(2013) 05 DEL CK 0110

In the Delhi High Court

Case No : O.M.P. No. 1214 of 2012

Monnalisa S.p.A. APPELLANT

Vs

Ashwani Kumar Chawla and Another RESPONDENT

Date of Decision : 13-05-2013

Acts Referred:

Arbitration and Conciliation Act, 1996 — Section 17, 9
Trade Marks Act, 1999 — Section 103

Citation : (2013) 05 DEL CK 0110

Hon'ble Judges : P.K. Bhasin, J

Bench : Single Bench

Advocate : Suhail Dutt, with Mr. Ankur Manchanda, for the Appellant;

Judgement

P.K. Bhasin, J.—By this order I shall dispose of this petition filed u/s 9 of the Arbitration and Conciliation Act, 1996 (''A & C Act'' in short) by the petitioner Company which is incorporated in 1968 under the laws of Italy and is engaged, inter alia, in the manufacturing, designing, fabricating and selling readymade garments and accessories for children with the trade mark ''MONNALISA'' which is also alleged to be the house mark of the petitioner. The word MONNALISA also forms prominent part of the petitioner''s corporate name. The petitioner''s other trade marks are BEBE, BIMBA, CHIC, JAKIOO and NY & LON which are being used with its house mark MONNALISA. The brief facts leading to the filing of the present petition are that in the year 2009 upon being contacted by the respondents for obtaining licence/permission from the petitioner to sell readymade garments for the kids in India using the petitioner''s trade marks MONNALISA, BEBE, BIMBA, CHIC, JAKIOO and NY & LON along with their labels, tags and packaging, the petitioner agreed to grant the permission to the respondents to conduct the business under the aforesaid trade marks in India for and on behalf of the petitioner by way of a specific Licence Agreement dated 27th August, 2009 whereunder the respondents were granted a non-transferable, exclusive and sole licence to develop, manufacture, design, market and sell readymade garments (kids wear clothing) using the trade marks

MONNALISA, BEBE, BIMBA, CHIC, JAKIOO and NY & LON along with its labels i.e. BABALAI and MONNALISA FLOWERS.

2. However, the respondents had violated various clauses of the agreement dated 27th August, 2009 including the one regarding payment of royalty to the petitioner. As per the further averments made in this petition those irregularities were brought to the notice of the respondents through e-mails and they had been assuring the petitioner via their reply e-mails to sort out the disputes mutually but they failed to take corrective measures. Various other communications were also exchanged between the parties but the respondents did not take any corrective measures to resolve the disputes. The respondents, instead, during their meeting with the petitioner on 28th April, 2011 in Italy expressed their willingness to terminate the license agreement because of their being not able to meet the quality standards of the petitioner Company. It was then agreed between the parties that from September, 2011 onwards the respondents will not manufacture any product of the petitioner but will sell their products only after importing the same from the petitioner.

3. Then during another meeting on 17th November, 2011 between the parties some kind of agreement was arrived at "to revise the business relations" and terms whereof, including the term of payment of overdue royalty, were set out in para no. 25 of this petition. However, even thereafter the respondents did not honour the commitments made by them, including payment of petitioner''s dues on account of royalty. Rather, on 20th March, 2012 by way of an e-mail the respondents made a false claim of having made the payment due to the petitioner. As per the case of the petitioner the respondents had admitted their liability of 3,49,500 Euros but that payment was not made.

4. On 15th June, 2012 the petitioner terminated the agreement w.e.f. September, 2011 as mutually agreed upon between the parties during the meeting held in Italy in April, 2011. It is further the case of the petitioner that after termination of the agreement between the parties the respondents were to close down their stores under the name and style of MONNALISA and stop selling the garments with the said trade mark. After termination of the agreement with the petitioner the respondents were selling the goods of the petitioner after importing them but by falsely printing on the labels and product tags ''Made in India'' and "Manufactured and Marketed by Catmoss Retail Limited" after cutting the inner labels of the clothing wherein the declaration "Made in Italy" is printed which could not be done as per the understanding reached in April, 2011. The petitioner''s case is that the above said activities of the respondents tantamount to infringement of its trade mark but also a criminal offence u/s 103 of the Trade Marks Act, 1999.

5. On 27th July, 2012 the respondents agreed to pay 60,000 Euros in full and final settlement of the petitioner''s dues of 3,49,500 Euros but the petitioner refused to accept the said offer.

6. Having failed to get the disputes amicably resolved and before invoking the arbitration clause in the agreement of 2009 with the defendants the petitioner filed the present petition u/s 9 of the Act of 1996 in which the aforesaid facts were pleaded and the following reliefs were claimed:

(i). Grant an interim injunction or order restraining the Respondent, their servants, agents and employees from in any manner using, selling, marketing, distributing, offering to sell the garments or other products with the registered trademark of the Petitioner namely "Monnalisa" or "Babalai" including its including brand lines: Monnalisa, BEBE, BIMA, CHIC (includes both Monnalisa CHIC and Junoir), Jakioo, NY& LON; in any manner including after making alternations and affixing the false labels of "Made in India" and "Manufactured and marketed in India by Catmoss Retails Limited" which is amounting to infringement of the trademark by using the trademarks on packaging material, bags, stationery, brochures, logo etc; and.

(ii). Grant an interim injunction or order restraining the Respondent, their servants, agents and employees from running any outlet/shop/showroom under the name and style of MONNALISA/MONNALISA STORE in any manner and using, selling, marketing, distributing, offering to sell the garments or other products with the registered trademark of the Petitioner namely "Monnalisa" including its including brand lines: Monnalisa, BEBE, BIMA, CHIC (includes both Monnalisa CHIC and Junoir), Jakioo, NY& LON; in any manner infringing the trademark/ trade name of the Petitioner whatsoever; and.

(iii). Grant an interim injunction or order restraining the Respondent, their servants, agents and employees from imitating and/or infringing the trademark "Babalai or Monnalisa Flowers" including its brandlines and designs Monnalisa, BEBE, BIMA, CHIC (includes both Monnalisa CHIC and Junoir), Jakioo, NY& LON or deceptively or confusingly similar mark and further from otherwise passing-off or attempting to pass-off goods as connected with Petitioner.

(iv). To appoint three Local Commissioners and authorize them to visit the premises of the Respondents at (i) Monnalisa, S-30-B1, IInd Floor, Select City Mall, Saket, New Delhi (ii) Monnalisa, Shop No. UG-35, DLF Mega Mall, Phase I, DLF Gurgaon, Haryana (iii) Monnalisa, at DLF Promenade Mall, Basant Kunj, New Delhi and any other premises being used by the Defendants for manufacturing, selling, distributing, marketing or otherwise dealing in the impugned articles/ products and direct and authorize the Local Commissioner/s to make an inventory of all the infringing articles/products, labels, packages, cartons, hand bags, blocks, stationery and other infringing material of the Defendants i.e. readymade garments (kids-wear) and other allied and cognate goods under the trademark/trade name MONNALISA and to seize and take into his/their custody and hand over the seized material to the Respondents'' representative on superdari for safe custody;

7. Notice of this petition was given to the defendants and they entered

appearance in the matter through their counsel but only on one date and thereafter none appeared on their behalf. Even reply was not filed. So, I heard the petitioner''s learned senior counsel Mr. Suhail Dutt who reiterated the aforesaid facts pleaded in the petition and contended that after the termination of the agreement between the parties the respondents were left with no right to sell the garments by using the petitioner''s trade marks MONNALISA etc. and to run any retail outlet in the name of MONNALISA for selling garments using the mark MONNALISA.

8. However, in my view the petitioner is not entitled to get any relief by way of this petition since, prima facie, the same does not appear to be even maintainable. It is the petitioner''s own case that in April, 2011 the respondents had expressed their desire to bring to an end the agreement between the parties and in fact it is also the case of the petitioner itself that due to non-payment of the royalty to it by the respondents the agreement was even otherwise also deemed to have come to an end under Clause 16(g) of the agreement even though there was a lock-in period of three years provided under Clause 5 during which period no party could terminate the agreement. However, the petitioner chose at that time not to invoke arbitration clause and instead fresh agreement/ understanding was arrived at on 22nd April, 2011 between the parties. Thus, the original agreement dated 27th August, 2009 came to be replaced by a new agreement/understanding between the parties. It is not the case of the petitioner that at that time it was also agreed that the terms and conditions incorporated in the agreement dated 27th August, 2009 shall also continue to be binding on the parties. Even after 22nd April, 2011 also fresh arrangements were arrived at between the parties. Thus, on a prima facie view of the matter the original agreement between the parties which had an arbitration clause ceased to exist in April, 2011 and consequently the petitioner could not invoke Section 9 of the A & C Act. This petition is, therefore, dismissed but with the clarification that if the petitioner chooses to have recourse to arbitration, if not done already, for the resolution of its disputes with the respondents, the dismissal of this petition as being not maintainable anything shall not be considered as the final view of this Court on any aspect and the arbitrator shall be at liberty to deal with the matter independently and arrive at any decision in accordance with law and this order shall also not be a bar for the arbitrator for exercising the powers u/s 17 of the Arbitration and Conciliation Act, if invoked by the petitioner.

