

(2025) 06 DEL CK 0607

In the Delhi High Court

Case No : FAO (COMM) No. 73, 752025

Newgen It Technologies Limited

APPELLANT

Vs

Newgen Software Technologies Limited

RESPONDENT

Date of Decision : 12-06-2025

Acts Referred:

Code of Civil Procedure, 1908 — Order 39 Rule 4, Order 43 Rule (1)(r)

Commercial Courts Act, 2015 — Section 13(1A), 16(1)

Trademark Registration Act, 1999 — Section 17

Citation : (2025) 06 DEL CK 0607

Hon'ble Judges : Navin Chawla, J; Harish Vaidyanathan Shankar, J

Bench : Division Bench

Advocate : Rajiv Nayar, Malvika Trivedi, Anirudh Bakhru, Vaishali Mittal, Siddhant Chamola, Saurabh Seth, Prabhav Bahuguna, Pallavi Bhatnagar, Saijal Arora, Sandeep Sethi, Ankit Jain, J.V. Abhay, Dhruv Grover, Abhineet Kalia, Riya Kumar, Rishabh Jain

Final Decision : Dismissed

Judgement

Harish Vaidyanathan Shankar, J

FAO (COMM) 73/2025 & CM APPLs. 15151-52/2025, 15154/2025 FAO (COMM) 75/2025 & CM APPLs. 15161-62/2025, 15164/2025

1. The present appeals filed by the Appellant under Section 13(1A) of the Commercial Courts Act, 2015 read with Order XLIII Rule (1)(r) of the Code of Civil Procedure, 1908 (in short, 'CPC'), impugn the Orders dated 27.02.2025 and 05.03.2025 passed by the learned District Judge (Commercial)-05, South District, Saket Courts, New Delhi (hereinafter referred to as the 'District Judge') in C.S.(COMM) No. 102/2025 titled as Newgen Software Technologies Limited v. Newgen IT Technologies Limited.

2. The learned District Judge, vide its Order dated 27.02.2025, granted ex-parte ad-interim injunction in favour of the Respondent, which forms the subject matter of FAO(COMM) 75/2025. Thereafter, vide Order dated 05.03.2025, the

said ex-parte ad-interim injunction was made absolute and the Appellant's application under Order XXXIX Rule 4 of the CPC was dismissed, which dismissal is impugned in FAO(COMM) 73/2025.

Plaint:

3. The Respondent has filed the above-said suit before the learned District Judge in February 2025, inter alia, seeking a decree of permanent injunction, infringement and related claims, on the ground that its trademarks, namely, (hereinafter referred to as the 'Subject Marks') were being infringed by the Appellant's use of trademarks (hereinafter referred to as the 'Impugned Marks').

4. In the suit, the Respondent claims that it is a listed company, which was incorporated on 05.06.1992, and has been engaged in the business of software product development. Its products and services cater to a wide spectrum of companies from various industries, including, but not limited to, banking, insurance, and healthcare.

5. It is averred in the plaint that the Subject Marks were registered by the Respondent in the year 1999, with a user claim from 1992, in respect of goods/services covered in Classes 09, 16, 35 and 42. It is the case of the Respondent that over the years it has invested extensively in the promotion and advertisement of its business under the Subject Marks through various forms of media, such as newspapers, magazines, TV commercials, sponsorships, pamphlets and hoardings. The Respondent has given the breakdown of revenue and marketing expenses as under:

6. It is the case of the Respondent that in and around June 2023, the Appellant approached the Respondent with a proposal to enter into a partnership agreement for the purpose of mutual collaboration and reciprocal support between the parties for the development of their respective businesses. The Respondent, relying upon the representations made by the Appellant and pursuant to several rounds of discussion, entered into a Partnership Agreement with the Appellant on 12.07.2023 (hereinafter referred to as the 'Partnership Agreement').

7. In the suit, it is averred that the Appellant entered into the Partnership Agreement with the Respondent under its corporate name "VCARE InfoTech Solutions and Services Pvt. Ltd.", being fully aware of the Respondent's exclusive right over the Subject Marks. The same was also acknowledged in the Partnership Agreement by way of Article 14 of the Partnership Agreement, and it was also agreed that any use of the Subject Marks by the Appellant shall arise only out of the said Agreement.

8. It is the case of the Respondent that on 16.07.2024, it received an email from the Appellant by way of which the Appellant formally stated that it has changed its name from "VCARE InfoTech Solutions and Services Pvt. Ltd." to "NewGen IT

Technologies Limited". The Appellant also provided a copy of the new Certificate of Incorporation dated 10.07.2024, along with an undated declaration letter titled "Vcare Infotech" Rebrands as "Newgen IT Technologies Limited", which was an attachment to the said email.

9. It is averred that after subsequent research, the Respondent discovered that the Appellant had applied for registration of the Impugned Marks vide application No. 5139598 in Class 42 on 20.09.2021, with a user claim dating back to 21.10.2015. The said application is currently pending owing to an objection raised by the Trademark Registry that the Impugned Marks are similar to the Subject Marks of the Respondent.

10. The Respondent, thereafter, issued a cease-and-desist letter dated 15.09.2024 upon the Appellant, inter alia, terminating the Partnership Agreement and calling upon the Appellant to cease to use the Impugned Marks for its business and services in any form. The Respondent also moved an application under Section 16(1) of the Companies Act, 2013 before the Regional Director, Northern Region, Ministry of Corporate Affairs, seeking rectification of the Appellant's corporate name.

11. It is averred by the Respondent that the Respondent came across the Draft Red Herring Prospectus (in short, 'DRHP'), as submitted by the Appellant to the National Stock Exchange of India, applying for an Initial Public Offering (in short, 'IPO') under the Impugned Mark/name. The Respondent addressed a letter dated 15.01.2025 to the Securities and Exchange Board of India (in short, 'SEBI'), informing that various material disclosures were not made by the Appellant in its DRHR.

12. It is the case of the Respondent that the Appellant also sought to register the Impugned Marks in Classes 16, 35, and 42 vide application Nos. 6829503, 6829504, and 6829505 dated 29.01.2025. The Respondent, thereafter, filed the said suit, inter alia, seeking a decree of permanent injunction.

Impugned Ex-parte injunction order dated 27.02.2025:

13. By the Order dated 27.02.2025, the learned District Judge, after examining the averments in the suit and after considering the arguments, held that in view of the fact that the name as adopted by the Appellant was exactly similar to that of the Respondent herein and would be sufficient enough to cause confusion and suspicion in the minds of the general public at large and would/might lead to the belief that the said services were being provided by the Respondent herein, granted an ex-parte ad-interim injunction.

14. The learned District Judge, while applying the triple test for granting an ex-parte ad-interim injunction, held that the Respondent had made out a prima facie case in its favour on the said basis, and also the balance of convenience would lie in favour of the Respondent since they were the prior registered user of the Subject Marks and would therefore, suffer irreparable damage in terms of its

reputation and business in case injunction was not granted. The Appellant herein was enjoined from using the marks, in the following terms: -

"Accordingly, till the next date of hearing, defendant, its directors, partners, officers, managers, assigns, successors-in-interest, licensees, sister concerns, representatives, servants, agents, employees, etc. and/or any person or entity acting for or under it are hereby restrained from using the marks "NEWGEN", "NEWGEN IT" and the corporate name "NEWGEN IT TECHNOLOGIES LIMITED" or any other mark similar to the Plaintiff's NEWGEN Marks, singularly or in conjunction with any other words or monogram/logo, as a trade mark, corporate name, trade name, trading style, domain name, website address, electronic mail identity or in any other manner whatsoever; on or in relation to its services/business, including advertising, business papers, etc."

15. While granting the injunction, the learned District Judge also directed that a Local Commissioner be appointed, who would carry out the inspection of the premises of the Appellant and also any other places, where she has reasons to believe that infringing material may be stored, used or transferred.

Appellant's application under Order XXXIX Rule 4 of the CPC:

16. Aggrieved of the said order, the Appellant herein filed an application under Order XXXIX Rule 4 of the CPC seeking modification and vacation of the ex-parte ad-interim injunction Order dated 27.02.2025.

17. The Appellant in the said application contended that the Respondent has violated the settled Principles of Natural Justice and the ex-parte ad-interim injunction Order was obtained without giving any notice of the suit to the Appellant. It was further contended by the Appellant that the ex-parte ad-interim injunction Order has been obtained by the Respondent on various statements and submissions made by the Respondent, which are riddled with inconsistencies and contradictions.

18. The Appellant contended that Article 14 of the Partnership Agreement relates to the acknowledgment of the rights of the Impugned Marks, however, nowhere in the said Agreement the Respondent has defined what are the marks belonging to the Respondent. The Partnership Agreement fails to allude to any list, document, annexure or details which define the ambit of the Subject Marks belonging to the Respondent as per the Agreement.

19. The Appellant averred that the Appellant has been using the Impugned Marks since 2017 in several countries of the world. The Appellant started using the Impugned Marks in the year 2017 with the incorporation of a company named "Newgen IT Solutions and Services Pte. Ltd" in Singapore. In fact, the Appellant uses "NEWGEN IT" as part of its corporate name in several companies across the world, such as Singapore, UAE, UK, and Australia.

20. It is the case of the Appellant that the Appellant has been operating the domain name www.newgenit.com since 2017. The correspondence that was

exchanged with the Respondent by the Appellant, before the execution of the Partnership Agreement, was done from the domain name and email address @newgenit.com. In fact, even the contact address for notices under the said Agreement was @newgenit.com. Therefore, the Partnership Agreement was signed with the full knowledge and consent of the Respondent, that the Appellant has the rights to use the domain name www.newgenit.com, the name-bearing the mark 'Newgen' and also the Impugned Marks. The Appellant alleged that therefore, the Respondent has acquiesced to the use of the Impugned Marks by the Appellant.

Impugned Order dated 05.03.2025:

21. The learned District Judge, vide impugned Order dated 05.03.2025, dismissed the said application of the Appellant by holding as under:

"...., I have no hesitation in holding that although the Plaintiff could not have claimed any exclusive domain over the user of word "NEWGEN", however as per Section 17 of the Trademark Registration Act, it is the composite trademark, which has to be looked into by the court without further bisecting it into pieces.

Hence, in case, if the names of two entities are visibly compared, then except for the word "Software" appearing in the name of Plaintiff and word "IT" appearing in the name of defendant, the entire remaining terms and words are same.

It is also a well known fact of which this court is also not precluded from taking a judicial notice that a consumer of software could easily be driven and get carried away with the words "IT" and "Software" because he/she has no in-depth knowledge about the intricacies and functioning of business model of both the entities present before the court in the present suit.

Admittedly, as apparent from the record, the defendant had started its business activities in India under the name of "VCARE INFOTECH SOLUTIONS & SERVICES PRIVATE LIMITED" and had also entered into the partnership agreement with the Plaintiff herein with the said name and even at that time Plaintiff had never objected to any of its correspondences including the email dated 23.06.2023 as appearing at page no. 951 of the paper book of the documents placed on record by the defendant, wherein an email sent to Plaintiff's representative by one Sh. Samardeep Kar, he had used the domain name of newgenit.com, which was never so objected to by the Plaintiff herein.

However, it shall be further pertinent to point out here itself that even in the said mail, the person, who had authored the same had mentioned about the defendant's Indian entity under the name of "VCARE INFOTECH SOLUTIONS & SERVICES PRIVATE LIMITED" and not "NEWGEN IT TECHNOLOGIES LIMITED".

Furthermore, from the document placed by the Plaintiff on record at page no. 155 of the paper book of the documents filed by it, it is a declaration made by the present defendant herein regarding its rebranding from "VCARE INFOTECH SOLUTIONS & SERVICES PRIVATE LIMITED" as "NEWGEN IT TECHNOLOGIES

LIMITED” addressed to its customers and business partners.

It has also been stated and argued by Ld. Senior Advocate for Plaintiff that this was done by the defendant while its partnership agreement with the Plaintiff was still in existence, in which it had also admitted the exclusive domain or right of the Plaintiffs over all its registered and unregistered trademarks/trade names, trade dress, symbols and hence, once the Plaintiff had noticed that the defendant had backed out from its earlier commitment given in respect of the registered or unregistered trademarks and trade names and marks etc. of the Plaintiff itself, then Plaintiff was constrained to terminate the said agreement.

So far as, the non-exclusive domain clause appearing in the certificate of registration granted in favour of the Plaintiff as highlighted by the Ld. Counsel for Defendant is concerned, those pertain to the products registered under class 9 and 16, whereas the issue in controversy in the present case revolves around class 42, thus is of no use and avail to the defendant.

From the aforesaid lengthy discussion of the rival contentions and submissions of both the sides, I have no hesitation in holding that the defendant herein has miserably failed to make out a prima facie case in its favour warranting the setting aside of the ex-parte ad interim injunction order granted against him and in favour of the Plaintiff till the next date of hearing and accordingly the order as passed on 27.02.2025 is now made absolute till disposal of the present suit and application under disposal is dismissed with no order as to costs.”

SUBMISSIONS ON BEHALF OF THE APPELLANT/ DEFENDANT:

22. In the present appeals, the Appellant has primarily challenged the impugned orders passed by the learned District Judge, contending that there was suppression of material facts and misleading statements by the Respondent.

23. The learned senior counsels for the Appellant submit that the Appellant has used the mark ‘NEWGEN IT’ in India and internationally since 2017 and was in formal partnership with the Respondent between July 2023 and September 2024, as evidenced by their Partnership Agreement. The Respondent was already engaged in related disputes, namely, the Respondent sent a legal notice in September 2024, initiated name-change proceedings before the Ministry of Corporate Affairs in October 2024, and raised objections to the Appellant’s IPO before SEBI in January 2025, and moreover, the parties even participated in mediation proceedings in February 2025. Given this background, the learned senior counsels submit that where both parties were actively contesting multiple connected matters, the exemption from advance service deprived the Appellant of a fair hearing and allowed the Respondent to secure an injunction without the Appellant’s knowledge. In support, they place reliance on the Judgment of the Supreme Court in *Wander Ltd. & Anr. v. Antox India (P) Ltd.*, 1990 Supp SCC 727.

24. The learned senior counsels for the Appellant further contend that the ex-parte ad-interim injunction was obtained in violation of natural justice, as no

advance notice was provided to the Appellant, which only became aware of the order during a hearing on 28.02.2025 before the Regional Director, Registrar of Companies. The Appellant further contends that the injunction causes severe hardship, as it has effectively brought the Appellant's business to a standstill by preventing it from pursuing ongoing tenders, participating in future projects, or operating not only in India but also globally, thereby causing substantial commercial harm.

25. The learned senior counsels for the Appellant submit that the injunction was granted despite the Respondent's delay and without properly evaluating the balance of convenience, as in the present case the balance of convenience clearly favoured the Appellant, which has operated under its corporate name, "Vcare Infotech Solutions and Services Pvt. Ltd." together with the "Newgen IT" brand since 2017, as evidenced by records including the domain www.newgenit.com. The Appellant further asserts that the Impugned Order dated 05.03.2025 contains no discussion or assessment of the balance of convenience or irreparable harm. In support, they place reliance on the Judgment of this Court in *Natco Pharma Ltd. v. Bayer Healthcare LLC*, 2019 SCC OnLine Del 9124.

26. The learned senior counsels for the Appellant further submit that the learned District Judge failed to consider the Respondent's suppression and acquiescence, as the Appellant submitted over 90 emails showing the Respondent's active cooperation under the "Newgen IT" name for over 1.5 years, including mutual references to the Appellant as "the Newgen IT Team" and explicit recognition in the Partnership Agreement of www.newgenit.com as the Appellant's lawful business address in India, yet the Respondent's plaint remained silent on this long history of cooperation, shared events, and social media acknowledgments. In support, they place reliance on the Judgment of this Court in *SK Sachdeva & Anr. v. Shri Educare Limited & Anr.*, 2016 SCC OnLine Del 473, and of the Bombay High Court in *PhonePe (P) Ltd. v. Resilient Innovations (P) Ltd.*, 2023 SCC OnLine Bom 764.

27. The learned senior counsels for the Appellant further contend that the Respondent deliberately suppressed material facts by failing to disclose that the Respondent holds no exclusive statutory rights over the word "Newgen", as its registration No. 840846 pertains solely to a label mark and the Trade Marks Office recognizing "NEWGEN" as a descriptive term, has granted registration with a disclaimer. Furthermore, the Appellant also asserts that the Respondent, having previously argued before the Trade Marks Office that similar marks could co-exist if sufficiently differentiated, has now adopted a contradictory stance for tactical gain, amounting to intentional suppression rather than mere omission.

28. The learned senior counsels for the Appellant would further submit that the Respondent cannot claim prior use or invention of the mark "Newgen", as the Appellant has placed on record evidence of prior trademark registrations such as "New Generation" (dating back to 1988) and longstanding third-party use, including "New Gen Pharma" (incorporated in 1992) and "Newzen Logistics

Private Limited" (incorporated in 1991), alongside evidence that at least 20 companies have used the name 'Newgen' within the IT sector since 1993 and over 150 companies are registered under this name across India, all of which, along with multiple third-party trademark registrations, establish that the term cannot be monopolized, a reality underscored by the Respondent's own statements during the Ministry of Corporate Affairs proceedings, where it declared its intent to act against all companies using "NEWGEN", thereby, revealing its attempt to overreach despite having no exclusive rights over this widely used descriptive term. The learned senior counsels submit that both parties should be allowed to co-exist under their respective NEWGEN marks and names, as they have been doing in India since 2017 and in several other countries of the world. In support, they place reliance on the Judgment of the Supreme Court in *Parakh Vanijya (P) Ltd. v. Baroma Agro Product & Ors.*, (2018) 16 SCC 632, and of the Single Judge of this court in *Havells India Limited & Anr. v. Vivek Kumar & Ors.*, 2016 SCC OnLine Del 2518.

29. The learned senior counsels for the Appellant submit that this case does not concern any exclusive right to the word "Newgen", which is merely a common abbreviation for "New Generation" and widely used across industries, as even the learned District Judge acknowledged that the dispute does not revolve around the standalone use of "Newgen" and given the absence of wordmark rights and the clear differences between the parties' logos and services, namely, the Appellant's data center operations versus the Respondent's software products, the restraint imposed on the Appellant is unjust and excessive. In support, they place reliance on the Judgment of the Supreme Court in *Skyline Education Institute (India) (P) Ltd. v. S.L. Vaswani & Anr.*, (2010) 2 SCC 142, and of the Single Judge of this Court in *Vasundhra Jewellers (P) Ltd. v. Vasundhara Fashion Jewelry LLP & Anr.*, (2023) 3 HCC (Del) 626, and *Delhivery (P) Ltd. v. Treasure Vase Ventures (P) Ltd.*, 2020 SCC OnLine Del 2766.

30. The learned senior counsels for the Appellant further submit that this conclusion is further reinforced by the existence of numerous similarly named companies listed on stock exchanges under unique trading symbols, which demonstrates that there is no real risk of market confusion, particularly since modern investors routinely conduct due diligence by reviewing DRHP before investing, and the Appellant has independently built substantial goodwill over eight years through bonafide global operations under the "Newgen IT" brand.

SUBMISSIONS ON BEHALF OF THE RESPONDENT/ PLAINTIFF:

31. Per Contra, the learned senior counsels for the Respondent support the Impugned Orders and refute all the allegations made by the Appellant herein. The learned senior counsels for the Respondent state that the Appellant company was carrying on the business in India under the name "VCare InfoTech Solutions and Services Pvt. Ltd." and the adoption of the name "NEWGEN IT Technologies Limited" by the Appellant is of recent vintage.

32. The learned senior counsels for the Respondent also contend that the trademark registration in respect of the Subject Marks was sought as early as in the year 1992 till the year 2014, and these predate the existence of the Appellant company, which, as per the Appellant's admitted case, was only in the year 2017. In support, they place reliance on the Judgment of the Supreme Court in *Laxmikant V. Patel v. Chetanbhai Shah & Anr.*, (2002) 3 SCC 65, and *Power Control Appliances & Ors. v. Sumeet Machines (P) Ltd.*, (1994) 2 SCC 448.

33. The further case of the Respondent is that the Class under which the Appellant is seeking registration of its trademark includes the development of new software, which is already being carried out by the Respondent. The learned senior counsels for the Respondent also contend that there is no question of the Appellant being taken by surprise, with respect to the filing of the suit, as they had already filed a Caveat on the same date as the suit, that is, 27.02.2025.

34. The learned senior counsels also contend, based on the pleadings, that the application filed under Order XXXIX Rule 4 of the CPC fails to specify the material facts that are alleged to have been suppressed or concealed while obtaining the ex-parte ad-interim injunction. In support, they place reliance on the Judgment of this Court in *Ganesh Plastic v. Lajpat Rai Sobti & Ors.*, 2001 SCC OnLine Del 819.

35. On the plea of the Appellant qua multiple third-party users of the Subject Marks, the learned senior counsels for the Respondent submit that the Respondent is also not bound to take action against all such companies and can choose companies against which it wishes to take action based on its business requirements. In support, they place reliance on the Judgments of the learned Single Judge of this Court in *Prakash Roadline Ltd. v. Prakash Parcel Service*, 1992 SCC OnLine Del 138, and, *The Tata Iron & Steel Co. Ltd. v. Mahavir Steels & Ors.*, 1992 SCC OnLine Del 122.

36. On the plea of the Appellant that the Respondent has concealed that the Trade Marks Registry has imposed a disclaimer on the mark "NEWGEN" under No. 840846, the learned senior counsels for the Respondent submit that the Respondent has secured several subsequent registrations for NEWGEN formative word marks which do not carry any disclaimer. In any case, it is a settled principle of law that a disclaimer does not go to the market and is irrelevant to a passing-off action. In support, they place reliance on the Judgment of the Supreme Court in *Registrar of Trade Marks v. Ashok Chandra Rakhit Ltd.*, 1955 SCC OnLine SC 12.

37. The learned senior counsels for the Respondent also claim that the e-mails that are being referred to, in support of the allegation of acquiescence, are completely misplaced as the very e-mails which have been relied upon state that the Appellant admits that, in India, it was known by the name "VCare InfoTech Solutions and Services Pvt. Ltd." and not by the name "Newgen". They further submit that the defence of acquiescence cannot be availed by the Appellant as

the Appellant has acted with mala fide. In support, they place reliance on the Judgment of this Court in BCH Electric Limited v. Eaton Corporation & Anr., 2016 SCC OnLine Del 3639.

38. The learned senior counsels for the Respondent submit that Trade Mark prosecution history estoppel does not apply where the Impugned mark is not cited in the Examination Report, as is the case herein. In support, they place reliance on the Judgments of this Court in Raman Kwatra & Anr. v. KEI Industries Ltd., 2023 SCC OnLine Del 38, and of the learned Single Judge of this Court in Under Armour v. Aditya Birla Fashion & Retail Ltd., 2023 SCC OnLine Del 2269, Teleecare Network (India) (P) Ltd. v. Asus Technology (P) Ltd. & Ors., 2019 SCC OnLine Del 8739, and Insecticides (India) Ltd. v. Parijat Industries (India) (P) Ltd., 2018 SCC OnLine Del 9748.

ANALYSIS & FINDING:

39. We heard the parties at length and also have gone through the pleadings and the Impugned Orders dated 27.02.2025 and 05.03.2025.

40. At the outset, we would note that the present appeals challenge the Impugned Order which is passed in the exercise of the discretionary jurisdiction vested in the learned District Judge by way of Order XXXIX of the CPC. The Courts have time and again cautioned that in appeals challenging the orders passed by the learned Trial Court in the exercise of its discretionary jurisdiction, the Appellate Court will not interfere with, except where the discretion has been shown to have been exercised arbitrarily or capriciously or perversely or where the court has ignored the settled principles of law regulating grant or refusal of interlocutory injunctions. The Appellate Court will not reassess the material and seek to reach a conclusion if it would have exercised its discretion differently, but will only interfere if the discretion has been exercised in a perverse manner by the Trial Court. Recently, this principle has been reiterated and explained by the Supreme Court in Ramakant Ambalal Choksi v. Harish Ambalal Choksi & Ors., 2024 SCC OnLine SC 3538, by holding as under: -

"20. Order 43 of the CPC specifies the orders against which an appeal lies. Sub-Rule (r) of Rule 1 of the said order provides that an appeal would lie against an order made under Rules 1, 2, 2A, 4 and 10 of Order 39 of the CPC respectively.

21. The law in relation to the scope of an appeal against grant or non-grant of interim injunction was laid down by this Court in Wander Ltd. v. Antox India P. Ltd., 1990 Supp SCC 727. Antox brought an action of passing off against Wander with respect to the mark Cal-De-Ce. The trial court declined Antox's plea for an interim injunction, however, on appeal the High Court reversed the findings of the trial judge. This Court, upon due consideration of the matter, took notice of two egregious errors said to have been committed by the High Court:

a. First, as regards the scope and nature of the appeals before it and the limitations on the powers of the appellate court to substitute its own discretion in

an appeal preferred against a discretionary order; and

b. Secondly, the weakness in ratiocination as to the quality of Antox's alleged user of the trademark on which the passing off action is founded.

22. With regards to (a), this Court held thus: "In such appeals, the appellate court will not interfere with the exercise of discretion of the court of the first instance and substitute its own discretion, except where the discretion has been shown to have been exercised arbitrarily or capriciously or perversely, or where the court had ignored the settled principles of law regulating grant or refusal of interlocutory injunctions ... the appellate court will not reassess the material and seek to reach a conclusion different from the one reached by the court below ... If the discretion has been exercised by the trial court reasonably and in a judicial manner the fact that the appellate court would have taken a different view may not justify interference with the trial court's exercise of discretion."

23. This Court, while arriving at the above findings, relied on its earlier judgment in *Printers (Mysore) v. Pothan Joseph*, 1960 SCC OnLine SC 62 where it was held thus:

"[...] as has been observed by Viscount Simon LC in *Charles Osenton & Co v. Johnston* - the law as to reversal by a court of appeal of an order made by a judge below in the exercise of his/her discretion is well established, and any difficulty that arises is due only to the application of wellsettled principles in an individual case."

24. It is pertinent to note that in *Printers (supra)* this Court had held that ignoring relevant facts is also a ground for interfering with the discretion exercised by the trial court. Furthermore, Viscount Simon LC in *Charles Osenton & Co v. Johnston*, [1942] A.C. 130, after stating the above, went on to quote Lord Wright's decision in *Evans v. Bartlam*, [1937] A.C. 473:

"It is clear that the court of appeal should not interfere with the discretion of a judge acting within his jurisdiction unless the court is clearly satisfied that he was wrong. But the court is not entitled simply to say that if the judge had jurisdiction and had all the facts before him, the court of appeal cannot review his order unless he is shown to have applied a wrong principle. The court must, if necessary, examine anew the relevant facts and circumstances in order to exercise a discretion by way of review which may reverse or vary the order."

25. In *Evans (supra)* case, Lord Wright made it clear that while adjudicating upon the discretion exercised by the trial court, the appellate court is obliged to consider the case put forward by the appellant in favour of its argument that the trial court exercised its discretion arbitrarily or incorrectly in the circumstances.

26. What flows from a plain reading of the decisions in *Evans (supra)* and *Charles Osenton (supra)* is that an appellate court, even while deciding an appeal against a discretionary order granting an interim injunction, has to:

a. Examine whether the discretion has been properly exercised, i.e. examine whether the discretion exercised is not arbitrary, capricious or contrary to the principles of law; and

b. In addition to the above, an appellate court may in a given case have to adjudicate on facts even in such discretionary orders.

27. The principles of law explained by this Court in *Wander's* (supra) have been reiterated in a number of subsequent decisions of this Court. However, over a period of time the test laid down by this Court as regards the scope of interference has been made more stringent. The emphasis is now more on perversity rather than a mere error of fact or law in the order granting injunction pending the final adjudication of the suit.

28. In *Neon Laboratories Ltd. v. Medical Technologies Ltd.*, (2016) 2 SCC 672 this Court held that the Appellate Court should not flimsily, whimsically or lightly interfere in the exercise of discretion by a subordinate court unless such exercise is palpably perverse. Perversity can pertain to the understanding of law or the appreciation of pleadings or evidence. In other words, the Court took the view that to interfere against an order granting or declining to grant a temporary injunction, perversity has to be demonstrated in the finding of the trial court.

29. In *Mohd. Mehtab Khan v. Khushnuma Ibrahim Khan*, (2013) 9 SCC 221 this Court emphasised on the principles laid down in *Wander* (supra) and observed that while the view taken by the appellate court may be an equally possible view, the mere possibility of taking such a view must not form the basis for setting aside the decision arrived at by the trial court in exercise of its discretion under Order 39 of the CPC. The basis for substituting the view of the trial court should be malafides, capriciousness, arbitrariness or perversity in the order of the trial court. The relevant observations are extracted below:

"20. In a situation where the learned trial court on a consideration of the respective cases of the parties and the documents laid before it was of the view that the entitlement of the plaintiffs to an order of interim mandatory injunction was in serious doubt, the Appellate Court could not have interfered with the exercise of discretion by the learned Trial Judge unless such exercise was found to be palpably incorrect or untenable. The reasons that weighed with the learned Trial Judge, as already noticed, according to us, do not indicate that the view taken is not a possible view. The Appellate Court, therefore, should not have substituted its views in the matter merely on the ground that in its opinion the facts of the case call for a different conclusion. Such an exercise is not the correct parameter for exercise of jurisdiction while hearing an appeal against a discretionary order. While we must not be understood to have said that the Appellate Court was wrong in its conclusions what is sought to be emphasized is that as long as the view of the trial court was a possible view the Appellate Court should not have interfered with the same following the virtually settled principles of law in this regard as laid down by this Court in *Wander Ltd. v. Antox India* (P)

Ltd.”

(Emphasis supplied)

30. This Court in *Shyam Sel & Power Ltd. v. Shyam Steel Industries Ltd.*, (2023) 1 SCC 634 observed that the hierarchy of the trial court and the appellate court exists so that the trial court exercises its discretion upon the settled principles of law. An appellate court, after the findings of the trial court are recorded, has an advantage of appreciating the view taken by the trial judge and examining the correctness or otherwise thereof within the limited area available. It further observed that if the appellate court itself decides the matters required to be decided by the trial court, there would be no necessity to have the hierarchy of courts.

31. This Court in *Monsanto Technology LLC v. Nuziveedu Seeds Ltd.*, (2019) 3 SCC 381, observed that the appellate court should not usurp the jurisdiction of the Single Judge to decide as to whether the tests of prima facie case, balance of convenience and irreparable injury are made out in the case or not.

32. The appellate court in an appeal from an interlocutory order granting or declining to grant interim injunction is only required to adjudicate the validity of such order applying the well settled principles governing the scope of jurisdiction of appellate court under Order 43 of the CPC which have been reiterated in various other decisions of this Court. The appellate court should not assume unlimited jurisdiction and should guide its powers within the contours laid down in the *Wander* (supra) case.

41. The Supreme Court in *Ramakant* (supra), also explained the meaning of the term ‘perverse’, as under:

“35. Any order made in conscious violation of pleading and law is a perverse order. In *Moffett v. Gough*, (1878) 1 LR 1r 331, the Court observed that a perverse verdict may probably be defined as one that is not only against the weight of evidence but is altogether against the evidence. In *Godfrey v. Godfrey*, 106 NW 814, the Court defined “perverse” as “turned the wrong way”; not right; distorted from the right; turned away or deviating from what is right, proper, correct, etc.

36. The expression “perverse” has been defined by various dictionaries in the following manner:

a. Oxford Advanced Learner's Dictionary of Current English, 6th Ed. Perverse - Showing deliberate determination to behave in a way that most people think is wrong, unacceptable or unreasonable.

b. Longman Dictionary of Contemporary English - International Edition Perverse - Deliberately departing from what is normal and reasonable.

c. The New Oxford Dictionary of English - 1998 Edition Perverse - Law (of a verdict) against the weight of evidence or the direction of the judge on a point of

law.

d. New Webster's Dictionary of the English Language (Deluxe Encyclopedic Edition) Perverse - Purposely deviating from accepted or expected behavior or opinion; wicked or wayward; stubborn; cross or petulant.

e. Stroud's Judicial Dictionary of Words & Phrases, 4th Ed. Perverse - A perverse verdict may probably be defined as one that is not only against the weight of evidence but is altogether against the evidence.

37. The wrong finding should stem out on a complete misreading of evidence or it should be based only on conjectures and surmises. Safest approach on perversity is the classic approach on the reasonable man's inference on the facts. To him, if the conclusion on the facts in evidence made by the court below is possible, there is no perversity. If not, the finding is perverse. Inadequacy of evidence or a different reading of evidence is not perversity. (See : Damodar Lal v. Sohan Devi, (2016) 3 SCC 78)" (Emphasis Supplied)

42. Keeping in view the above-said contour of the appellate jurisdiction of this Court, we may now proceed to test the contentions of the parties on their merits.

43. Firstly, the Appellant contends that, since both parties were actively involved in multiple connected matters/disputes, the exemption from advance notice deprived them of a fair hearing. The Appellant further asserts that this exemption allowed the Respondent to secure an injunction without the Appellant's knowledge, thereby violating the Principles of Natural Justice.

44. We firmly reject the Appellant's argument. First, it is an indisputable fact that the Appellant was fully aware that a suit seeking an interim injunction could be filed, as in anticipation of this, the Appellant proactively filed a caveat. However, the Appellant itself, rather than serving the caveat on the respondent, as required, mistakenly served it on themselves as evident from the letter dated 25.02.2025 appended with the said caveat petition. This error undermines the Appellant's claim that the exemption from advance notice was somehow unfair or unjust.

45. Even otherwise, the Appellant had applied for an IPO, giving rise to an urgency for the respondent to approach the Court to seek interim relief.

46. The Appellant's claim that it was improper for the Respondent to file the suit and obtain an ex-parte ad-interim injunction is unfounded. Order XXXIX of the CPC expressly permits such orders in appropriate cases, and further, Rule 4 of Order XXXIX of the CPC specifically provides remedy to the Defendant seeking the setting aside of such injunction. This provision exists precisely to address such grievances, ensuring that affected parties can be heard. However, in the present case, the Appellant failed to make a persuasive case before the learned District Judge. This inability does not amount to a denial of natural justice.

47. In light of these facts, the allegation that the Appellant was denied a fair

hearing or that the Principles of Natural Justice were violated is legally unfounded.

48. Coming to other aspects, at the stage of granting an ad-interim injunction, it is well settled in law that a party is required to meet the triple test, i.e. (a) whether a prima facie case exists in favour of the Applicant, (b) whether the balance of convenience lies in their favour and (c) whether irreparable harm would result if the injunction were denied. In *Ramakant* (supra), the Supreme Court also reiterated these guiding principles governing the grant of the temporary injunction, as under:

"33. In the case of *Anand Prasad Agarwal v. Tarkeshwar Prasad*, (2001) 5 SCC 568, it was held by this Court that it would not be appropriate for any court to hold a mini-trial at the stage of grant of temporary injunction.

34. The burden is on the plaintiff, by evidence aliunde by affidavit or otherwise, to prove that there is "a prima facie case" in his favour which needs adjudication at the trial. The existence of the prima facie right and infringement of the enjoyment of his property or the right is a condition precedent for the grant of temporary injunction. Prima facie case is not to be confused with prima facie title which has to be established on evidence at the trial. Only prima facie case is a substantial question raised, bona fide, which needs investigation and a decision on merits. Satisfaction that there is a prima facie case by itself is not sufficient to grant injunction. The Court further has to satisfy that noninterference by the court would result in "irreparable injury" to the party seeking relief and that there is no other remedy available to the party except one to grant injunction and he needs protection from the consequences of apprehended injury or dispossession. Irreparable injury, however, does not mean that there must be no physical possibility of repairing the injury, but means only that the injury must be a material one, namely one that cannot be adequately compensated by way of damages. The third condition also is that "the balance of convenience" must be in favour of granting injunction. The Court while granting or refusing to grant injunction should exercise sound judicial discretion to find the amount of substantial mischief or injury which is likely to be caused to the parties, if the injunction is refused and compare it with that which is likely to be caused to the other side if the injunction is granted. If on weighing competing possibilities or probabilities of likelihood of injury and if the Court considers that pending the suit, the subject matter should be maintained in status quo, an injunction would be issued. Thus, the Court has to exercise its sound judicial discretion in granting or refusing the relief of ad interim injunction pending the suit. (See: *Dalpat Kumar v. Prahlad Singh*, (1992) 1 SCC 719.)" (Emphasis Supplied)

49. While examining these parameters for the grant or refusal of interim relief, the court must satisfy itself that each element has been properly considered, but this satisfaction need not occur in a rigid or mechanical fashion where each element is separately discussed in isolation; rather, the court's application of mind must be assessed holistically, taking into account that in the process of examining one parameter, related aspects may also be inherently addressed.

Thus, the appellate court, particularly at the interim stage, is not called upon to re-examine or re-appreciate every aspect of evidence afresh, as long as, upon reading the impugned order as a whole, it is apparent that the court below has applied its mind and reached a conclusion that is sound and reasonable on the facts and circumstances before it.

50. In this regard, the observations made by this Court in *Natco Pharma Ltd* (supra), a decision on which the Appellant itself has relied upon, are particularly relevant, as the judgment clarifies that it is not necessary for the trial court's order granting or refusing an interim injunction to explicitly record findings on each of the three elements; rather, what is essential is that a reading of the order as a whole reflects that the court has formed an opinion on these aspects. The relevant paragraphs of the said judgment state as follows:

"24. Although, there are special features in litigation involving infringement of patents, that still would not obviate the Court dealing with the question of grant of interim injunction to record the three important elements as have been stressed in a large number of decisions of the Supreme Court. While the Court agrees with Dr. Singhvi that it is not necessary that the order granting or refusing interim injunction should expressly state about the above elements but a reading of the order should indicate the forming of an opinion by the Court on the said aspects. A reading of the impugned order does not reflect that the Court has formed such an opinion on the three elements.

25. Again, each case of alleged infringement of patent, particularly a pharmaceutical patent, would turn on its own facts. It is not possible to conceive an 'across-the-board' blanket approach that would apply to all such cases, where as a matter of routine at the first hearing there would be a grant of injunction in favour of the Plaintiff. The decision in the application of interim injunction has to necessarily indicate the view of the Court on the three elements mentioned herein before and the additional features when it involves a case of alleged infringement of a patent, and in particular, a pharmaceutical patent. It is not the length of the order or its precise wording that matters. It is necessary, however, that the factors mentioned hereinbefore must be discernible from the order which comes to a conclusion one way or the other regarding grant of an interim injunction.

26. The Court would also like to add here that the impugned order which restrains the Defendant from infringing the suit patent does not lend itself to sufficient clarity. Although the Appellant/Defendant has understood it to mean that the Defendant is restrained from manufacturing, selling its product in the market, it would have helped if the order specified what the Defendant can or cannot do. There is a possibility, given the wording of the impugned order that it might lead to further litigation on whether in fact there has been compliance or not with the said order." (Emphasis supplied)

51. Applying this principle to the present case, we find that the reading of the

Impugned Order dated 27.02.2025 convincingly shows that the learned District Judge adequately considered or formed an opinion on the three essential parameters for the grant of interim relief. The relevant portion of the order dated 27.02.2025 is reproduced below:

"After hearing the Ld. Counsel for Plaintiff at length and going through the record, I am satisfied that the name adopted by defendant is exactly similar to that of the Plaintiff, which is sufficient enough to cause a confusion and suspicion in the mind of the general public at large that under the garb of using the services of defendant, they would/might be lead to believe as if using the services provided to them by the Plaintiff, therefore, not ruling out the possibility of the person availing the services of the defendant forming a bad impression about the reputation and image of Plaintiff, in case, if they are provided with the services of an inferior or sub-standard quality, hence, it is therefore obvious that plaintiff has been successful in making out a prima facie case in its favour.

Balance of convenience is also lying in favour of the Plaintiff and against the defendant being the prior and registered user of the trade name and marks and Plaintiff shall also suffer irreparably in terms of its reputation and business, in case if defendant is not enjoined immediately." (Emphasis supplied)

52. From the above analyses, it is evident that the learned District Judge has duly considered the requisite factors while granting the ex-parte ad-interim injunction in favour of the Respondent.

53. We are also of the considered view that the two marks, namely, the Subject Marks of the Respondent and the Impugned Mark adopted by the Appellant, are strikingly similar, and both entities operate within the same business domain. Coupled with this is their association as partners under the Partnership Agreement. This similarity is capable of causing confusion in the minds of an average consumer, thereby justifying the grant of an ex-parte ad-interim injunction in favour of the Respondent/Plaintiff. The non-grant of such injunction would have allowed the Appellant to continue and further expand its use of the Impugned Mark in various ways as it has already been doing, resulting in substantial injury and irreparable loss to the Respondent.

54. It is an undisputed fact that the Respondent has been the prior user of the mark since 1992, whereas the Appellant only commenced operations in 2017 under a distinct identity, later entering into a Partnership Agreement with the Respondent. During the subsistence of that partnership, which was executed on 12.07.2023, the Appellant began expanding its business under names closely resembling the Respondent's, transitioning from "VCARE Infotech Solutions and Services Private Limited" to "NEWGEN IT Technologies Private Limited" in May-2024. Due to certain differences between the parties, they dissolved their partnership in September-2024. Immediately thereafter, the Appellant began rapidly expanding its operations, including initiating steps toward an IPO with this new name. All these circumstances collectively indicate that the test of

balance of convenience and inconvenience also clearly tilts in favour of the Respondent, as non-grant of the injunction would have caused significant inconvenience and harm to the Respondent.

55. Moreover, upon consideration of the Appellant's application under Order XXXIX Rule 4 of the CPC, filed within a week of the initial order, the learned District Court carefully examined the detailed averments made by the Appellant on each aspect. The learned District Court found that the Appellant failed to establish a prima facie case warranting variation, modification, or vacation of the ex-parte ad-interim injunction granted on 27.02.2025. Consequently, the learned District Court made the interim order absolute, to remain in force until the final disposal of the suit.

56. In the present case, while the Appellant has strenuously contended that the injunction has brought its business operations to a standstill and jeopardized its IPO plans, we are not persuaded by this line of argument. The Appellant cannot be permitted to continue deriving commercial benefit from a mark that, in our considered view, is similar to that of the Respondent and clearly warrants restraint through injunctive relief. A comparative table of the marks is as follows:

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57. It is well established that the assessment of similarity between trademarks and the likelihood of confusion arising from them is made from the perspective of the average consumer having an imperfect recollection. Reliance in this regard may be placed on the Judgments of the Supreme Court in *Corn Products Refining Co. v. Shangrila Food Products Ltd.*, 1959 SCC OnLine SC 11, *Amritdhara Pharmacy v. Satya Deo Gupta*, 1962 SCC OnLine SC 13, and *Cadila Health Care Ltd. v. Cadila Pharmaceuticals Ltd.*, (2001) 5 SCC 73.

58. In the present case, the dominant element in both, the Appellant's and Respondent's marks is the word 'Newgen', and the distinction between their respective goods or services, namely, software versus IT technologies, is subtle and not readily apparent to the general public. The technical distinctions between the parties' offerings are of limited relevance when determining the potential for public confusion.

59. We also view this matter in the context of the parties' prior commercial relationship, noting that the Appellant operated in India under the name "VCare Infotech Solutions and Services Private Limited" and in Singapore under "NEWGEN IT" and that the parties had voluntarily entered into a Partnership Agreement formalizing their collaboration. Although the Agreement was later terminated by the Respondent on 15.09.2024, it is significant that Article 14 of the Partnership Agreement explicitly acknowledged the Respondent as the owner of the "Newgen" mark; thus, we do not find it necessary to dissect the specific scope or detailed coverage of the marks encompassed by the clause, as the central fact remains that the Respondent was operating under the name and style of NEWGEN Software, while the Appellant was known domestically as V

Care Infotech Solutions, making the Respondent's knowledge of the Appellant's operations in foreign jurisdictions immaterial to the present dispute. Article 14 of the Partnership Agreement reads as under:

"ARTICLE 14 - Trademarks

(a) Newgen 'Trademarks' means those trademarks, trade names, slogans, tables, and other identifying symbols as are or have been developed and used by Newgen and/or any of its subsidiaries or affiliate companies anywhere in the world.

(b) Newgen authorizes VCARE INFOTECH SOLUTIONS AND SERVICES PVT LTD to use only the trademarks as approved by Newgen during the term of this agreement for the purpose of the sale and distribution Newgen Products. VCARE INFOTECH SOLUTIONS AND SERVICES PVT LTD shall use these trademarks only in such a manner as to preserve all right of Newgen. VCARE INFOTECH SOLUTIONS AND SERVICES PVT LTD acquires no right to any Newgen trademark by its use or by the marketing, sale or servicing of products bearing such trademarks and may consequently only use the specified trademarks for the duration of this agreement and to the extent specified therein.

(c) VCARE INFOTECH SOLUTIONS AND SERVICES PVT LTD shall not, without Newgen's prior written consent, remove, alter, or modify serial No. or identifying symbols from Newgen Products.

(d) VCARE INFOTECH SOLUTIONS AND SERVICES PVT LTD recognizes and concedes for all purposes that Newgen trademarks, whether or not registered, are valid and are the exclusive property of Newgen and that VCARE INFO TECH SOLUTIONS AND SERVICES PVT LTD's right to use any such trademarks arises only out of this agreement.

(e) Newgen shall have the sole and exclusive right in its sole discretion to bring legal action for trademark infringement with respect to any of the Newgen trademarks. VCARE INFOTECH SOLUTIONS AND SERVICES PVT LTD shall inform Newgen too promptly of any such trademark infringements of which it has knowledge and assist Newgen to bring charge against such infringements. Newgen shall bear the cost of any legal action if required against trademark infringements."

60. The learned senior counsels for the Appellant have also placed reliance on emails showing the Respondent's active cooperation under the "Newgen IT" name for over 1.5 years, including mutual references to the Appellant as "the Newgen IT Team" to take the plea of acquiescence.

61. The submission of the learned senior counsels for the Appellant that the Respondent has acquiesced in the use of the word 'Newgen' by the Appellant, also cannot be accepted. The Supreme Court in *M/s Power Control Appliances v. Sumeet Machines*, (1994) 2 SCC 448, has held that acquiescence is sitting by, when another is invading the rights and spending money on it. It is a course of

conduct inconsistent with the claim for exclusive rights in a trademark, trade name etc. It has to be a positive act. We quote from the judgment as under: -

"26. Acquiescence is sitting by, when another is invading the rights and spending money on it. It is a course of conduct inconsistent with the claim for exclusive rights in a trade mark, trade name etc. It implies positive acts; not merely silence or inaction such as is involved in laches. In *Harcourt v. White* [(1860) 28 Beav 303 : 54 ER 382] Sr. John Romilly said:

"It is important to distinguish mere negligence and acquiescence." Therefore, acquiescence is one facet of delay. If the plaintiff stood by knowingly and let the defendants build up an important trade until it had become necessary to crush it, then the plaintiffs would be stopped by their acquiescence. If the acquiescence in the infringement amounts to consent, it will be a complete defence as was laid down in *Mouson (J.G.) & Co. v. Boehm* [(1884) 26 Ch D 406] . The acquiescence must be such as to lead to the inference of a licence sufficient to create a new right in the defendant as was laid down in *Rodgers v. Nowill* [(1847) 2 De GM&G 614 : 22 LJ KCH 404] .

27. The law of acquiescence is stated by Cotton, L.J. in *Proctor v. Bannis* [(1887) 36 Ch D 740] as under: "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."

In the same case Bowen, L.J. said:

"In order to make out such acquiescence it is necessary 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 means to assert such rights."

28. In *Devidoss and Co.* [AIR 1941 Mad 31 : (1940) 2 MLJ 793 : ILR 1941 Mad 300] at pages 33 and 34 the law is stated thus: "To support a plea of acquiescence in a trade mark case it must be shown that the plaintiff has stood by for a substantial period and thus encouraged the defendant to expend money in building up a business associated with the mark. In *Rowland v. Michell* [(1896) 13 RPC 464] Romer J. observed: "If the plaintiff really does stand by and allow a man to carry on business in the manner complained of to acquire a reputation and to expend money he cannot then after a long lapse of time, turn round and say that the business ought to be stopped.?"

In the same case, but on appeal Lord Russel, C.J. said [*Rowland v. Michell*, (1897) 14 RPC 37, 43] at p. 43:

"Is the plaintiff disentitled to relief under that head by injunction because of acquiescence? Of course it is involved in the consideration of that that the plaintiff has a right against the defendant and that the defendant has done him a wrong and the question is whether the plaintiff has so acted as to disentitle him from asserting his right and from seeking redress from the wrong which has

been done to him. Cases may occasionally lay down principles and so forth which are a guide to the court, but each case depends upon its own circumstances. Dealing with the question of standing by in *Codes v. Addis and Son* [(1923) 40 RPC 130, 142] at p. 142, Eve, J. said:

?For the purpose of determining this issue I must assume that the plaintiffs are traders who have started in this more or less small way in this country, and have been continuously carrying on this business. But I must assume also that they have not, during that period, been adopting a sort of Rip Van Winkle policy of going to sleep and not watching what their rivals and competitors in the same line of business were doing. I accept the evidence of any gentleman who comes into the box and gives his evidence in a way which satisfies me that he is speaking the truth when he says that he individually did not know of the existence of a particular element or a particular factor in the goods marketed by his opponents. But the question is a wider question than that : ought not he to have known : is he entitled to shut his eyes to everything that is going on around him, and then when his rivals have perhaps built a very important trade by the user of indicia which he might have prevented their using had he moved in time, come to the Court and say : "Now stop them from doing it further, because a moment of time has arrived when I have awakened to the fact that this is calculated to infringe my rights." Certainly not. He is bound, like everybody else who wishes to stop that which he says is an invasion of his rights, to adopt a position of aggression at once, and insist, as soon as the matter is brought to Court, it ought to have come to his attention, to take steps to prevent its continuance; it would be an insufferable injustice were the Court to allow a man to lie by while his competitors are building up an important industry and then to come forward, so soon as the importance of the industry has been brought home to his mind, and endeavour to take from them that of which they had legitimately made use; every day when they used it satisfying them more and more that there was no one who either could or would complain of their so doing. The position might be altogether altered had the user of the factor or the element in question been of a secretive or surreptitious nature; but when a man is openly using, as part of his business, names and phrases, or other elements, which persons in the same trade would be entitled, if they took steps, to stop him from using, he gets in time a right to sue them which prevents those who could have stopped him at one time from asserting at a later stage their right to an injunction.?

In *Mc. Caw Stevenson & Orr Ltd. v. Lee Bros.* [(1960) 23 RPC 1] acquiescence for four years was held to be sufficient to preclude the plaintiff from succeeding. In 1897 the plaintiffs in that case registered the word ?glacier? as a trade mark in respect of transparent paper as a substitute for stained glass. As the result of user the word had become identified with the plaintiffs' goods. In 1900 the defendants commenced to sell similar goods under the name ?glazine.? In 1905 the plaintiffs commenced an action for infringement. The defendants denied that the use of the word ?glazine? was calculated to deceive and also pleaded

acquiescence. A director of the plaintiff company admitted that he had known of the use of the word "glazine" by the defendants for four years — he would not say it was not five years. It was held that the plaintiffs failed on the merits and by reason of their delay in bringing the action.

Delay simpliciter may be no defence to a suit for infringement of a trade mark, but the decisions to which I have referred to clearly indicate that where a trader allows a rival trader to expend money over a considerable period in the building up of a business with the aid of a mark similar to his own he will not be allowed to stop his rival's business. If he were permitted to do so great loss would be caused not only to the rival trader but to those who depend on his business for their livelihood. A village may develop into a large town as the result of the building up of a business and most of the inhabitants may be dependent on the business. No hard and fast rule can be laid down for deciding when a person has, as the result of inaction, lost the right of stopping another using his mark. As pointed out in *Rowland v. Michell* [*Rowland v. Michell*, (1897) 14 RPC 37, 43] each case must depend on its own circumstances, but obviously a person cannot be allowed to stand by indefinitely without suffering the consequence."

29. This is the legal position. Again in *Halsbury's Laws of England*, Fourth Edn., Vol. 24 at paragraph 943 it is stated thus:

"943. Acquiescence.— An injunction may be refused on the ground of the plaintiff's acquiescence in the defendant's infringement of his right. The principles on which the court will refuse interlocutory or final relief on this ground are the same, but a stronger case is required to support a refusal to grant final relief at the hearing. [*Patching v. Dubbins* [(1853) Kay 1 : 69 ER 1] ; *Child v. Douglas* [(1854) 5 De GM&G 739 : 43 ER 1057] ; *Johnson v. Wyatt* [(1863) 2 De GJ&Sm 18 : 46 ER 281] ; *Turner v. Mirfield* [(1865) 34 Beav 390 : 55 ER 685] ; *Hogg v. Scott* [(1874) LR 18 Eq 444] ; *Price v. Bala and Festiniog Rly. Co.* [(1884) 50 LT 787]] The reason is that at the hearing of the cause it is the court's duty to decide upon the rights of the parties, and the dismissal of the action on the ground of acquiescence amounts to a decision that a right which once existed is absolutely and for ever lost: *Johnson v. Wyatt* [(1863) 2 De GJ&Sm 18 : 46 ER 281] at 25; and see *Gordon v. Cheltenham and Great Western Union Rly. Co.* [(1842) 5 Beav 229, 233 : 49 ER 565] per Lord Langdale MR."

30. In *Aktiebolaget Manus v. R.J. Fullwood & Bland, LD.* [(1948) 55 RPC 329, 338] at pp. 338-39 it was held thus:

"Apart from this point the case of *Fullwood v. Fullwood* [(1878) 9 Ch D 176 : 47 LJ Ch 459] shows that the injunction in a passing-off case is an injunction sought in aid of a legal right, and that the Court is bound to grant it if the legal right be established unless the delay be such that the Statute of Limitations would be a bar. That case apparently concerned some predecessors of the defendants. The delay was one of rather under two years and the relief sought was an injunction to restrain the use by the defendants of cards and wrappers calculated to induce

the belief that his business was connected with the plaintiff. Fry, J., in the course of his judgment said this: ?

Now, assuming, as I will, for the purpose "of my decision, that in the early part of 1875 the plaintiff knew of all the material facts" which have been brought before me today, he commenced his action in November 1876.

"In my opinion that delay, and it is simply delay, is not sufficient to deprive the plaintiff of" his rights. The right asserted by the plaintiff in this action is a legal right. He is, in "effect, asserting that the defendants are liable to an action for deceit". It is not suggested in the defence that the delay here involves a question under or analogous to the period under the Statute. The defendants did suggest that there had been something more than mere delay on the part of the plaintiffs, and that the plaintiffs had lain by and allowed the goodwill which the plaintiffs now propose to acquire, but this point was not seriously pressed. It was suggested that Mr Evans Bajker, the plaintiffs' solicitor, knew from 1941 onwards what the defendants were doing, but it is impossible to impute to a busy solicitor a knowledge which he could only acquire by seeing advertisements in local or farming papers advertising the defendants' activities. No direct information was afforded to him; on the contrary it will be remembered that when in 1942 he made enquiries on behalf of his clients information was studiously withheld from him. I conclude therefore that there has been no acquiescence to disentitle the plaintiff to relief.'"

31. In *Electrolux LD. v. Electrix* [1954 RPC 23, 34] at pp. 32 and 33 it was held thus:

"I now pass to the second question, that of acquiescence, and I confess at once that upon this matter I have felt no little sympathy for the defendants, and have been not a little envious of the good fortune which has attended the plaintiffs, though no doubt they may justly attribute it to the astuteness of their advisers; but, as has already been said, the defendants have traded openly and (as the Judge found) honestly, beyond any question, in the ordinary course and substantially under this name ?Electrix? for a very long period of time, since early 1930's. During that time, they have built up (I doubt not) a valuable goodwill associated with that name. If the possibility that the mark ?Electrolux? was infringed is out of the way, and if I disregard for the moment (as I do) the point taken by Mr Kenneth Johnstone that in any event for use of ?Electrolux? was a sufficient use for the purpose of Section 26(1) of ?Electrix? (seeing that the two marks were associated). I have no doubt that if the plaintiff had challenged in the courts the right of the defendants to use ?Electrix? before they have effect to their decision to apply the word ?Electrix? to their cheaper model in lieu of ?Electrolux?, they would in all probability have failed, because the defendants' motion to strike the word ?Electrix? off the Register would have succeeded, but the fact is that when the battle was joined, ?Electrix? was no longer vulnerable on that account, unless the defendants can establish that the use was not bona fide, a matter to which I shall come presently. It is, however,

said that by the defendants that the plaintiffs have deprived themselves of their legal right or, at least, of any right to the equitable remedy of injunction.

Upon this matter, a great deal of learning has been referred to, and we have also had our attention drawn to a number of cases. The latter include the well-known statement in *Willmott v. Barber* [(1880) 15 Ch D 96 : 43 LT 95] by Fry, J. (as he then was) at p. 105. He said this: "It has been said that the acquiescence which will deprive a man of his legal rights must amount to fraud, and in my view that is an abbreviated statement of a very true proposition. A man is not to be deprived of his legal rights unless he has acted in such a way as would make it fraudulent for him to set up those rights". Let me pause here to say that I do not understand that, by the word "fraudulent", the learned Judge was thereby indicating conduct which would amount to a common law tort of deceit. "What, then, are the elements or requisites necessary to constitute fraud of that description?" In the first place "the plaintiff must have made a mistake as to his legal rights". Secondly, the plaintiff must "have expended some money or must have done some act (not necessarily upon the defendant's land) on the faith of his mistaken belief". Thirdly, the defendant, the possessor of "the legal right, must know of the existence of his own right which is inconsistent with "the legal right, must know of the existence of his own right which is inconsistent with" the right claimed by the plaintiff. If he does not know of it he is in the same position "as the plaintiff, and the doctrine of acquiescence is founded upon conduct with a knowledge" of your legal rights. Fourthly, the defendant, the possessor of the legal right, must know "of the plaintiff's mistaken belief of his rights. If he does not, there is nothing which" calls upon him to assert his own rights. Lastly, the defendant, the possessor of the legal "right, must have encouraged the plaintiff in his expenditure of money or in the other acts which he has done, either directly or by abstaining from asserting his legal right". In reading that passage, it is perhaps necessary to note (because it makes it at first sight a little more difficult to follow) that the positions of plaintiff and defendant as they are usually met with are there transposed, and that one of the parties who is there spoken of as the plaintiff corresponds with the present case with the defendants, and vice versa."

32. *Amritdhara Pharmacy v. Satyadeo Gupta* [(1963) 2 SCR 484 : AIR 1963 SC 449] is a case where Halsbury was quoted with approval. However, on the facts of that case it was held that the plea of acquiescence had not been made out."

62. While judging the plea of acquiescence, this Court must also consider whether the adoption of the mark by the Appellant was bona fide. As noted herein above, in India, the Appellant adopted branding containing the term "NEWGEN", which closely resembles the Respondent's Mark immediately after or around when the Partnership Agreement was terminated by the Respondent. Therefore, prima facie, the said adoption cannot be considered as a bona fide adoption. Moreover, immediately after the termination of the Partnership Agreement itself, the Respondent took various steps to protect its rights in the

Subject Marks, including filing a rectification application before the Ministry of Corporate Affairs and even notifying SEBI about the said developments. In view thereof, the Respondent cannot be said to be sitting by, when the Appellant was invading its rights in the Subject Marks. Therefore, the plea of acquiescence taken by the Appellant is liable to be rejected.

63. With respect to the Appellant's allegations of suppression, the Supreme Court in *Arunima Baruah v. Union of India & Ors.*, (2007) 6 SCC 120, clarified that suppression of a material fact must relate to something material for determining the lis, meaning that it must be relevant to the court's decision to grant or deny the relief sought, and if the suppressed fact does not materially affect that determination, the court is not necessarily obliged to withhold discretionary relief. The Supreme Court observed as follows:

12. It is trite law that so as to enable the court to refuse to exercise its discretionary jurisdiction suppression must be of material fact. What would be a material fact, suppression whereof would disentitle the appellant to obtain a discretionary relief, would depend upon the facts and circumstances of each case. Material fact would mean material for the purpose of determination of the lis, the logical corollary whereof would be that whether the same was material for grant or denial of the relief. If the fact suppressed is not material for determination of the lis between the parties, the court may not refuse to exercise its discretionary jurisdiction. It is also trite that a person invoking the discretionary jurisdiction of the court cannot be allowed to approach it with a pair of dirty hands. But even if the said dirt is removed and the hands become clean, whether the relief would still be denied is the question." (Emphasis supplied)

64. This Court also, in *Deen Dayal Anand Kumar Saraf v. Paras Agarwal*, 2024 SCC OnLine Del 6299, held that it is necessary for the Court to consider whether disclosure of the facts, which a party has failed to disclose, could possibly result in an unfavourable decision for the party and if the answer is in the affirmative, the non-disclosure of such facts may amount to suppression of facts. The relevant paragraphs state as follows:

"14. The principal question to be addressed is whether non-disclosure of the C&D notice is fatal to the appellant's claim for discretionary relief.

15. Undisputedly, the C&D notice and the respondents' reply to the C&D notice are relevant documents and ought to have been disclosed. It is the appellant's case that it derived no benefit from not disclosing the said documents and the appellant had inadvertently overlooked to refer to them in the pleadings and to place them on record. The appellant has explained that this was because of the change of the counsel prior to the filing of the suit.

16. There is no cavil that the party approaching the Court must fully disclose all the material facts and any party approaching the Court with unclean hands would not be entitled to any discretionary relief. The decision whether a party should be denied discretionary relief solely on account of nondisclosure of any fact(s) must

be informed by addressing the following questions: (a) whether the fact(s) suppressed are vital and material to the relief sought for by the party; and (b) whether the fact has been suppressed deliberately.

17. The question whether the fact(s) suppressed are material to the relief sought, must be determined by examining whether the disclosure of such fact(s) could possibly lead to an adverse decision. It is only the nondisclosure of those facts, which are adverse to the case of the party, that warrant denial of discretionary relief. It is necessary for the Court to consider whether disclosure of the facts, which a party has failed to disclose, could possibly result in an unfavourable decision for the party. Clearly, non-disclosure of facts that are favourable to the case of the party, would not warrant denial of discretionary relief to that party.

18. The substratal principle of denying equitable relief to a party, which approaches the Court with unclean hands rests on the principle that a person whose conduct is inequitable is not entitled to any equity. The said principle has been explained in Halsbury's Laws of England as under:

"1305. He who comes into equity must come with clean hands. —A court of equity refuses relief to a plaintiff whose conduct in regard to the subject-matter of the litigation has been improper. This was formerly expressed by the maxim ? he who has committed iniquity shall not have equity?, and relief was refused where a transaction was based on the plaintiff's fraud or misrepresentation, or where the plaintiff sought to enforce a security improperly obtained, or where he claimed a remedy for a breach of trust which he had himself procured and whereby he had obtained money. Later it was said that the plaintiff in equity must come with perfect propriety of conduct, or with clean hands. In application of the principle a person will not be allowed to assert his title to property which he has dealt with so as to defeat his creditors or evade tax, for he may not maintain an action by setting up his own fraudulent design.

The maxim does not, however, mean that equity strikes at depravity in a general way; the cleanliness required is to be judged in relation to the relief sought, and the conduct complained of must have an immediate and necessary relation to the equity sued for; it must be depravity in a legal as well as in a moral sense. Thus, fraud on the part of a minor deprives him of his right to equitable relief notwithstanding his disability. Where the transaction is itself unlawful it is not necessary to have recourse to this principle. In equity, just as at law, no suit lies in general in respect of an illegal transaction, but this is on the ground of its illegality, not by reason of the plaintiff's demerits."

19. The above passage was also referred to by the Supreme Court in *Arunima Baruah v. Union of India*, (2007) 6 SCC 120.

20. In *Spry on Equitable Remedies*, the author had referred to the decisions in *Moody v. Cox* : [[1917] 2 Ch. 71 : [1916- 17] All ER 548 (CA)] and *Meyers v. Casey* : [(1913) 17 CLR 90] and had explained "... that the absence of clean hands is of no account ?unless the depravity, the dirt in question on the hand,

has an immediate and necessary relation to the equity sued for”.

21. In the present case, neither the C&D notice nor the respondents' reply to the C&D Notice provides a cause for denying the interim relief to the appellant. Viewed in this perspective, non-disclosure of the said documents does not present any reason for denying interim relief to the appellant.” (Emphasis supplied)

65. Be that as it may, even on merits, the Appellant has alleged suppression by the Respondent based on the following:

(a) that the Respondent engaged in business communications for nearly two years when the Appellant was using emails and domains having the element of “Newgen”;

(b) that the Respondent’s trademark registration pertains only to a label and does not confer statutory rights over the term “Newgen”;

(c) that the Respondent previously argued before the Trade Marks Office in favour of the co-existence of similar marks if sufficiently distinguishable and is now taking a contradictory stand; and,

(d) that several other entities, some predating the Respondent, also use trade names having “NEWGEN”

66. In support of its contentions, the Appellant has relied on several emails exchanged with the Respondent. A closer scrutiny reveals that many of these emails, which either predate or coincide with the existence of a partnership between the parties, reflect the Appellant’s operations under the name “VCARE InfoTech Solutions and Services Pvt. Ltd.”, which is its former name. Notably, an email dated 28.11.2023 explicitly states: “In India, we are VCARE InfoTech Solutions and Services Pvt. Ltd”. This clearly demonstrates that, notwithstanding the appearance of the term “NEWGEN” in the communications, the Appellant was, in fact, operating in India under the VCARE name. Accordingly, even if this fact had been before the learned District Judge, it would not have influenced the outcome. It must be remembered that trademark protection is territorial in nature; the use of the mark in one jurisdiction does not ipso facto lead to the generation of goodwill or protection in the other jurisdiction. The protection of the trademark in the other jurisdiction can be obtained only if it is shown that the trademark has been used in the other jurisdiction or there is a transborder reputation of the subject mark. In the present case, the Appellant has failed to meet this test. In *Toyota Jidosha Kabushiki Kaisha Vs. Prius Auto Industries Ltd. & Ors.*

(2018) 2 SCC 1, this concept has been explained as under:

“33. The overwhelming judicial and academic opinion all over the globe, therefore, seems to be in favour of the territoriality principle. We do not see why the same should not apply to this Country.

34. To give effect to the territoriality principle, the courts must necessarily have to determine if there has been a spillover of the reputation and goodwill of the mark used by the claimant who has brought the passing off action. In the course of such determination it may be necessary to seek and ascertain the existence of not necessarily a real market but the presence of the claimant through its mark within a particular territorial jurisdiction in a more subtle form which can best be manifested by the following illustrations, though they arise from decisions of Courts which may not be final in that particular jurisdiction."

67. The Appellant would also claim that the Respondent attended events organized by the Appellant under the name "Newgen IT" in June 2024, and that this fact was suppressed. However, this period corresponds with the time when the partnership between the parties was active. Such participation would be consistent with the existing arrangement, and if it had not been, it would likely have constituted a breach of partnership. Therefore, these facts, even if not disclosed in the Respondent's plaint, do not materially impact the case and may even undermine the Appellant's position.

68. We also reject the Appellant's contention that the Respondent's trademark registration relates solely to a label, and therefore, does not confer statutory rights over the word "NEWGEN". As reproduced in the Impugned Order, the Respondent currently holds more than 18 valid and subsisting trademark registrations prominently featuring "Newgen" as the dominant and distinctive element. Many of these marks date back decades. The Appellant's selective focus on a single label mark, in an attempt to undermine the Respondent's broader trademark rights, and its accompanying allegation of suppression, are legally unfounded and without merit. Even otherwise, 'NEWGEN' is the predominant mark of the label. It is a settled principle of law that though the trademark should ideally be considered as a whole, there can be a predominant mark of the same which would attract the attention of the customer and have a recall value. The said predominant part of the trademark would, therefore, be entitled to an equivalent protection from misuse and violation.

69. The Appellant has also argued that the Respondent had previously submitted, before the Trade Marks Office, that similar marks could co-exist if sufficiently distinguishable, but now adopts a contrary stance. In our view, this too does not amount to suppression. The specific context in which such representations were made, including the identity of the marks involved, the goods or services concerned, and the territorial scope of operation, must be examined. Generalized past statements cannot serve to estop a party from asserting its legal rights in a new factual context. For this purpose, the Appellant's reliance on the judgment of SK Sachdeva (supra) is also misplaced. That case involved the term "Shri Ram", a religious and commonly used expression in the public domain. The present case is distinguishable. Even if, arguendo, "Newgen" were considered generic or descriptive, an assumption made in the Appellant's favour, longstanding and consistent use can endow it

with acquired distinctiveness, thereby justifying protection. Even otherwise, the Appellant, having acknowledged the right of the Respondent in the said mark, is now estopped from challenging the same.

70. The Appellant also contends that the Respondent suppressed the existence of other entities using "Newgen" in their trade names. However, the mere existence of third-party use would not, by itself, amount to suppression. Trademark rights are assessed contextually, based on various factors including the industry, market presence, geographic reach, and consumer perception. Such third-party usage cannot be generalized to undermine the Respondent's claims, particularly when the parties in question, Appellant and Respondent, have been in a formal business relationship and operate in the same industry.

71. In this case, it is undisputed that the Appellant initially entered the Indian market under the name "Vcare InfoTech Solutions and Services Pvt. Ltd." and after having formal business relations with the Respondent, the Appellant adopted branding containing the term "Newgen", which closely resembles the Respondent's mark. Given the similarity in business activities between the parties, references to unrelated third-party use of "Newgen" are not analogous.

72. The present case would necessarily have to be viewed in the context of the prior relationship between the parties. When viewed through that lens, the Appellant's adoption of the mark "Newgen" does not appear to be either innocent or entirely bona fide at this stage.

73. While the Appellant is entitled to raise all these arguments as part of its defence before the learned District Judge, they do not constitute suppression of material facts, sufficient to justify setting aside the injunction granted in favour of the Respondent. These matters are more appropriately examined in the course of a full trial, with the benefit of the complete evidentiary record and a thorough analysis of all relevant facts.

74. Accordingly, we are of the considered opinion that the learned District Judge committed no error in rejecting the Appellant's application under Order XXXIX Rule 4 of the CPC and confirming the ex-parte ad-interim order, and we therefore, find no merit in these appeals.

75. The appeals are accordingly dismissed.

76. It is, however, made clear that the findings set out herein are only prima facie observations, which shall not bind or prejudice the court at the final stage when the matter is decided on merits after the parties have led evidence.