

* IN THE HIGH COURT OF DELHI AT NEW DELHI

+ FAO(OS) 8/2012

DK ELECTRICALS INDUSTRIES

..... Appellant

Through: Mr. V.P.Singh, Sr. Advocate with
Mr. Manoj Khanna, Ms. Neharika
Maini, Ms. Beenashaw Soni and
Ms.Surachita Majumdar, Advs.

versus

SANCHETI APPLIANCES PVT. LTD

..... Respondent

Through: Mr. S.K.Bansal with Mr. Pankaj
Kumar and Mr.Vikas Khera, Advs.

AND

+ FAO(OS) 9/2012

JK ELECTRICALS

..... Appellant

Through: Mr. V.P.Singh, Sr. Advocate with
Mr. Manoj Khanna, Ms. Neharika
Maini, Ms. Beenashaw Soni and
Ms.Surachita Majumdar, Advs.

versus

SANCHETI APPLIANCES PVT. LTD

..... Respondent

Through: Mr. Sanjeev Singh with Mr. Sudhir,
Advs.

CORAM:

HON'BLE MR. JUSTICE SANJAY KISHAN KAUL

HON'BLE MR. JUSTICE VIPIN SANGHI

ORDER

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13.12.2012

The appeal is directed against the impugned order dated 09.02.2011 disposing of the applications of the respondent/original plaintiff as well as the applications filed by the appellants in their

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respective counter claim qua the trademark 'PRETTY' and 'WINNER' respectively in favour of the respondent. The second order which is assailed by the appellant is dated 22.11.2011 passed on the review applications filed qua the same trade marks by the learned single Judge.

We may also note that the common order is qua four suits but the appeals have been filed only by two parties qua the two aforesaid trademarks.

It is the case of the respondent that the appellants as the original defendants were passing off their goods as that of the respondent in respect of the said two trademarks (for purposes of record, FAO (OS) No.8/2012 deals with the passing off qua the trademark 'PRETTY' while FAO (OS) No.9/2012 deals with the trademark 'WINNER').

It is the case of the respondent that their trademark had gained considerable reputation qua the goods in question – being electrical accessories, fittings, fuse, fuse units, switches etc. In order to support this plea, the respondent relied upon, inter alia, the invoices of local sales, as well as shipping documents to Bangladesh qua the products. The claim of the user made by the respondent is since early 1980 and exports are from the year 2000. It has also been pleaded by them that the packaging of the products is identical.

The defence insofar as the trademark 'PRETTY' is concerned substantively emanates from the registration of the trademark in favour of the appellant with effect from 22.05.1994. The appellant contends that the respondent had only produced unreliable and spurious sale documents and effectively no business was being carried on since 1980 in respect of the aforesaid goods with the trade marks in question. In the alternative, it has been pleaded that even if such business was being carried on, the material produced showed little and

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insignificant sale, and that too for intermittent period without any continuous sales being established.

The learned single Judge has, however, found in favour of the respondent as noticed above. This judgment dated 09.02.2011 is predicated on a finding that the respondent has placed documentary evidence to the effect that it was making use of the two trademarks 'PRETTY' and 'WINNER' since 1980s by filing invoices of local sales from 1980s and 1990s and of exports from the year 2000 onwards. A specific finding was returned that the claim qua the trademark 'PRETTY' made by the appellant of its being used since 1992 was fallacious as the application made by the appellant for registration of the trade mark 'PRETTY' in the year 1994 itself stated that the said mark was "proposed to be used", pending registration of the mark. Thus, any so-called sales have been disbelieved. The learned single Judge has also opined after noticing the legal position that if there is a user of a trade mark by a party in favour of another party prior to the date of registration of the said trade mark, then that user can continue (as in the case of the respondent before us). Based on the finding that the respondent is a prior user, injunction has been granted in favour of the respondent. We may note that insofar as the trademark 'WINNER' is concerned, there is not even a registration of the mark claimed by the concerned appellant.

The appellants, aggrieved by the order dated 09.02.2011, preferred appeals. The appeals were disposed of by a common order dated 22.02.2011. One of the aspects noticed was that while the learned single Judge had passed orders on the application filed by the respondent for interim injunction, no order appeared to have been passed on similar applications filed by the appellants for interim orders in the respective counter claims.

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The second aspect noticed is that the counsel for the appellant appearing at that stage pleaded that they had made submissions based on the transgression of the Bureau of Indian Standards (BIS) Rules by the respondent, both orally as well as in writing, but that aspect has not been dealt with.

In view of these circumstances, the appellants sought leave to withdraw the appeals so as to approach the learned single Judge with a prayer to pronounce orders on their applications as well as to make pronouncement on all the arguments raised by them before the learned single Judge. The leave to withdraw was permitted, making it clear that the withdrawal of the appeal would not prejudice the appellants from approaching the court after review is decided, including qua aspects raised in the earlier appeals. It is thereafter that the review applications were filed which have been decided by the impugned order dated 22.11.2011.

We may also add that in view of the pleas raised by the appellants qua the authenticity of the invoices produced by the respondent, alleging them to be fabricated and only handwritten, a mini trial was conducted – recording testimony of the dealers to whom these invoices had been issued. The decision on the review application is predicated *inter alia* on these testimonies. The learned single Judge noticed that the main arguments advanced in the review applications were based on the apparent non consideration by the court of the affidavits sought to be relied upon by the appellants which had been procured from the dealers in the market. The court directed examination and cross examination of the deponents, of these affidavits i.e. the dealers, qua the veracity of those affidavits. These dealers had on affidavits denied having purchased goods from the respondent. However, in the cross examination of the deponents,

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documents were put by the respondent to these deponents before the court with a view to confront them about their credibility regarding contents of their affidavits. Thus, the learned single Judge has observed in para 12 of the impugned order dated 22.11.2011 that the compass of the review is a narrow one arising from non-advertence to the affidavits produced by the defendants/appellants herein. Thereafter, the learned single Judge has opined that when the documents – which were hand written, were put to them, though the witnesses did not admit all of them, some of them were admitted showing sale of goods in the early 1980s and thus establishing the respondent as the prior user of the mark. The invoices were over different periods and thus the story sought to be set up through these affidavits of there being no sales of the respondent could not be believed.

The first limb of the submissions of the learned senior counsel for the appellant were based on the provisions of the Bureau of Indian Standards Act, 1986 ('the said Act' for short) and the Electrical Wires, Cables, Appliances and Protection Devices and Accessories (Quality Control) Order, 2003 ('the said order' for short). Learned counsel drew our attention to the provisions of Section 14 of the said Act providing for compulsory use of the standard mark for articles and processes to certain scheduled industries. It is in furtherance of this Section that the Central Government, after consulting the bureau, issued the said order. The order referred to aforesaid was accordingly so published.

The sum and substance of the submission thus is that the respondent does not have the required registrations as provided for under the said order and, in fact, on a raid conducted by the Bureau, the violation of the said order was found – resulting even in

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prosecution of the respondent. We may note in this context, the submission of the respondent, which is that such a raid was conducted only to prejudice the business of the respondent at the behest of the appellant, and the matter has not attained any finality. The plea of the learned senior counsel of the appellant in effect is that, if there is infringement of law (in this case it is stated to have occurred on account of violation of the provisions of the said Act read with the said order), then the court would not sanctify such an Act by taking into consideration the sales of goods of the respondent which would be contrary to the requirements of the law.

The second limb of the submission in this behalf arises from the plea that this aspect has not been examined though this matter was urged at the inception when appeal was filed – where this issue was raised and noticed by the Division Bench; when the appeal was withdrawn to file a review application, and; during the hearing of the review. In the review application, once again, this matter was urged, but was not dealt with.

We may notice that, initially, to us this argument appeared to have substance – which persuaded us to hear elaborate submissions on this aspect alone, as we did not see any purpose in remitting the matter back once again to the learned single Judge. However, there is absolutely no merit in this plea for the reasons which we now proceed to record.

Learned counsel for the respondent has pointed by reference to the written synopsis of the appellant filed before the learned single Judge that there is not even a whisper of this plea at the initial stage. It is trite to say that the court does not read each sentence of the pleadings to come to its conclusions, but the conclusions are based on the pleas adverted to before the court and the submissions advanced.

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To say the least, it was inappropriate on the part of the appellant to have made a grievance of non-consideration of this plea earlier before the Division Bench while withdrawing the appeal, when the appellant itself had not urged anything on this aspect before the learned single Judge. The reason for the non consideration of this plea even on the review application is also that this plea is not seriously adverted to by the appellant. We come to this conclusion based on the written synopsis filed by the appellant itself, where there is only a passing reference to this plea without any reference to the relevant provisions of the said Act or the clauses of the said order. Learned senior counsel for the appellant concedes that it is not he who had made the submissions before the learned single Judge at either of the stages and thus, obviously, he has been instructed incorrectly to contend that this plea was advanced and not examined by the learned single Judge.

Even when we examine this plea on merits, we find no merit therein. Learned counsel for the respondent has placed before us notifications qua its products which would make the said order non applicable to the products of the respondent. On verification, this position is not even disputed by the learned counsel for the appellant, except in respect of two of the products, i.e.:

- i) Switch One Way, Two Way, Bell Push (6 Amp)
- ii) Switch D.P. 32 Amp.

Insofar as these two products are concerned, as per clause 3 of the said order, it is provided that nothing in the said order is to apply in relation to export of electrical wires, cables, appliances etc. The say of the respondent is that these two items are actually solely for export purposes, for which BIS licences are not required as per the said proviso. Most of the products of the respondent are stated to be exported to Bangladesh.

Once again, learned senior counsel for the appellant is not able to dispute the legal proposition that if these products are only being exported, there is no infringement of the said Act and the said Order by the respondent. It is still, however, sought to be canvassed that there are some sales in India even qua these two products.

In view of what we have recorded aforesaid, we are not further required to delve into this issue. As to whether there is infringement of BIS requirements by sale of these two products in India or not, is not a matter before us. Obviously, having lost before the learned single Judge on merits, a mountain is sought to be made out of a molehill on an issue which was never, in substance, urged before the learned single Judge. The allegation of the violation of the said Act / Order qua these two products cannot grant a licence to the appellant to use the trademark. The issue of the user of the trade marks in question has to be decided on the basis of the law of the trademarks and passing off. When these aspects are examined, the respondent is found to have a better right than the appellant.

We are constrained to strongly deprecate the manner in which this case has been prosecuted/defended by the appellant by seeking to put its case on one set of pleas before the learned single Judge and another set of pleas before the Division Bench by incorrectly stating that the learned single Judge has not dealt with some germane aspects which, as it transpires, were not even germane and, were possibly the reason why they were not canvassed seriously before the learned single Judge. The most surprising part is that if this issue was so germane, why the appellant did not, at least, press for framing of an issue on this account. The suit has to proceed to trial and no issue has been cast on this so-called plea nor was it pressed before the learned single Judge at either of the two stages, as aforesaid.

Learned senior counsel for the appellant sought to cast doubts on the material produced by the respondent before the learned single Judge to establish its sales over a period of time from 1980's onwards. The learned single Judge has analyzed the matter to come to a prima facie finding that the vouchers produced by the respondent cannot be disbelieved. Merely because the office copies maintained by the respondent are in the nature of carbon copy in hand writing, cannot throw a doubt on them especially in view of the mini trial already conducted, where there have been admissions in favour of the respondent by the very deponents/witnesses produced by the appellant. It is, no doubt, true that the documents in support of the sales – though may be emanating from 1980-1981 when the sales is alleged not to be very large – are not continuous over a period of time, but then a party cannot be expected to keep 20 years old documents with itself. What is relevant is that the own case of the appellant is based on sales of 1992, which plea is completely belied by the application for registration of the trade mark made by the appellant, where it is categorically stated that the application is made on the basis of "proposed to be used". The application was made in the year 1994. It is not even, thus, permissible for the appellant to plead that it had sales between 1992-1994. Learned counsel for the respondent has also rightly pointed out to certain invoices of the appellant showing sales tax registration dated 27.05.1984, and invoice of the same very date showing sales on the same day. He rightly points out that, how is it that on the same day on which the sales tax verification number is issued, the invoice forms are got printed and even utilized for making the sales! The shoe appears to be on the other foot where the appellant appears to have produced documents to establish its case of sales which never existed, as would be apparent from, inter alia, their

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application made for registration of the trade mark. If these documents are ignored, there are no documents of sales produced by the appellant right till 2005 showing any sales under the said trademarks in question, though some invoices have been filed showing sales without any mention of the trademark. Thus, these invoices are much later than the period of sales shown by the respondent. The respondent has filed documents to show exports from 2003 onwards, and such sales have to be taken into cognizance even for purposes of local market in view of the provisions of Section 56 of the Trade Marks Act, 1999.

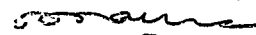
The aforesaid are the only pleas advanced before us. We may notice in the end the principles to be applied for scrutiny by the appellate court qua such allegations of passing off and infringement. These have been succinctly set out in the judgment of Wander Ltd. and Anr. v. Antox India P.Ltd; 1990 (Supp) SCC 727. It has been emphasized that the prayer for grant of an interlocutory injunction is at a stage when the existence of the legal rights asserted by the plaintiff and its alleged violation are both contested and uncertain and remain uncertain till they are established at the trial on evidence. The interlocutory remedy is thus intended to preserve the status quo of the rights of the parties which may appear on a prima facie case. The appellate court is not to 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, capriciously, perversely or where the court has ignored the settled principles of law regulating grant or refusal of interlocutory injunctions. The appellate court has not to re-assess the matter and seek to reach a conclusion different from the one reached by the court below, solely on the ground that if it had considered the matter on the

trial stage, it would have come to a contrary conclusion. Thus, if discretion is exercised by the trial court in a judicial manner, the fact that the appellate court would have taken a different view cannot justify interference with the trial court's exercise of discretion. These principles, if applied to the facts of the present case, leave no manner of doubt that there is no principle on which the appellate court is required to interfere with the findings of the learned single Judge.

The counsel in the other appeal dealing with the trade mark 'WINNER' was only riding piggy back on the first appeal – faced with no registration of its trademark, and thus relying only on the aspects of sales of the two parties.

We find both the appeals meritless and dismiss the same with costs quantified at Rs.25,000/- each.

Needless to say that any expression of view in these appeals would not prejudice the final result of the suits post trial.


SANJAY KISHAN KAUL, J


VIPIN SANGHI, J

DECEMBER 13, 2012
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