

* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

% Date of decision: 20.08.2010

+ FAO (OS) NO.1 OF 2010 and CM No.51/2010

WHEELS INDIA

...APPELLANT

Through: Mr.Mohan Vidhani and Mr.
Rahul Vidhani, Advocates.

Versus

NIRMAL SINGH & ORS.

...RESPONDENTS

Through: Mr.Ajay Sahni, Mr.Siddharth
Bambha and Mr.Devanshu Jain,
Advocates.

CORAM:

HON'BLE MR. JUSTICE SANJAY KISHAN KAUL
HON'BLE MR. JUSTICE VALMIKI J. MEHTA

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| 1. | Whether the Reporters of local papers
may be allowed to see the judgment? | NO |
| 2. | To be referred to Reporter or not? | NO |
| 3. | Whether the judgment should be
reported in the Digest? | NO |

SANJAY KISHAN KAUL, J. (ORAL)

1. The appellant filed a suit for infringement of trademark,
passing off, rendition of accounts etc. against the
respondents in respect of wheel covers for use in motor
vehicles and other allied and cognate goods being used
as accessories in such motor vehicles under the

trademark 'PRINCE'. The appellant also filed an application seeking interim relief under Order 39 Rules 1 and 2 of the Code of Civil Procedure, 1908 ('the said Code' for short). The claim of the appellant was predicated on a registered trade mark since 27.09.2004 with the allegation that the respondents had come into the trade subsequently to tarnish the reputation and goodwill of the appellant. An interim order was granted in favour of the appellant on 02.06.2006. However, on the respondents moving an application under Order 39 Rule 4 of the said Code, interim order was modified on a statement of the counsel for the appellant that the appellant had no objection if the respondents continue using their firm name as 'PRINCE Auto Industries' but they should not use the trademark 'PRINCE'. The said two applications for stay and vacation of stay were, thereafter, decided in terms of the impugned order dated 15.10.2009. The application filed by the appellant under Order 39 Rules 1 and 2 of the said Code was dismissed and the interim orders were vacated. The present appeal has been preferred against the said order.

2. A reading of the plaint filed by the appellant shows that the appellant claims continuous, open and extensive use of the mark 'PRINCE' since April, 2001 with huge sales though the mark 'PRINCE' is stated to have been registered on 27.09.2004 in respect of the accessories

used in cars included in Class 12. The appellant claims to have come to know in May, 2006 that the goods of respondents were in the market with the identical trade mark 'PRINCE'. Respondents filed their written statement and contested the pleas raised by the appellant. The respondents claimed that R-2 had adopted the trade mark/trade name 'PRINCE Auto Industries' in the year 1998 which was much prior to the alleged adoption of the trademark 'PRINCE' by the appellant in the year 2001. The respondents alleged suppression of facts by the appellant. The most important suppression is stated to be non disclosure of the fact that the appellant was one of the authorized stockiest of R-2 since the year 2001 and, in fact, subsequently had entered into the written agreements dated 19.08.2002 and 20.09.2002 in that capacity. The registration of the mark by the appellant is alleged to be fraudulent soon after R-2 ceased to have any business dealing with the appellant on account of the alleged defaults in payments due to R-2. The respondents have filed documents in support of the plea including the appellant's application for registration to the sales tax authorities in September, 2001 as distributor of R-2 which fact is endorsed on the sales tax certificate of the appellant.

3. In order to arrive at the conclusion, learned Single Judge, in our considered view, has rightly framed the question

as to whether the appellant being a prior user since 1998 of the business name 'PRINCE Auto Industries' with emphasis on the mark 'Prince' be deprived and divested of its rights to use the trademark/trade name 'PRINCE' even though there is a close relationship and nexus between the trademark and trade name. The other aspect which the learned Single Judge has examined relates to the allegation of suppression of material facts. The factor which has weighed with the learned Single Judge is complete suppression in the plaint of the written agreements dated 19.08.2002 and 20.09.2002 whereby the appellant agreed to be the authorized stockiest of R-2. There is neither a whisper of these agreements in the plaint nor these documents were filed with the plaint.

4. The learned Single Judge thus found the appellant disentitled to any equitable relief of injunction on account of the deliberate suppression of material facts. The factual discussion is contained in para 18 of the impugned judgment, which is reproduced below:

18. The plaintiff, therefore, has disentitled itself to the equitable relief of injunction on account of deliberate suppression of material facts in the plaint as well as suppression of documentary evidence from the scrutiny of this Court. Concealment of material facts or documents deserves to be seriously viewed, for one who comes to the Court owes a duty to the Court to disclose all facts and documents to the Court. The contention of the plaintiff in the instant case that it had disclosed in the plaint that it was purchasing goods from the defendants is neither here nor there. The plaintiff

deliberately and intentionally, in my view, hid from the Court the fact that the defendant No.2, M/s. PRINCE Auto Industries had been dealing with the same goods, viz. wheel covers and auto accessories and had made a mark in its field of activity well before the plaintiff got registered the trademark 'PRINCE'. The plaintiff also hid from the Court the exact relationship between the plaintiff and the defendants and that there were written agreements to ensure the smooth working of the said relationship duly executed by the parties and registered with the statutory authorities. The reason for suppression of such material facts is clearly discernible. Had the plaintiff stated in the plaint that the defendant No.2 had been in the same field of activity from the year 1998 under the trade name 'PRINCE Automobile Industries' and had the plaintiff further stated in the plaint that it had been working as the authorised stockist of the plaintiff from the year 2001 to the 15th of September, 2004, the plaintiff, in my view, may not have succeeded in obtaining an *ex parte* ad interim injunction from this Court, which is enuring to the benefit of the plaintiff till date, though with some modification.

5. In our considered view, the learned Single Judge has applied the correct approach to the matter in question as it is trite to say that a party approaching the Court must come with clean hands. The non-disclosure or concealment of material facts dis-entitles a party to any relief, more so the discretionary relief of injunction. Had the relevant fact of prior relationship between the parties been disclosed of the appellant working as an authorized stockiest of R-2 from 2001 to 15.09.2004, there was little chance of obtaining an *ex parte* injunction. It can hardly be said that the facts not disclosed were not relevant.

The knowledge of these facts with the appellant of course is not even an issue.

6. It is in these circumstances that the reference to the judgment of the Supreme Court in S.P.Chengalvaraya Naidu (Dead) by LRs. v. Jagananath(Dead) by LRs. and Ors; (1994) 1 SCC 1 (=AIR 1994 SC 853) becomes relevant and thus any endeavour to withhold a vital document in order to gain advantage over the other side would amount to a fraud being played on the Court as well as on the opposite party.
7. We are of the view that this aspect alone is sufficient to dis-entitle the appellant to grant of any interim relief.
8. The learned Single Judge has proceeded thereafter to even analyze the case on merits.
9. The use by the appellant of the trade mark/trade name 'PRINCE' during the currency of the stockiest agreement was thus without substance and these aspects are fully supported by contemporaneous documents of competent authorities including sales tax department. The documents placed on record by R-2 of almost 70 sample copies of its bills of sales show the dealing with third parties from the month of April, 1999 while the appellant has failed to file any relevant document. Only a few bills were placed on record by the appellant relating to the mark 'PRINCE' and these bills (which are four in number) are subsequent to the year 2005. The sale figures of R-2

have been found to be nearly four times the sales figures of the appellant.

10. Taking into consideration the nature of the products and the emphasis on 'PRINCE', the trade name and trade style are almost one and the same and are thus closely associated in the public mind. The assumption of use of trademark 'PRINCE' would be that it is manufactured by 'PRINCE Auto Industries'.
11. Interestingly, it is not the respondents who approached the Court but the appellant filed the suit. Despite having obtained registration, the appellant cannot be permitted to appropriate the trademark 'PRINCE' and prevent its rival trader from using the mark in which the rival trader 'respondents' have prior user.
12. We are, in fact, surprised that after such clear and undisputed findings about the concealment by the appellant, the appellant has still traversed the path of filing an appeal. If one may say, the learned Single Judge has been more than considerate in only dismissing the interim application and not the suit since in view of the observations in S.P.Chengalvaraya Naidu (Dead) by LRs. v. Jagananath(Dead) by LRs. and Ors' case (supra) even the suit could have been thrown out on the ground of such concealment of facts. The parties which choose to approach the Court with untruths or half-baked truths must be dealt with firmly and discouraged from pursuing

such course of action. The appellant is a prime example of this.

13. The appeal and the stay application are without merit and the same are dismissed with costs quantified at Rs.50,000/- to be paid to the respondents within fifteen days.

SANJAY KISHAN KAUL, J.

AUGUST 20, 2010
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VALMIKI J. MEHTA, J.