

(2005) 03 DEL CK 0145
In the Delhi High Court
Case No : OMP No. 349 of 2003

Motorpresse International Verlagsgesellschaft Holding mbH and Co. APPELLANT

Vs

Mistrale Publishing Pvt. Ltd. RESPONDENT

Date of Decision : 11-03-2005

Acts Referred:

Citation : (2005) 119 DLT 99 : (2005) 30 PTC 489

Hon'ble Judges : T.S. Thakur, J

Bench : Single Bench

Advocate : Sitesh Mukherjee and Parimal Tripathy, for the Appellant; Peeyoosh Kalra, for the Respondent

Judgement

T.S. Thakur, J.—In this petition u/s 9 of the Arbitration and Conciliation Act, 1996, the petitioner prays for an injunction restraining the respondent from using the trademark and logo "Auto Motor and Sport" or any substantial reproduction/imitation thereof in relation to any product or services so as to constitute infringement of the petitioner's trade mark and logo. The petition also prays for an injunction restraining the respondent from using any material or article of the petitioner made available to the respondent under the Syndication and Licensing Agreement apart from appointment of a Local Commissioner for making an inventory of the products/magazine published by the respondent under the title "Auto Motor and Sport."

2. Briefly stated, the petitioner's case is as under:-

3. The petitioner is a company established and organized under the laws of Germany. It is engaged in the publication of nearly 100 magazines and journals in nearly 17 countries most of which relate to automobiles. The respondent is also a company but registered under the Indian Companies Act, 1956 with its registered office at New Delhi. The respondent too is engaged in publication of magazines in India.

4. According to the petitioner, on or around 8th February, 2001 the parties executed a Syndication and Licensing Agreement under which agreement the respondent was granted the exclusive right to (a) republish articles and material of the petitioner and (b) use the trademark and title "Auto Motor and Sport" in India in relation to a magazine in the field of motoring to be published by the respondent. The petitioner's case is that the respondent had, in the said agreement, acknowledged and agreed that the petitioner is the exclusive owner of the trademark "Auto Motor and Sport" and that the respondent shall not by virtue of use of the trademark acquire any ownership, right, title or interest in the same. It was also agreed that the permitted use of the trademark shall ensure to the benefit of the petitioner and the goodwill arising there from shall be the sole property of the petitioner. The fact that the respondent pursuant to the agreement obtains registration under the Press and Registration of Book Act, 1867 would not confer any right, title or interest whatsoever upon it in relation to the mark and title "Auto Motor and Sport". Among others, the agreement contained an arbitration clause which envisaged adjudication of disputes between the parties under the Conciliation and Arbitration Rules of the International Chamber of Commerce.

5. The petitioner's further case is that it has applied for and registered the trademark and logo "Auto Motor and Sport" in several countries and has been using the said title and logo since 1946 in Germany. It has thus been using the title and logo exclusively and continuously for a period of 57 years. International editions have been successfully launched in Europe and Asia and that the trademark, logo and title "Auto Motor and Sport" is associated with the product of the petitioner which is recognised internationally.

6. Pursuant to the license granted under the agreement executed between the parties, the respondent appears to have started publishing the magazine "Auto Motor and Sport" in India. The first issue whereof was published on February, 2001. The petitioner's case is that the respondent had in the said magazine, republished from time to time articles and materials of the petitioner. In May 2002 a Memorandum of Understanding was also executed between Mr. Gautam Sen and Mr. Aman Syal, who owned and controlled the respondent company, with the object of facilitating smooth functioning of the current operations and future expansions of the respondent. The arrangement was, according to the petitioner, meant to tide over severe financial constraints that had arisen within the respondent company which had also led to consistent delays in bringing out the magazine and loss of goodwill of the petitioner. According to the petitioner, despite the said arrangement, the respondent company continued to incur losses which caused further loss of market share and dilution of its brand. In the meantime, disputes and differences had also arisen between Mr. Gautam Sen and Mr. Aman Syal which raised serious questions on the respondent's ability to continue publishing the magazines in India. The respondent company also incurred huge market debts and defaulted in their payments to various vendors and service providers which adversely affected the goodwill and reputation of the

petitioner. The petitioner's case is that these factors resulted in severe dilution of the goodwill and reputation of the petitioner's trade mark and logo "Auto Motor and Sport". In order, however, to serve its long term interest in the Indian market, the petitioner claims to have made various attempts to try and resolve the outstanding issues of the respondent including the dispute between its shareholders that threatened the very existence of the company. Having failed to do so, the petitioner claims to have terminated the Syndication and Licensing Agreement with immediate effect in terms of its letter dated 11th July, 2003. The said letter was followed by a confirmation letter dated 21 st July, 2003 making it clear that the license for the Hindi issue of "Auto Motor and Sport" also stood terminated.

7. Close on the heels of the termination, the petitioner issued an advertisement in "The Economic Times" (Delhi edition) stating that the petitioner had terminated its Syndication and Licensing Agreement and that the respondent could no longer publish the magazine under the title "Auto Motor and Sport". The respondent was, thereafter, called upon in terms of a notice to confirm in writing that it was not in any manner using the trade mark and logo "Auto Motor and Sport" and/or the material which was provided to the respondent during the existence of the agreement. The respondent did not, however, respond to the said letter.

8. The petitioner's grievance now is that despite the termination of the and Syndication and Licensing Agreement, the respondent company has through Sh. Aman Syal addressed letters confirmed its intension of publication of the magazine under the trade mark and title "Auto Motor and Sport" notwithstanding the termination of the Syndication and Licensing agreement. According to these communications, the respondent is the owner of the trade mark "Auto Motor and Sport". The petitioner's version of the contrary is that the respondent was merely a licensed user of the trademark and logo under terms and conditions contained in the agreement and that upon termination of the said agreement, the respondent has no right to use the said trademark and logo which admittedly and exclusively belongs to the petitioner. The use of the trademark and logo "Auto Motor and Sport" by the respondent constitutes, according to the petitioner, an infringement of trademark and passing off of the respondent's products the product of the petitioner. The petitioner has, in that backdrop, prayed for an injunction restraining the respondent from doing so as already indicated earlier.

9. The respondent has filed its reply in which it has inter alias stated that the present petition is an abuse of the process of law as the termination of the agreement by the petitioner was illegal and without disclosure of any breach on the part of the respondent. The allegation regarding infringement of trademark of the petitioner is also denied Relying upon Section 27 of the Trade and Merchandise Act, 1958, it is asserted that the petitioner not being the registered owner of the trade mark in India, cannot seek any protection of the law and that

the petitioner is not entitled to seek any remedy for prevention on the allegations of infringement of an unregistered trade mark. It is also submitted that the publications of the petitioner are in non-English languages, none of which are available or circulated in India. According to the respondent it publishes, within India, the only publication in English language across the world. There is, Therefore, no question of the petitioner acquiring any goodwill or reputation regarding the same.

10. The respondent further asserts that the disputes between the parties have arisen only on account of illegal and arbitrary termination of the agreement dated 8th February, 2001 and that the said agreement could, under clause 12 thereof, be terminated only by a written notice provided there was a breach of the agreement between the parties. The termination of the agreement was, according to the respondent illegal entitling the respondent to the use of the trade mark.

11. When the petition first came up for orders on an interim application filed in the same, Manmohan Sarin, J. passed an order on 8th September, 2003. ,the relevant portion whereof reads as under:-

"In view of the specific agreement between the parties and followed by the termination of the license agreement, the petitioner has made out a good prima facie case for the grant of restraint. Accordingly, the respondent is hereby restrained by an ex parte ad interim injunction from using the trade mark and logo of the petitioner as also from printing, publishing or distributing the magazine under the title "Auto Motor and Sport". Order dusty."

12. The above order has, ever since, continued to operate against the respondent although an application seeking vacation of the same was filed by the respondent which was dealt with Mukul Mudgal, J. in his order dated 24th November, 2004 The said order also dealt with two applications one moved by the respondent for production of the original agreement dated 8th February, 2001 and the other filed by the petitioner for exemption from such production. The court noticed the submissions made on behalf of the petitioner that the original agreement was no longer available with the petitioner company and that the same could not, Therefore, be produced.

13. I have heard learned counsel for the parties and perused the record. The photocopy of the Syndication and Licensing Agreement dated 8th February, 2001 has been produced on record as Annexure P-3. A perusal of the said agreement would show that the respondent company had acknowledged the petitioner's exclusive ownership over the trademark "Auto Motor and Sport" under which the petitioner was publishing a magazine in German language. Clause 4 of the said agreement is, in this regard, relevant and may be extracted in extenso:-

"The User acknowledges the Licensor's exclusive ownership of the said mark and the validity of the application for the eventual registration of the said mark. The User hereby agrees and confirms that the User shall not by virtue of use of the

said mark acquire any ownership right, title or interest in the trade mark applications or trade mark registrations. The User specifically agrees, undertakes and acknowledges that every permitted use of the said mark shall inure to the benefit of the Licensor and any good-will arising from such use shall be the sole property of the Licensor. The User agrees and undertakes not to use, adopt or register whether during the term of this Agreement or after termination thereof as a trade mark or trade name any word or symbol which is confusingly similar to the said mark.

14. Reference may also be made to clauses 11 and 12 of the said agreement under which the license was to be valid initially up to December 31, 2005 and could be terminated forthwith by written notice in the event of any breach of the agreement by the User. Clause 18 provided settlement of disputes by arbitration under the Conciliation and Arbitration Rules of the International Chamber of Commerce. The respondent's case, as set out in the reply filed on its behalf, is that the petitioner had arbitrarily terminated the and Syndication and Licensing Agreement afore-mentioned. The illegality, according to the respondent lay in the absence of a notice of termination envisaged under clause 12. More importantly, the respondent has, in para 7 of the reply, asserted its right to continue using the trademark and logo on the ground that the termination of the agreement is illegal.

15. Para 7 of the reply may, at this stage, be extracted:-

"The plaintiff submits that in any event the alleged dispute that has arisen in on account of the illegal and arbitrary termination of the Agreement dated 08.02.2001. In this regard the Respondent craves leave of this Hon'ble Court to refer to and rely upon contents of the said Agreement. A perusal of the said Agreement would reveal that as per clause 12 of the Agreement the Petitioner was entitled to terminate the Agreement by a written notice only in the event of breach of the Agreement executed between the parties. A perusal of the petition reveals that the petitioner terminated the Agreement on account of alleged incurring of losses by the Respondent which allegedly caused loss of market share and diluted the brand. It is submitted that the said allegation even if believed on the fact of it is not a breach of the terms of the Agreement and Therefore the notice on the basis of which the Petitioner alleges to have terminated the Agreement dated 08.02.2001 is illegal. The consequence of the afore said is that the termination of the Agreement is illegal and the Respondent is entitled to use the trademark. Though the said matter has to be settled by way of Arbitration, however, at this stage it is abundantly clear that the Agreement has not ceased to exist and the Respondent is entitled to use the trademark."

16. It is, in the light of the above assertion, futile for the respondent to argue, as indeed the learned counsel appearing on its behalf tried to do, that there was a dispute either about the genuineness of the agreement relied upon by the petitioner or the certainty of the terms incorporated therein. The case set up by the respondent in the reply, is simple and straight-forward. According to the

respondent there is an agreement which the petitioner has terminated illegally and since the terminations illegal, the respondent's right to continue publishing the magazine under the trademark and logo of the petitioner continues. It is additionally averred that since the trademark and logo of the petitioner is not registered in India, the petitioner cannot claim any relief on the basis of its unregistered trade mark. What was argued at the bar, however, is a case totally different from what has been set up in the pleadings. Mr. Peeyoosh Kalra, counsel appearing for the respondent tried to create a doubt regarding the genuineness of the document placed on record and insisted that inasmuch as the original had not been brought on record, this court could not act upon the copy of the agreement or issue any order. That submission is, in my opinion, after thought, if not palpably dishonest. The petitioner had, along with the petition, placed a xerox copy of the agreement on record. The respondent had the notice of what the agreement set up by the petitioner contained. If the respondent had any doubt about the genuineness of the document placed on record, it could produce its own copy or seek production of the original before filing a reply. It did not, however, do so. It went ahead and filed its reply in which, as noticed above, it admitted the execution of the agreement but asserted the right to continue publishing the magazine because the termination of the agreement was, according to the respondent illegal. No question regarding the genuineness of the agreement was ever raised in the reply.

The respondent has not, even otherwise, come forward with any specific version as to which part of the agreement set up by the petitioner is fabricated, tampered with or forged leave alone satisfactorily demonstrated any such tampering, fabrication or forgery. In the circumstances, Therefore, I am inclined to hold that the agreement dated 8th February, 2001 was in the terms evident from the xerox copy of the same placed on record. That being so, clause 4 of the said agreement extracted earlier, recognized the ownership of the petitioner over the trade mark and logo which the respondent was permitted to use only during the currency of the agreement without the respondent acquiring any right or title by such user. The registration of the mark would also in such a case inure for the benefit of the petitioner.

17. It was next argued by Mr. Kalra that in the absence of a registered trade mark, the petitioner could not claim any relief against infringement u/s 27 of the Act. That may indeed be so. But the question is whether the petitioner cannot even seek relief against passing off. The petitioner company, as noticed earlier, is an internationally reputed publishing house which has earned goodwill qua its publication including those relating to trade mark "Auto Motor and Sport". The transborder reputation of international companies is not something which is unknown or unusual in the modern context where barriers of time distance and communication have broken on account of technological advancement made in various fields. That apart, the trans-border reputation of a company's product or its goodwill has to be seen keeping in view the section of the society to which the company's product caters. "Auto Motor and Sport" is not a magazine that would

cater to the needs the rural populace. The magazine is somewhat elitist in its reach and content. For those who read this kind of publication, the knowledge that the petitioner is the owner of the trademark and logo in German and other languages cannot be said to be obscure.

18. More importantly, the question is whether a party who enters into an agreement under which it acquires the license to use the trademark and logo of an other, can turn round post termination of the agreement and contend that the licensor had no trans border name, goodwill or reputation. The answer in my opinion must be in the negative. It is not a case where the use of a trademark and log is being objected to simply on the ground that the defendant is passing off his goods as that of the plaintiff. On such cases, the plaintiff may be required to prove affirmatively that it has a transborder reputation or goodwill before an injunction could be issued as indeed is the view taken in some of the decided cases relied upon by the respondent. It is on the contrary a case in which the respondent has a written agreement with the petitioner under the terms whereof, the former has unconditionally acknowledged the ownership of the petitioner over the trade mark and the logo in question and further agreed that any registration of the said trade mark or registration in the Indian context would ensure for the benefit of the respondent. That being so, the respondent is estopped both in law and equity from asserting that the petitioner has no right over the trademark or that its transborder reputation does not extend to this country. The respondent cannot be allowed to act in a manner that would be down right, dishonest or unethical. Indeed, if the petitioner had no transborder reputation or it was not the owner of the trademark and logo in question, there was no need for the respondent to have entered into a Syndication and Licensing Agreement with it. Having done so, the respondent cannot be allowed to approbate and reprobate.

19. In the result, I allow this petition and make the injunction order passed by this court on 8th September, 2003 absolute. The respondent shall stand restrained from using the trademark and logo of the petitioner as also from printing, publishing or distributing the magazine under the title "Auto Motor and Sport" and from using any material or article of the petitioner made available to the respondent under the Syndication and Licensing Agreement pending finalisation of the arbitration proceedings under the Conciliation and Arbitration Rules of the International Chamber of Commerce as stipulated in the agreement executed between the parties.

20. All pending IAs shall stand disposed of in terms of the above directions.

21. No costs.