(2011) 12 MAD CK 0219

In the Madras High Court

Case No : O.A. No''s. 764, 765 and 766 of 2011 in C.S. No. 617 of 2011

United Apirits Limited APPELLANT

Vs

Henkel India Limited and Others RESPONDENT

Date of Decision : 13-12-2011

Acts Referred:
Civil Procedure Code, 1908 (CPC) — Order 39 Rule 1, Order 39 Rule 2
Trade Marks Act, 1999 — Section 148, 2(1), 6

Citation : (2012) 50 PTC 123

Hon'ble Judges : Vinod K. Sharma, J

Bench : Single Bench

Judgement

Vinod K. Sharma, J.

(i) A. No. 764 of 2011:

This application, under Order XIV, Rule 8 of the Original Side Rules, read with Order XXXIX, Rules 1 and 2 of the Code of Civil Procedure, has been moved by the applicant / plaintiff, for grant of an-interim injunction, restraining the respondents, their distributors, stockiest, servants, agents, retailers, assigns, representatives or any other person claiming under/through them from in any manner infringing the applicant''s registered trademark ARAMUSK by manufacturing, selling, offering for sale, stocking, advertising, either directly and/ or indirectly any goods and in particular cosmetic goods and/or allied products under the trademark ''ARAMUSK'' and/or any other mark either in English or any other language, which is identical with and/ or deceptively similar to applicant''s registered trademark or in any other manner whatsoever, pending disposal of the suit.

(ii) A. No. 765 of 2011:

This application, under Order XIV, Rule 8 of the Original Side Rules, read with Order XXXIX, Rules 1 and 2 of the Code of Civil Procedure, has been moved by the applicant / plaintiff, for grant of an-interim injunction restraining the respondents, their distributors, stockiest, servants, agents, retailers, assigns, representatives or any other person claiming under/through them from in any manner person claiming under/through them from in any manner manufacturing, selling, offering for sale, stocking, advertising, either directly and / or indirectly any goods and in particular cosmetic goods and/or allied products under trademark ''ARAMUSK'' and/or any other mark either in English or any other language, which is identical with and/or deceptively similar to applicant''s trademark "ARAMUSK" so as to pass off the respondents'' products as and for the products of the applicant or in any other manner whatsoever connected with the applicant, pending disposal of the suit.

(iii) A. No. 766 of 2011:

This application, under Order XIV, Rule 8 of the Original Side Rules, read with Order XXXIX, Rules 1 and 2 of the Code of Civil Procedure, has been moved by the applicant / plaintiff, for grant of an-interim injunction restraining the respondents, their men, servants, agents, assigns or anyone claiming through or under them from dealing with the applicant''s trademark ARAMUSK.

1. The applicant / plaintiff has filed a suit for injunction restraining respondents from dealing and transacting their business under the trademark "ARAMUSK" or any other associated marks, which are owned by the applicant / plaintiff exclusively.

2. The pleaded case of the applicant / plaintiff is that, the trademark "ARAMUSK" is the property of M/s. Shaw Wallace and Company Limited, which stood amalgamated with the applicant / plaintiff with all its assets and liabilities. The applicant / plaintiff; thus, is the registered owner of trademark "ARAMUSK", and that the defendants have no right or interest, to use the said trademark.

3. That M/s. Shaw Wallace & Company Ltd had entered into agreement on 22.01.1999, with M/s. Henkel Spic India Ltd., before its amalgamation with the applicant / plaintiff. The preamble of the agreement executed between M/s. Shaw Wallace & Company Ltd and M/s. Henkel Spic India Ltd. reads as follows:

WHEREAS

(i) The Seller has for many years been engaged in the Business of Consumer Products (BCP") and has acquired a good reputation therein;

(ii) The Seller has engaged in the BCP through the Consumer Products Division ("CPD") of the Seller and through the Calcutta Chemical Company Limited, an existing public limited company within the meaning of the Companies Act 1956, and having its Registered Officer at 28, S. Roy Road, Calcutta 700039 and Detergents India Ltd, an existing public limited company within the meaning of the Companies Act, 1956, and having its Registered Office at Industrial Development Area, Kodur-516 101, Cuddapah District, Andhra Pradesh. The Seller indirectly holds shares in the aforesaid two public limited companies through its subsidiaries;

(iii) The Seller had on 15th April 1997 issued a tender document inviting offers by way of bids for the purchase of BCP consisting inter alia of the following:

(a) the Seller''s right, title and interest in the Aramusk trademarks;

(b) the right and/or benefit to distribute the products of the Calcutta Chemical Company Ltd;

(c) the right and/or benefit to distribute the products of Detergents India Ltd.,

(d) the distribution network of the Seller

(e) 39 employees of the CPD;

(f) net current assets of the CPD;

(iv) The Purchaser in response to the aforesaid tender document, submitted its bid to purchase the BCP. The aforesaid bid was accepted by the Seller vide its letter of 11th August, 1997;

(v) By an order of the Calcutta High Court dated 8 May 1998 read with the order of the Calcutta High Court dated 14th May 1998 ("the Orders"), being Annexure 17 hereto, the Calcutta High Court has directed that all proceeds from the sale of the CPD of the seller should be invested by the Seller in a short term Fixed Deposit Account to be opened with Standard Chartered Bank, Netaji Subhash Road, Calcutta, in the joint names of Mr. N.C. Roychowdhury & Mr. B.L. Vyas.

(vi) The Seller has, in compliance with the Orders, opened a short term Fixed Deposit Account with Standard Chartered Bank, Netaji Subhash Road, Calcutta, in the joint names of Mr. N.C. Roychowdhury & Mr. B.L. Vyas, being fixed deposit account Number 32205087063.

(vii) The Seller has requested the Purchaser to assist the Seller in complying with the Orders, by paying the consideration to be paid under this Agreement, directly to the joint account of Mr. N.C. Roychodhury & Mr. B.L. Vyas-in fixed deposit account number 32205087063 with Standard Chartered Bank, Netaji Subhash Road, Calcutta.

(viii) The Purchaser has agreed to assist the Seller in complying with the Orders, by paying the consideration to be paid under this Agreement, to the joint account of Mr. N.C. Roychowdhury & Mr. B.L. Vyas in fixed deposit account number 32205087063 with Standard chartered Bank, Netaji Subhash Road, Calcutta.

(ix) Clause 8.5 of the aforesaid tender document permits the execution of a formal agreement to conclude the proposed sale of assets under the aforesaid tender document. The Seller and the Purchaser have agreed to execute this agreement in order to conclude the sale of the aforesaid assets at or for the consideration and on the terms and conditions set out in the Tender Document and herein contained.

4. That M/s. Henkel Spic India Ltd, stood amalgamated with Defendant No. 1

with all its assets and liabilities. The relevant clause of the agreement, on which reliance was placed by the learned counsel for the applicant / plaintiff, in support of relief claimed, reads as under:

2.1.1. The Seller shall, for a period of six months (hereinafter referred to as the "said period"), grant a license to the Purchaser to use the Aramusk Trademarks through a registered user license agreement in respect of the registered Aramusk Trademarks and a trademark license agreement in respect of the unregistered Aramusk Trademark (hereinafter referred to as "RUL Agreement" and "TL Agreement" respectively, collectively referred to as the ''said License Agreements''), which agreements shall be executed by the Seller in favour of the Purchaser simultaneously with the execution of this Agreement on the terms and conditions therein contained. The Purchaser shall have an option to renew the said License Agreements for a further period of six months in accordance with the terms and conditions contained therein (the extended period).

2.1.2. In the event that any of the unregistered Aramusk Trademarks are registered within the said period or the extended period the Seller hereby undertakes to, immediately upon such registration, execute a registered user license agreement in respect of the newly registered trademarks in favour of the Purchaser on the same terms and conditions as the RUL Agreement referred to above and further do all acts, deeds matters and things that may be necessary for the purpose of registering the Purchaser as the registered user licensee of the Seller.

2.1.3. The Seller and the Purchaser shall file with the Registrar of Trademarks, a joint application for the purpose of registering the Purchaser as the registered user licensee of the registered Aramusk Trademarks within the Registrar of Trademarks, accompanied by:

2.1.3.1. the RUL Agreement or a duly authenticated copy thereof;

2.1.3.2. an affidavit executed in accordance with the provisions of the Trade and Merchandise Marks Act, 1958, in support of the joint application referred to in Clause 2.1.2.

2.1.4. The Seller shall, within the said period or any extension thereof, endeavour and take all necessary steps to obtain a clarification, from the Calcutta High Court(s) with respect to the orders of injunction passed on 21st November, 1995 in the BDA Case and on 11th December, 1997 in the Hota Hoti case (the said clarification) to ensure that the Seller has the right to assign and transfer the Aramusk Trademarks to the Purchaser.

2.1.5. The Purchaser shall deposit the aforesaid consideration of Rs. 1,700,000 (Rupees one million seven hundred thousand only) in escrow (hereinafter referred to as the "Escrow Amount") with an escrow agent, the terms and conditions of which are contained in a separate escrow agreement between the Purchaser, the Seller and the escrow agent to be executed simultaneously with the execution of this Agreement. The escrow agent shall invest the Escrow Amount in the manner set out in the escrow agreement and the interest accruing thereon shall form consideration for the license granted by the Seller in favour of the Purchaser under said License Agreements. The escrow agreement referred to above shall also be valid and subsisting for the said period or any extension thereof, and shall be terminated in the manner stated below.

2.1.6. The escrow agent shall, upon receipt of the joint letter referred to in Clause 2.1.6:

2.1.7.1. release the escrow amount to the Seller towards the consideration for the assignment and transfer of the Aramusk Trademarks.

2.1.7.2. release the interest accrued on the escrow amount to the Seller towards the consideration for the license granted under the said License Agreements.

5. The parties to the agreement also entered into User License Agreement and TL Agreement with intention to permit the proposed vendee to use the trademark, pending execution of assignment deed.

6. Learned counsel for the senior counsel appearing on behalf of the non applicants / defendants, on the other hand, placed reliance on Clauses-10.2.8.7 and 10.2.8.11 of the agreement dated 22.01.1999, executed between M/s. Shaw Wallace & Company Ltd and M/s. Henkel Spic India Ltd, merged companies, which reads as under:

10.2.8.7 The Seller shall, after the Closing Date completely disassociate with the Aramusk Trademarks and shall not do and make any act, deed, writing or notice at the cost of the Purchaser, to indicate or establish to the public at large or to any section of it or to any one or more specified persons or authorities that the Aramusk Trademarks and the Goodwill belong to the Seller.

The Seller shall remove from its premises and its assets, the Aramusk Trademarks and wherever practicable deliver all material (including the Promotional Material) bearing the Aramusk Trade Marks to the Purchaser or dispose of the same in accordance with the directions of the purchaser.

10.2.8.11 The Seller shall not after the Closing Date challenge, contest or dispute the validity or absolute right of the Purchaser in, to or upon the Aramusk Trademarks, nor shall the Seller challenge, contest or dispute the application for registration by the Purchaser (or by any person upon whom the Purchaser confers such rights) of the Aramusk Trademarks anywhere in the world.

7. Learned counsel for the applicant / plaintiff also referred to the License Agreement dated 22.01.1999, entered between the parties prohibiting the use of the trademark on expiry of the agreement between the parties.

8. Learned counsel for the applicant / plaintiff, in support of the applications, vehemently contended that the applicant / plaintiff has prima facie case, as it is not disputed that the applicant / plaintiff is the registered owner of the

trademark. The defendants, therefore, without consent of the applicant / plaintiff, have no right or title to use the trademark, as the applicant cannot claim the assignment of the trademark in their favour in absence of any agreement in writing. To butter this argument, learned counsel for the applicant / plaintiff referred to Section 2(1)(b) of the Trade Marks Act, 1999, which defines assignment as under:

2(1) In this Act, unless the context otherwise requires, -

(b) "assignment" means an assignment in writing by act of te parties concerned

9. Learned counsel for the applicant / plaintiff also referred to Section 6 of the Trade Marks Act, 1999, which reads as under:

(1) For the purposes of this Act, a record called the Register of Trade Marks shall be kept at the head office of the Trade Marks Registry, wherein shall be entered all registered trade marks with the names, addresses and description of the proprietors, notifications of assignment and transmissions, the names, addresses and descriptions of registered users, conditions, limitations and such other matter relating to registered trade marks as may be prescribed.

(2) Notwithstanding anything contained in sub-section (1), it shall be lawful for the Registrar to keep the records wholly or partly in computer floppies, diskettes or in any other electronic form subject to such safeguards as may be prescribed.

(3) Where such register is maintained wholly or partly on computer under sub-section (2) any reference in this Act to entry in the register shall be construed as the reference to any entry as maintained on computer or in any other electronic form.

(4) No notice of any trust, express or implied or constructive, shall be entered in the register and no such notice shall be receivable by the Registrar.

(5) The register shall be kept under the control and management of the Registrar.

(6) There shall be kept at each branch office of the Trade Marks Registry a copy of the register and such of the other documents mentioned in section 148 as the Central Government may, by notification in the Official Gazette, direct.

(7) The Register of Trade Marks, both Part A and Part B, existing at the commencement of this Act, shall be incorporated in and form part of the register under this Act.

to contend that the Registrar of Trade Marks is also not competent to take notice of any trust or express implied or constructive, therefore, the contention was that the applicant / plaintiff continues to be the registered owner of trademark.

9. Learned counsel for the applicant / plaintiff also contended that the right to seek injunction against use of registered trademark is a statutory right under the Trade Marks Act, therefore, the applicant / plaintiff not only has prima facie case, being the registered owner of trademark, but also has the statutory right to seek

injunction.

10. The applications are opposed by the learned senior counsel for the defendants / non applicants on the ground that in terms of the agreement entered into between the parties from the date of agreement between M/s. Shaw Wallace & Company Ltd and M/s. Henkel Spic India Ltd, the plaintiff lost its right to use the trademark, which is now to be used exclusively by defendants.

11. It was the contention of the learned counsel that under terms of agreement, defendants / non applicants were to pay the sale consideration of Rs. 17,00,000/- (Rupees Seventeen Lakhs only), which ultimately was deposited with the Solicitor, carrying interest under the settlement between the parties. The assignment deed was not entered, as clarification was required to be taken from the Hon''ble High Court of Calcutta. On receipt of the said clarification, the parties thereafter, negotiated further to settle the compromise assignment and finally the applicant / plaintiff has refused to sign the assignment deed in arbitrary manner in spite of liberty given to the applicant / plaintiff for recovery of the amount of Rs. 17,00,000/-(Rupees Seventeen Lakhs only) from the Solicitor, deposited by the defendants.

12. It was next contended by the learned senior counsel for the defendants / non applicants that the plaintiff now sought to seek injunction after having entered into agreement specially when there is no right under the contract for cancellation of agreement by applicant / plaintiff.

13. Learned senior counsel for the non applicants, therefore, vehemently contended that the plaintiff/ applicant cannot take advantage of their own wrong in not executing the deed of assignment to seek injunction against use of trademark, which is being used by defendants / non applicants since the date of execution of agreement between the parties, i.e. 22.01.1999.

14. On consideration, I find force in the contention raised by the learned senior counsel for the defendants / non applicants. It would be seen from the terms of the contract that only obligation on the defendants / non applicants was to pay the sale consideration of Rs. 17,00,000/- (Rupees Seventeen Lakhs only), which was admittedly deposited with the Solicitor to be released for signing of assignment deed. It is also proved on record that only impediment in signing of the assignment deed was the clarification required from the Hon''ble Calcutta High Court, which ultimately was obtained by the applicant / plaintiff. There is thus no justification with the applicant / plaintiff to refuse the signing of assignment deed and seek injunction.

15. While granting interim injunction, one of the consideration by the Court is that the plaintiff should come to Court with clean hand. The conduct of the applicant / plaintiff in no signing the assignment deed, though sale considered had been deposited and agreed to be released to plaintiff, there is no justification whatsoever with the applicant / plaintiff, who has not signed the assignment deed and to drag the defendants in litigation over trademark.

16. The very fact that no more obligation is required to be performed by the defendants and the ball is in the court of the applicant / plaintiff to sign the assignment deed. It cannot be said that the applicant / plaintiff has prima facie case or is entitled to interim injunction. No merits. Dismissed. No costs.

