(1949) 03 MAD CK 0004

In the Madras High Court

Case No : Appeal No''s. 37 and 38 of 1946

K.M. Oosman and Co. alias K.M. Khadir Brothers and Another — APPELLANT

Vs

K. Abdul Malick Sahib and Others — RESPONDENT

Date of Decision : 25-03-1949

Acts Referred:
Evidence Act, 1872 — Section 115

Citation : AIR 1951 Mad 681 : (1949) 62 LW 461

Hon'ble Judges : Subba Rao, J;Panchapakesa Ayyar, J

Bench : Division Bench

Advocate : A. Viswanatha Aiyar and D.C. Krishnamurthi, for the Appellant; K.V. Ramachandra Aiyar, for the Respondent

Judgement

Subba Rao, J.—These two appeals arise out of two cross suits, O. S. Nos. 13 of 1944 and 14 of 1944, filed by the respective parties for

declaration of their title in the trade marks and for an injunction restraining the other parties from interfering with their rights. One K. A. Kadir

Sahib, father of defendants 2 to 6 and husband of the 7th defendant carried on business in partnership with another, S. A. Sattar Sahib, under the

name and style of ""S. A. Sattar and K. A. Kadir and Co"". Sattar Sahib died in June 1938. Kadir Sahib, the other partner filed O. S. No. 363 of

1938 on the file of the District Munsif''s Court, Vellore for a declaration that the firm of ""S. A. Sattar and K. A. Kadir and Co"" was dissolved on

10-6-1938 and for accounts. The suit was settled by arbitration. The arbitrators, on 25-3-1940, decided to sell the properties of the firm and the

trade marks separately in auction and also to sell the amount of decree dues and the arrears of shop rent in another lot. Pursuant to that resolution

the assets of the business were sold and divided between the parties. The trade marks ""Rising Sun"", ""Tiger Shooting"" and ""Asal Jadi"" were sold to

one Zuleika Bibi. After the sale and the allotment, an award was passed confirming the various sales which was unanimously agreed to by all the

parties. On 20-4-1940 a decree was passed, Ex. P. 1, in terms of the aforesaid award. On 7-7-1940 Zuleika-Bibi sold the three trade marks to

her brother, Abdul Waheb Sahib. The plaintiff in O. S. No. 14 of 1944 purchased the three trade marks from Abdul Waheb Sahib, under Ex. P. 1

(b) dated 10-2-1941. The effect of the arbitration, the sales and the decree passed in terms of the award was that the proceeds of the assets and

the trade marks of the firm were divided between erstwhile partners. The title in the goodwill, not having been sold, must be deemed to have

continued in all the partners. The plaintiff in O. S. No. 14 of 1944, having purchased the aforesaid three trade marks, filed the suit for a declaration

of his title and for an injunction restraining the defendants from interfering with his rights. ""K. A. Khadir and sons"" by proprietor, K. A. Khadir

Sahib, filed the other suit, O. S. No. 13 of 1944 regarding the ""original lion 7"" trade mark. Plaintiffs 2 to 8 are the children of Khadir Sahib, and

the 9th plaintiff, his widow. Plaintiffs 2 and 4 to 9 are defendants in O. S. No. 14 of 1944. The first defendant in O. S. No. 13 of 1944 is the

company styled as ""K. M. Oosman and Co"" alias ""K. M. Khadir and Brothers"". The second defendant is K. M. Oosman Sahib who is the plaintiff

in O. S. No. 14 of 1944. After the dissolution of the aforesaid partnership, the case of the plaintiffs is that they started another ''beedi'' business at

Gudiyattam in the year 1938. For the purpose of that trade they have designed the trade mark, the subject-matter of the suit, and the prominent

feature of the same was number ""7"". They alleged that the defendants, who had no right to the said trade mark, were using the said mark, and that,

therefore they were entitled to an injunction restraining them from doing so.

2. The learned District Judge held, in O. S. No. 14 of 1944, that the plaintiffs therein did not acquire any right to the three trade marks as the sale

in favour of Zuleika Bibi of the trade marks ''simpliciter'' was invalid in law. In the other suit, the learned District Judge held that the plaintiffs

acquired a right to the trade mark, and that, therefore, the defendants had no right to either use that trade mark or any colourable imitation thereof.

In the result, he dismissed O. S. No. 14 of 1944 and decreed O. S. No. 13 of

1944, except as regards the damages claimed and the accounting,

since there was no proof of damages, and no question of accounting arose. The plaintiffs in O. S. No. 14 of 1944 and the defendants 1 and 2 in

O. S. No. 13 of 1944 preferred the above two appeals.

3. At this stage we may notice the law on the subject.

A trade-mark is a mode of warranting the origin of the goods to which it is attached, or their trade association, and it is of the essence of a trade-

mark that its representation should be true.

''The British American Tobacco Co., Ltd. v. Mahboob Buksh'', 38 Cal 110 : 7 IC 279. The manner in which a trade-mark can be validly assigned

is stated in ''Lacteosote Ltd. v. Alberman'', (1927) 44 RPC 211: 1927-2 Ch 117.

It has been established since the decision in the ''Leather Cloth Co. v. American Leather Cloth Co'', 1865-11 HLC 523, that the purchaser of a

mark becomes owner of it only if he becomes at the same time the purchaser of the manufactory or--(to put it rather more widely, in view of

modern developments)--the business concerned in the goods to which the mark has been affixed.

The same principle has been accepted and applied in another decision by Pry Lord Justice in ''Edwards v. Dennis'', (1885) 30 Ch D 454: 55 L

JCh 125. The learned Lord observes :

No trade-mark can be assigned except in connection with the goodwill of the business in ''Which it has been used, which business must be co-

extensive with the goods or classes of goods in respect of which the trade-mark is registered.

''The learned Advocates accepted the correctness of the principles embodied in the aforesaid decisions.

4. The first argument of the learned advocate for the appellants may be put thus. The lower court was wrong in considering the allotment of trade

marks apart from the other terms of the compromise decree. Under the terms of the decree not only the trade marks were allotted to Zuleiba Bibi

but the sale proceeds of the assets were also divided between the various partners. In any view, the goodwill not having been sold or allotted to

any of the parties must be deemed to continue to vest in all partners. He therefore argued that the trade marks ''slmpliciter'' were not assigned but they were allotted to Zuleika Bibi along with other assets and her interest in the goodwill. This argument is rather attractive but in our view does not

help the plaintiffs at all. Whatever might be said in regard to the effect and the gist of the transaction under which Zuleika Bibi got the right to the

trade marks, Zuleika-Bibi herself, in her turn, only sold under Ex. P. 1 (a) her right in the trade-marks to Abdul Wahab Sahib who, in his turn,

under Ex. P. 1 (b), sold the three trade-marks to the plaintiff. As the law does not recognise transfer of trade mark ''per se'', separate from

goodwill or the business, the sale deeds could not have conveyed any valid title in the trade marks either to Abdul Waheb Sahib or to the plaintiff.

We therefore agree with the lower court that the plaintiffs in O. S. No. 14 of 1944 did not acquire a legal title in the three trademarks, ""Rising

Sun"", ""Tiger Shooting"" and ""Asal Jadi"".

5. The learned advocate then argued that the defendants could not derogate from their grant and he relied upon ''Jenings v. Jenings'', (1898-1) Ch

D 378: 67 L J Ch 190 In support of his contention. The passage relied upon by him may be extracted.

''A man may not derogate from his own grant; the vendor is not at liberty to destroy or depreciate the thing which he has sold; there is an implied

covenant, on the sale of goodwill, that the vendor does not solicit the custom which he has parted with; it would be a fraud on the contract to do

so.

In that case, a suit was filed for recession of the partnership on the ground of misrepresentation. The suit was compromised and the defendant got

all the assets of the firm except a sum of ï¿½ 1200 which was allotted to the plaintiff. In the assets the goodwill was not mentioned. Taking

advantage of that B went on canvassing the customers of the old firm. A filed a suit on the ground that the allotment of assets carried with it also the

right to the goodwill and therefore B could not canvass the customers of the old firm in derogation of the right conveyed to A. The learned Judges

held that goodwill is an asset and therefore it formed part of the assets that were allotted to A and therefore B could not canvass the customers of

the old firm. This case absolutely has no application to the facts of the present case. In the present case what was conveyed was only the trade-

marks, and the vendor was not doing anything to derogate from the title he actually conveyed to Zuleika Bibi. The only question is whether the

trademark was validly conveyed under the compromise decree. We, therefore, reject this argument of the learned advocate.

6. It was then argued that, in any view, the defendants are estopped in view of their acquiescence. The learned Counsel relied on the decision

reported in ''Mohideen Bawa v. Rigaud Perfume Manufacturers'', 10 Rang 133 : AIR 1932 Rang 114. In that case the plea of acquiescence was

raised but the learned Judges did not accept it on the ground that mere delay in bringing the suit could not amount to acquiescence in law. The law

of acquiescence is succinctly stated in two judgments, in ''Proctor v. Bennis'', (1887) 36 Ch D 740 : 57 L JCh 11 and in ''Ramsden v. Dysen'',

(1866) 1 HL 129: 14 WR 926. In ''Proctor v. Bennis'', (1887) 36 Ch D 740 : 57 LJ Ch 11 Lord Justice Cotton observed,

It is necessary that the person who alleges this lying-by should have been acting in ignorance of the title of the other man, and that the other man

should have known that ignorance and not mentioned his own title.

and at page 761 Lord Justice Bowen observed,

In order to make out such acquiescence it is necessary for them to establish that the plaintiff stood by and knowingly allowed the defendants to

proceed and to expend money in ignorance of the fact that he had rights and meant to assert such rights.

7. Applying this principle it is impossible to hold that in this case there was any acquiescence on the part of the defendants so as to preclude them

from denying the right of the plaintiff to the trade-marks. The two facts relied upon are : one, some delay in filing the suit, the other, that, the

plaintiffs used the trade-marks for a short period without being questioned. In our view these facts are not sufficient to substantiate the plea of

acquiescence.

8. In the other suit as we have already stated after the dissolution of the partnership the plaintiffs designed a new trade-mark, the main feature of

which was the number ""7"", perhaps an auspicious number from the standpoint of the plaintiffs. We have seen the plaintiffs'' trade-mark and

compared it along with the trade-mark ""Rising Sun"" and also the trade-mark that is now being used by the defendants. Between the trade-mark

Rising Sun"" and the plaintiffs'' trade-mark there are differences in design, in colour scheme and also in details. The main feature in the ""Rising Sun"",

namely, the rising sun, is not to be found in the plaintiffs'' trade-mark, but, instead, the crown is found. As we have already held, the defendants

have no right to the trade-mark ""Rising Sun"". The plaintiffs'' trade-mark is being used from the year 1938 and has been associated with the

business of the plaintiffs. The trade-mark used by the defendant is clearly a colourable Imitation of the plaintiffs'' trademark. We, therefore, hold

that the lower court was right in declaring the title of the plaintiffs in the suit trade-mark and issuing an injunction against the defendant from using

the same. (9) In the result, App. No. 38 of 1946 is dismissed ''with costs, and App. No. 37 of 1946, without costs.

