

(1949) 03 MAD CK 0020
In the Madras High Court

K.M. Oosman and Company alias K.M. Khadir Brothers and
Another

APPELLANT

Vs

K. Abdul Malik Sahib and Others

RESPONDENT

Date of Decision : 25-03-1949

Acts Referred:

Citation : (1950) ILR (Mad) 267 : (1949) 2 MLJ 84

Hon'ble Judges : Subba Rao, J

Bench : Division Bench

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 Munsiff's Court, Vellore, for a declaration that the firm of "" S.A. Sattar and K. A. Khadir and Co."" was dissolved

on 10th June, 1938, and for accounts. The suit was settled by arbitration. The arbitrators, on 25th March, 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 Scooting," and "

Asal Jadi" were sold to one Zuleika Bi Bi. After the sale and the allotment, an award was passed confirming the various sales which was

unanimously agreed to by all parties. On 20th April, 1940, a decree was passed, Ex. P-1, in terms of the aforesaid award. On 7th July, 1940,

Zuleika Bi Bi sold the three trade-marks to her brother, Abdul Wahab Saheb. The plaintiff in O.S. No. 14 of 1944 purchased the three trade-

marks from Abdul Waheb Sahib, under Ex. P-1 (b) dated 10th February, 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 1st defendant in O.S. No. 13 of 1944 is the company styled as "" K.M. Opsman and Co.""alias"" K.M. Khadir & 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 Bi Bi 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 trademark, and that, therefore, the defendants had no right to either use that trademark 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. MahaBoob Buksh ILR (1910) Cal. 110.

4. The manner in which a trade-mark can be validly assigned is stated in *Lactesote, Ltd. v. Alberman* (1865) 11 H.L.C. 523 : E.R. 1435. It has

been established since the decision in the *Leather Cloth Co. v. American Leather Cloth Co.*⁴⁴ R.P.C. 211 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

Fry Lord Justice in *Edwards v. Dennis* (1884) 30 Ch.D. 454. 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.

5. 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 Zuleika Bi Bi

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 simpliciter were not assigned but

they were allotted to Zuleika Bi Bi 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 Bi Bi got the right to

the trade-marks, Zuleika Bi Bi herself, in her turn, only sold under Ex. P-1 (a)

her right in the trade-marks to Abdul Wahab Saheb 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 Wahab Saheb 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 trade-marks, ""Rising Sun,"" Tiger Shooting "" and "" Asal Jadi.

6. The learned Advocate then argued that the defendants could not derogate from their grant and he relied upon Jennings v. Jennings ILR (1910) Cal. 110 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 ₹1,200 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 trade-mark was validly conveyed under the compromise decree. We, therefore, reject this argument of the learned advocate.

7. 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 *O.K. Mohideen Bawa v. Rigaud Perfume Manufacturers* ILR (1931) Rang. 133. 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 and in *Ramsden v. Dyson* (1866) L.R. 1 H.L. 129.

In *Proctor v. Bennis* (1887) 36 Ch. D. 740 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.

8. 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.

9. 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 trademark "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 defendants is clearly a

colourable imitation of the plaintiffs' trade-mark. 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 defendants from using the same.

10. In the result, Appeal No. 38 of 1946 is dismissed with costs, and Appeal No. 37 of 1946 without costs.