. 18 and 19.

20. After the decision of the learned Single Judge (and during the pendency of the appeal), the plaintiff filed the present suit for a permanent injunction restraining the Defendants (including Defendant Nos. 18 and 19) from infringing its registered trademark by using Fedders in respect of air-conditioners, refrigerators, refrigeration and air-conditioning machinery, parts and fittings thereof and also for a permanent injunction restraining the Defendants (including Defendant No. 18) from using the name Fedders Lloyd Corporation Ltd. or any other corporate name which includes the registered trademark Fedders.

21. The plaintiff also filed CS (OS) No. 102 of 2000 for restraining the defendants therein by a permanent injunction from using the corporate name Fedders India Private Ltd. and Fedders Aircon Private Ltd. as well as the mark Fedders in respect of air-conditioners, refrigerators, refrigeration and air-conditioning machinery, parts and fittings thereof.

22. One of the defendants in CS (OS) No. 102 of 2000 along with Defendant No. 18 filed CS (OS) No. 2800 of 1998 in this Court against the plaintiff praying for a permanent injunction restraining the plaintiff from using the trademark Fedders in relation to air-conditioners, refrigeration equipments and parts thereof.

23. Applications for an interim injunction in all these three suits were heard on 20th, 21st, 22nd and 23rd March, 2006 and by this order, I propose to dispose of all these applications.

24. On these broad facts, it was submitted by learned Counsel for the plaintiff that there is no doubt about the fact that the trademark Fedders belongs to the plaintiff; this is more than abundantly clear from the agreements entered into by the plaintiff with LEECO and Defendant No. 18 in 1956 and 1963 respectively. Since Defendant No. 18 was incorporated only to take over the business of LEECO, it cannot be said that Defendant No. 18 was ignorant about the title of the plaintiff to its trademark; on the contrary, LEECO and Defendant No. 18 had subsequently colluded to use the trademark Fedders for their products thereby infringing the trademark owned by the plaintiff. It was submitted that there is no delay in approaching this Court for grant of relief, particularly since the cause of action is a continuing one. The plaintiff has a worldwide reputation which needs to be protected from damage by entities such as Defendant No. 18. It was contended that the mere fact that the suit filed by the plaintiff in the Calcutta High Court was dismissed in default does not preclude the plaintiff from agitating for relief in this Court.

25. On the other hand, learned Counsel for Defendant No. 18 contended that

LEECO and Defendant No. 18 were the only users of the trademark Fedders. No injunction could be granted in favor of the plaintiff after a gap of more than 40 or 50 years since the trademark Fedders was first used by LEECO and Defendant No. 18. It was contended that during this period, not only has the plaintiff abandoned its trademark but also that Defendant No. 18 has built up a considerable business reputation, market acceptability and distinctiveness of its own which should not be hindered by the grant of an injunction. It was submitted that in any case, the dismissal of the Calcutta suit filed by the plaintiff is fatal to the grant of an injunction in favor of the plaintiff.

26. Having heard learned Counsel for the parties, I am of the view that the plaintiff has made out a strong prima facie case for the grant of an injunction. It has also been able to show that the balance of convenience lies in favor of the prayer of the plaintiff being granted and that if an injunction is not granted in its favor, the plaintiff will suffer an irreparable loss and injury, which cannot be monetarily compensated.

What is the effect of the trademark or trade name Fedders being registered in the name of the plaintiff?

27. In *Kaviraj Pandit Durga Dutt Sharma Vs. Navaratna Pharmaceutical Laboratories*, the Supreme Court held that an action for infringement is a statutory remedy conferred on the proprietor of a registered trademark for the vindication of its exclusive right to the use of that trademark in relation to its goods. It was further held that when the defendant use of the mark which is claimed to infringe the plaintiff's mark is shown to be in the course of trade, the question whether there has been an infringement is to be decided by comparison of the two marks. Where the two marks are identical no further questions arise, for then the infringement is made out. The Supreme Court made observations to a similar effect in *National Bell Co. v. Metal Goods Manufacturing Co.* AIR 1971 SC 898. In so far as the present case is concerned, there is no dispute about the fact that the plaintiff is the registered proprietor of the trademark Fedders and Defendant No. 18 is using that trademark in goods manufactured by it as well as in its corporate name. Quite clearly, a case for infringement of the trademark has been made out on the admitted position of the parties.

28. In *American Home Products Corporation Vs. Mac Laboratories Pvt. Ltd. and Another*, the Supreme Court observed that when a person gets his trademark registered, he acquires valuable rights by reason of such registration. It was observed that registration of a trademark gives him the exclusive right to the use of that trademark in connection with goods in respect of which it is registered, and if there is any invasion of this right by any other person using the mark, which is the same or deceptively similar to his trademark, he can protect his trademark by an action for infringement in which he can obtain an injunction, damages or an account of profits made by the other person. In such an action, the registration of the trademark is prima facie evidence of its validity.

29. It is, Therefore, possible to proceed on the basis that since the plaintiff has the exclusive right to use the trademark Fedders and that Defendants No. 18 and 19 are infringing that trademark, they can be enjoined from doing so. The reason why a different assumption cannot be made is that neither LEECO nor Defendants No. 18 and 19 can claim any right to use the trademark Fedders after the agreements dated 21st May, 1956 and 11th October, 1963 came to an end.

30. It was contended by learned Counsel Defendant No. 18 that LEECO, who was earlier the registered proprietor of the trademark Fedders had granted permission to Defendant No. 18 to use that trademark and that it was on this basis that Defendant No. 18 was using the trademark for the last so many years.

31. I am afraid this contention proceeds on certain incorrect premises. In the first place LEECO knew quite well through the agreement dated 21st May, 1956 that it was entitled to use the trademark Fedders only for a period of five years from 30th June, 1956 onwards. It is not as if a license was given to LEECO to use the trademark Fedders forever. It was also made clear that the trademark Fedders is the exclusive property of the plaintiff and that upon termination of the agreement dated 21st May, 1956, LEECO should forthwith discontinue use of the trademark Fedders. Under these circumstances, LEECO could have given permission to Defendant No. 18 to use the trademark Fedders for a maximum period of five years at the most. This permission could not be indefinite as made out by learned Counsel for Defendant No. 18. Moreover, the record shows that when the plaintiff came to know that LEECO had registered the trademark Fedders in its own name, it immediately raised an objection with the result that on 24th February, 1958 LEECO assigned the trademark in favor of the plaintiff, which then became its registered proprietor. The right of Defendant No. 18, Therefore, flowed from permission granted by the plaintiff to LEECO and then from the no-objection granted by LEECO to Defendant No. 18. The validity of this was only for a period of five years from 30th June, 1956, the date from which the agreement dated 21st May, 1956 between the plaintiff and LEECO was to take effect.

32. Thereafter, the plaintiff gave the right to Defendant No. 18 to use the trademark Fedders for a period of five years, by virtue of the agreement dated 11th October, 1963. After this period came to an end, Defendant No. 18 had no right to use the trademark Fedders, which was the exclusive property of the plaintiff. It is under these circumstances that it must be held that the continued use of the trademark Fedders by Defendant No. 18 from 1968 onwards was unauthorised and in violation of the rights available to the plaintiff as the registered proprietor of the trademark Fedders.

33. Learned counsel for Defendant No. 18 placed reliance on a report prepared by Sofres-Mode on 15th October, 1998 of a consumer research on brand awareness and associations to contend that Fedders was more closely associated with Defendant No. 18 than with the plaintiff. The address and identity of Sofres-Mode has not been disclosed in the report and I find that the question to be

answered by them has an obvious slant need to find out whether Fedders in India is associated with Fedders Lloyd or with Fedders North America Inc.. It is also well known that statistical reports of this nature hide more than they reveal and so I am not inclined to give much importance to it. Learned counsel referred to Time Warner Entertainment Company v. A.K. Das 1997 (17) PTC 35 to submit that a learned Single Judge of this Court had accepted another report by Mode. However, I find that in that case the report was supported by an affidavit, which is not so in the present case and, moreover the report in that case was in a totally different context and for an extremely limited purpose. Even if the report in the present case were supported by an affidavit, it would make no difference to the merits of the controversy. Consequently, I find no substance in this contention of learned Counsel for Defendant No. 18 and hold that the plaintiff had the exclusive right to use Fedders and neither Defendant No. 18 nor LEECO had any right to do so, at least after 1968. Can an ex-licensee claim any right over a trademark of its former licensor?

34. Since there was an agreement dated 11th October, 1963 between the plaintiff and Defendant No. 18, which agreement came to an end after five years, can Defendant No. 18 claim user of the trademark Fedders either for its products or as a part of its corporate name? In Velcro Industries v. Velcro India Ltd. 1993 (1) A LR 465, a learned Single Judge of the Bombay High Court (S.N. Variava, J.) rejected a contention made on behalf of the defendants therein that they are entitled to continue use of Velcro as a part of their corporate name because they have independently developed a reputation in India. It was noted that the defendants in that case were merely acting as licensees and even if the agreement between the parties did not provide that on termination of the license, the defendants would cease to use Velcro as a part of their trade name, that would make no difference, since the trademark Velcro is a registered trademark of the plaintiff and to allow the defendants to use it as a part of their corporate name is to permit them to give an impression to the public that they are still connected with or have a license from the plaintiffs. In the present case, as has been noticed above, the agreements between the parties made it absolutely clear that after termination of the agreements, neither LEECO nor Defendant No. 18 would be entitled to use the trademark Fedders. Therefore, the plaintiff in the present case is on a much stronger footing than the plaintiff in Velcro Industries.

35. In Rob Mathys India Pvt. Ltd. v. Synthes Ag Chur 1997 (17) PTC 669 (DB), this Court echoed the view expressed by the Supreme Court in Power Control Appliances v. Sumeet Machines Pvt. Ltd. JT 1994 (2) SC 17 to the effect that it is a settled principle of law relating to trademarks that there can be only one mark, one source and one proprietor. A trademark cannot have two origins. It was held that after termination of the collaboration agreement between the parties to that litigation, the appellant therein, not the owner of the trademark, could not use the word Synthes or the trademark AO/ASIF after revocation of the collaboration agreement.

36. In this context, reference has already been made above to the Division Bench decision in J.K. Jain wherein it was held that an ex licensee, having taken the benefit of an agreement with the licensor is estopped from resisting an application for an injunction by the licensor after termination of the agreement between the parties.

37. Applying the law laid down by these decisions, it must be held that not only had the plaintiff the exclusive right to use the trademark Fedders, but that after termination of the agreements dated 21st May, 1956 and 11th October, 1963 LEECO and Defendant No. 18 respectively had no right or authority to use the trademark Fedders or to challenge the exclusive right of the plaintiff to the trademark Fedders. Nevertheless, Defendant No. 18 continued to use that trademark. It must also be held that, in fact, user of the trademark Fedders by Defendant No. 18 after termination of the agreement dated 11th October, 1963 was unauthorized and that it infringed the right of the plaintiff to its exclusive user. Has the plaintiff acquiesced in the user of the trademark Fedders by Defendants No. 18 and 19? Is the plaintiff guilty of undue delay and laches in approaching this Court for relief?

38. The question of acquiescence (if not abandonment) and delay in approaching this Court for relief was agitated by learned Counsel for Defendant No. 18 on several grounds. It was pointed out that the facts show that in the Calcutta suit filed by the plaintiff against Defendants No. 18 and 19, an injunction was granted by a learned Single Judge on 31st May, 1974 in favor of the plaintiff, but this was stayed by the Division Bench on 14th June, 1974 read with the order dated 21st January, 1975. Thereafter, Defendants No. 18 and 19 filed a cancellation petition under the provisions of Section 46 and 56 of the Trade and Merchandise Marks Act, 1958 being CO No. 10 of 1982 in this Court. In the cancellation proceedings, it was alleged that the trademark Fedders, registered in favor of the plaintiff, should be removed from the appropriate register since the plaintiff had not used it for a continuous period of five years and one month before filing of the application. During the pendency of the cancellation proceedings, Defendants No. 18 and 19 filed an application in the Calcutta High Court for a stay of the suit. By an order dated 2nd June, 1983 a learned Single Judge of the Calcutta High Court stayed the proceedings in so far as infringement of the plaintiff's trademark is concerned, but declined to stay the proceedings with regard to the relief claimed by the plaintiff in relation to passing off. Despite this, the plaintiff took no steps in the suit on the issue of passing off, and the suit was eventually dismissed in default in September 1999.

39. Learned counsel for the plaintiff submitted that even though proceedings were pending in the Calcutta High Court, Defendants No. 18 and 19 decided to open up a new front in this Court by filing a cancellation petition. When this Court dismissed CO No. 10 of 1982 on 19th September, 1997 on merits, the contention of the plaintiff on infringement was completely vindicated, and if the Calcutta suit was subsequently dismissed in default in September, 1999, that

would hardly matter.

40. It was submitted by learned Counsel for the plaintiff that these being the facts, they cannot be used against the plaintiff for several reasons. In the first place, it is contended, and I think rightly, that the continued use of the trademark Fedders by Defendant No. 18 is a continuing wrong and Therefore the dismissal of the Calcutta suit for non-prosecution is of no consequence.

41. The dismissal of the Calcutta suit for non-prosecution is not *res judicata* and does not preclude the plaintiff from filing a fresh suit on other or further causes of action. In *Sheodan Singh Vs. Smt. Daryao Kunwar*, the Supreme Court held in paragraph 13 of the Report, Reliance in this connection is placed on the well settled principle that in order that a matter may be said to have been heard and finally decided, the decision in the former suit must have been on the merits. Where, for example, the former suit was dismissed by the trial Court for want of jurisdiction, or for default of plaintiff's appearance, or on the ground of non-joinder of parties or misguide of parties or multi-fariousness, or on the ground that the suit was badly framed, or on the ground of a technical mistake, or for failure on the part of the plaintiff to produce probate or letter of administration or succession certificate when the same is required by law to entitle the plaintiff to a decree, or for failure to furnish security for costs, or on the ground of improper valuation or for failure to pay additional court fee on a plaint which was undervalued or for want of cause of action or on the ground that it is premature and the dismissal is confirmed in appeal (if any) the decision not being on the merits would not be *res judicata* in a subsequent suit.

42. Secondly, in *M/s. Bengal Waterproof Limited Vs. M/s. Bombay Waterproof Manufacturing Company and Another*, the Supreme Court held that, Similarly whenever and wherever a person commits breach of a registered trademark of another he commits a recurring act of breach or infringement of such trademark giving a recurring and fresh cause of action on each time of such infringement to the party aggrieved. It is difficult to agree how in such as case when in historical past earlier suit was disposed of as technically not maintainable in absence of proper reliefs, for all times to come in future defendant of such a suit should be armed with a license to go on committing fresh acts of infringement and passing off with impunity without being subject to any legal action against such future acts

43. The contention of learned Counsel for the plaintiff was, and which must be accepted, that the infringement of the plaintiff's trademark by Defendant No. 18 gave it a continuing and recurring cause of action and merely because the Calcutta suit was dismissed in default and for non-prosecution does not prevent the plaintiff from filing a suit in this Court on the basis of subsequent infringements of its trademark.

44. In this regard, reference may also be made to *Power Control Appliances* wherein the Supreme Court held that acquiescence implies positive acts and not

merely silence or inaction as is involved in laches. It is a course of conduct inconsistent with the claim for exclusive right in a trademark, trade name, etc. This decision was cited by learned Counsel for the plaintiff in support of his contention that it is not as if the plaintiff was just sitting back watching the invasion of its right under its registered trademark. It was submitted on facts, that in 1972, the plaintiff approached the Calcutta High Court and the litigation continued there till some time in 1999. From 1982 till 1997, the plaintiff was protecting its interests in the petition filed by Defendants No. 18 and 19 in this Court under Sections 46 and 56 of the Trade and Merchandise Marks Act, 1958. In September 1997, the plaintiff succeeded in having the petition filed by Defendants No. 18 and 19 dismissed on merits. A little later, in 1998, the plaintiff instituted the present proceedings to protect its rights. Therefore, all through for the last about 30 years the plaintiff had been taking adequate steps to safeguard its rights and protect its interests.

45. In *Midas Hygiene Industries P. Ltd. and Another Vs. Sudhir Bhatia and Others*, , the Supreme Court held that in cases of infringement of a trademark or a copyright, it is well settled that normally an injunction must follow. It was observed that mere delay in bringing an action is not sufficient to defeat the grant of an injunction in such cases. The grant of an injunction also becomes necessary if it *prima facie* appears that the adoption of the infringed trademark was dishonest. In the present case, there is no reason why, after termination of the agreement dated 11th October, 1963, Defendant No. 18 should continue to use the name Fedders, which is quite foreign to it. The facts of the present case more than strongly suggest that the use of Fedders by Defendant No. 18 was quite dishonest, requiring the issuance of an injunction as prayed for.

46. How did Defendant No. 18 come by the word Fedders so that it claims a right to be able to use that word in its corporate name or as a trademark? Learned counsel for Defendant No. 18 had no answer to this, obviously because it was difficult to admit that it comes from nowhere else except the plaintiff. In this context a similar question had arisen in *Revlon Inc. and Others Vs. Sarita Manufacturing Co.*, and it was answered in the following words, No satisfactory Explanation has been given by the defendants as to how they came to adopt the trade marks which are registered in the name of the plaintiffs. Word Revlon does not appear in the dictionary. It cannot be a mere co-incidence that the defendants had adopted the same mark for their products which was registered in the name of the plaintiffs and which have a world wide market. In my view, the adoption of marks registered in the name of the plaintiffs by the defendants for their products cannot be considered honest and in such a case even the plea of delay and laches, in my opinion, would be of no avail to the defendants. In case, the defendants had chosen to continue to use the trade marks registered in the name of the plaintiffs, in spite of the plaintiffs objection, they, in my view, had been doing so at their own risk and they cannot derive any advantage from such user. The above observations are quite apposite to this case.

47. In *Swaran Singh Vs. Usha Industries (India) and Another*, a Division Bench of this Court held that the effect of registration of a trademark is to give an exclusive right of user to the proprietor of the registered trademark, subject to the condition that if there is a user prior to the date of registration, then that user may continue. The effect of a registered trademark is that even if there is some delay in enforcing the statutory right, the exclusive right of user cannot be lost. The principles governing other types of injunctions are not to be readily applied to the infringement of a trademark. While dealing with the use of the same trademark, it was held that in such a case the public is deceived into purchasing the defendant's goods on the belief that they are the plaintiff's goods and it is the duty of the Court to protect a registered trademark. An injunction cannot be refused even if there is some delay in such a case because that would tantamount to permitting a fraud being practiced on unwary customers. It was further held that a delay in the matter of seeking an injunction may be a ground for refusing it in certain circumstances but a statutory right cannot be lost by delay.

48. Similarly, in *Hindustan Pencils (P) Ltd. Vs. India Stationery Products Co. and Another*, a learned Single Judge of this Court held that if the Court comes to a conclusion that prejudice is likely to be caused to the general public who may be misled into buying the goods manufactured by the defendants thinking them to be the goods of the plaintiff, then an injunction must be issued. The Court may, in appropriate cases, allow some time to the defendants to sell off their existing stock but an injunction should not be denied. On the question of delay, it was held that the defense of laches or inordinate delay is a defense in equity. If there is honest concurrent user by the defendant, then inordinate delay and laches may defeat the claim of damages or rendition of account but the relief of injunction should not be refused. This is because the interest of the general public has to be kept in mind. Inordinate delay or laches was distinguished from acquiescence and if the Court comes to a conclusion that prejudice is likely to be caused to the general public who may be misled into buying goods manufactured by the defendants thinking them to be the goods of the plaintiff, then an injunction must be issued. Maintaining status quo

49. It was submitted by learned Counsel for Defendant No. 18 that notwithstanding all this, the attempt of the Courts should be to maintain the status quo and not disturb it. This contention is really an extension of the argument that since Defendant No. 18 has been using the trademark Fedders for so many years, it should be allowed to continue to do so. This principal contention has already been dealt with above. The additional argument now raised is that the injunction application in this case has been pending for the last about eight years without a decision, issues have recently been framed in the suit and the matter is now ripe for recording evidence. As such, it may be advisable to wait awhile instead of injuncting Defendant No. 18.

50. Learned counsel for Defendant No. 18 referred to *Wander Ltd. and Another*

Vs. Antox India P. Ltd., wherein in paragraph 9 of the Report the Supreme Court observed that, The interlocutory remedy is intended to preserve in status quo, the rights of parties which may appear on a prima facie case. However, the next few sentences are equally important. It is said, The court also in restraining a defendant from exercising what he considers his legal right, but what the plaintiff would like to be prevented, puts into the scales, as a relevant consideration whether the defendant has yet to commence his enterprise or whether he has already been doing so in which latter case considerations somewhat different from those apply to a case where the defendant is yet to commence his enterprise, are attracted.

In other words, the Supreme Court did not intend to lay down any absolute proposition that the status quo should never be disturbed ?" it merely expressed the view that the considerations for disturbing the status quo are different from those for maintaining it. Similarly, in Uniply Industries Ltd. Vs. Unicorn Plywood Pvt. Ltd. and Others, relied on by learned counsel, the Supreme Court acknowledged that the status quo can be disturbed but the plaintiff would have to make out a strong prima facie case for doing so.

51. I am of the view that to hold that the status quo should never be disturbed may lead to ridiculous results. If, for example, a defendant infringes the trademark of the plaintiff or passes off its goods as those of the plaintiff, preserving the status quo would mean permitting the defendant to continue to infringe the trademark of the plaintiff or pass off its goods as those of the plaintiffs. Surely, this cannot be.

52. Defendant No. 18 cannot also be permitted to take advantage of the laws delays. Merely because the injunction application has remained pending for about eight years does not mean that Defendant No. 18 should be allowed to continue to infringe the plaintiffs trademark on the contrary, it means that the injunction application should be decided as soon as possible so that both parties know where they stand. Even though issues have been framed in the suit, it is not possible to say (unfortunately) with any degree of certainty that the trial will be conducted within a reasonable period of time. This is all the more reason to decide the injunction application expeditiously, one way or another. Conclusion

53. For all the reasons given above, I am of the view that the plaintiff has made out a strong prima facie case for the grant of an injunction. The balance of convenience lies in favor of the prayer of the plaintiff being granted inasmuch as it is the registered proprietor of the trademark Fedders and Defendants No. 18 and 19 cannot be permitted to cash in on the international reputation of the plaintiff. While it is true that Defendant No. 18 has a large workforce and has established itself in the business of manufacture and sale of air-conditioners, it was mentioned by learned Counsel for Defendant No. 18 that his client is no longer using the trademark Fedders in respect of air-conditioners for the last about three or four years. If that is so, the injunction prayed for by the plaintiff will not cause any inconvenience to Defendant No. 18 in terms of the

manufacture and sale of air-conditioners etc.

54. In so far as Fedders in the corporate name of Defendant No. 18 is concerned, it is more than obvious that the word Fedders is a name that is completely foreign to it. Defendant No. 18 adopted this name only because it, and its predecessor in interest, that is, LEECO had a tie up with the plaintiff. Otherwise, there is no reason for Defendant No. 18 to have adopted a completely foreign name as a part of its corporate name. The continued use of the word Fedders by Defendant No. 18 in its corporate name would give to the general public an impression that it continues to have a tie up with a foreign company, even though both the plaintiff and Defendant No. 18 are at logger heads and have been so for the last over 30 years. However, no relief is claimed by the plaintiff in this regard, except against the sister or group companies of Defendant No. 18.

55. In so far as irreparable harm and injury to the plaintiff is concerned, it is quite obvious that if anybody is allowed to filch its name, the reputation of the plaintiff will suffer some damage. No one can be allowed to ride piggyback on the name of another and if one does so by infringing the trademark of another, it is but natural that the proprietor of the trademark will suffer injury to its name and reputation.

56. I am satisfied that all the ingredients for the grant of an injunction in favor of the plaintiff have been made out. The justice of the case demands the grant of an injunction.

57. Under the circumstances, the Defendants, including Defendants No. 18 and 19 and those acting under them in any manner, are restrained from infringing the registered trademark No. 175253 bearing the mark Fedders in respect of air-conditioning machinery, parts and fittings thereof, and from exporting any of the aforesaid goods bearing the mark Fedders.

58. It may be mentioned for the record that learned Counsel for the plaintiff contended that the plaintiff has a transborder reputation that needs to be protected. I do not think it necessary to go into this issue since I have found that there is an infringement of the plaintiff's trademark Fedders. Costs

59. The Supreme Court in Salem Advocate Bar Association, Tamil Nadu Vs. Union of India (UOI), has said in paragraph 68 of the Report as follows:

So far as awarding of costs at the time of judgment is concerned, awarding of costs must be treated generally as mandatory in as much as the liberal attitude of the Courts in directing the parties to bear their own costs had led parties to file a number of frivolous cases in the Courts or to raise frivolous and unnecessary issues. Costs should invariably follow the event. Where a party succeeds ultimately on one issue or point but loses on number of other issues or points which were unnecessarily raised, costs must be appropriately apportioned. Special reasons must be assigned if costs are not being awarded. Costs should be assessed according to rules in force. If any of the parties has unreasonably

protracted the proceedings, the Judge should consider exercising discretion to impose exemplary costs after taking into account the expense incurred for the purpose of attendance on the adjourned dates.

Under the circumstances, Defendants No. 18 and 19 are directed to pay total costs of Rs. 50,000/- to the plaintiff within four weeks.

60. Since commercial interests of the parties are involved and some important adjustments may have to be made by the affected parties, this order will take effect from a date six months hence and in any case not later than 31st December, 2006.