

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

% *Judgment pronounced on: October 21, 2013*

+ **O.M.P. 592/2013**

VIMI VERMA Petitioner
Through Mr.Maninder Singh, Sr.Adv. with
Mr.P.S.Bindra & Ms.Shweta
Priyadarshini, Adv.

Versus

SANJAY VERMA & ORS Respondents
Through Mr.Mohan Vidhani, Adv. with
Mr.Arun Jain, Adv.

CORAM:
HON'BLE MR. JUSTICE MANMOHAN SINGH

MANMOHAN SINGH, J.

1. The present petition under Section 9 of the Arbitration & Conciliation Act, 1996 (hereinafter referred to as 'the Act') is instituted by the Petitioner, Mrs. Vimi Verma, for the protection of her rights in the registered trademarks SIMPEX and SIMPEX-PRO used in connection with apparatus and instruments for use in photography in class 09 which are alleged to be infringed by the use of a deceptively similar mark SIMPLEX by the respondents.

2. Relevant facts as per petition

i) The Petitioner is the registered trademark owner of the marks "SIMPEX" and "SIMPEX-PRO" bearing application Nos. 544019 and 1290981 respectively, having residence at B-126, Ashok Vihar, Phase-II, New Delhi-110052. The said trademarks are said to be exclusively,

extensively and continuously in use by the petitioner and its predecessor in interests including licensees/ permissive users since 1986.

ii) The father-in-law of the petitioner i.e. late Mr. O.P. Verma had started the business of photography equipments in 1974 in the name of M/s Delhi Photo Store. Besides this, there was an unregistered partnership firm viz. M/s Verma and Sons consisting of four partners- Mrs. Sulochana Verma, w/o Mr. O.P. Verma, Mr. Sanjay Verma, Mr. Pankaj Verma and Ms. Swaran Kanta.

iii) M/s Verma Sons had filed a trademark application for registration of the mark SIMPEX and for the logo VS which was made in 1991 to the office of the Registrar of Trademarks for grant of registration of these two marks. M/s Verma Sons applied for another trademark PROLITE.

From the beginning, all the matters regarding filing of the trademark applications of M/s Verma Sons were looked after by Mr. Sanjay Verma, elder son of Late O.P. Verma. While the trademark applications of aforesaid marks were pending for further processing in the Trademark Registry, Mr. O.P. Verma formed a partnership firm with his daughter-in-law Mrs. Vimi Verma, w/o Mr. Pankaj Verma, his younger son, in the name of M/s Sunlight Industries and in 1999, they obtained the rights of the trademarks SIMPEX by virtue of an assignment dated 13th February, 1999, duly executed by Mr. Sanjay Verma on behalf of all the four partners.

Thereafter, Form TM-24 dated 22nd March, 1999 was filed in the Trade Marks Registry for recordal of the assignment in the records of the Registrar of Trademarks alongwith Undertaking dated 6th October, 2005 signed by Sanjay Verma. On 18th June, 2004, M/s Verma and Sons applied for registration of another trademark SIMPEX-PRO which was also assigned

in favour of M/s Sunlight Industries by virtue of an assignment deed dated 31st August, 2005 given by the partners of the firm.

iv) The petitioner's husband Pankaj Verma and the respondent No. 1 are real brothers. In 2005, Mr. O.P. Verma and his wife voluntarily agreed to withdraw themselves from all of the family business and distributed all the properties including the trademarks between the immediate family of the petitioner and the respondent's family.

v) The said family settlement was recorded by way of a Memorandum of Understanding (MOU) dated 5th September, 2005 through which the division of businesses and trademarks took place and was executed between six parties- Mr. O.P. Verma, Mrs. Sulochana Verma, Mr. Sanjay Verma, Mr. Pankaj Verma, Mrs. Sangeeta Verma and Mrs. Vimi Verma.

vi) The event of family settlement and entering MOU was witnessed by the elders of the family including Late Ms. Swaraj Verma, the sister of Mr. O.P. Verma. According to the MOU, the disputes between the parties were to be settled by resorting to Arbitration.

vii) As per the terms of the said MOU, a public notice and affidavit of Mr. O.P. Verma regarding the transfer of all the assets and goodwill of M/s Photo Store to Mr. Pankaj Verma was executed. As per clause 7 of the MOU, M/s Sunlight Industries was consequently dissolved by executing a Dissolution Deed dated 5th September, 2005 and on the same date, the Petitioner issued an NOC in favour of Sunlight Industries for the trademarks SIMPEX and SIMPEX-PRO and thereafter, Form TM-24 dated 2006 was filed in the Trademark Registry for recording of petitioner's name as the proprietor of the aforesaid marks.

viii) On 28th November, 2006, TM-24 dated 22nd March, 1999 for the mark SIMPEX was allowed and transferred in the name of the Petitioner and on

3rd January, 2013, the new TM-24 dated 27th March, 2006 for the mark SIMPEX-PRO was also allowed and transferred in the name of the petitioner.

3. The petitioner claims to have unfettered rights in the said marks and the respondent by using/threatening to use a deceptively similar mark SIMPLEX as a part of trading style grossly violated the stipulations of the aforesaid MOU and also violated the common law and statutory rights of the petitioner, i.e. clearly violated Section 29(5) of the Trade Marks Act, 1999.

4. In 2011, the petitioner retired and a new partnership was reconstituted in the name of M/s Simpex Industries by virtue of partnership deed dated 1st February, 2011 and continued the business. After retirement of the Petitioner, a Trademark license agreement was executed on 2nd February, 2011 between the Petitioner and M/s Sunlight for 60 months according to which the said firm would continue to manufacture goods under the marks SIMPEX and SIMPEX PRO for a license fee of Rs. 2,00,000/- per annum to be paid to the petitioner.

5. M/s Sunlight Industries is the manufacturer of photographic lighting technology equipment for use in studio photography and established as a household name among leading photographers. A wide range of products are manufactured under the trademark SIMPEX and SIMPEX-PRO such as Professional Studio Flash Systems, Apparatus and instruments used in photography, Studio Flash System Accessories, Video Lights, Halogen and Cine Lights, Visual Lights, Studio Lights, Tripods and other Photographic Accessories. The Petitioner has been promoting its brand through website www.simpex-pro.com, registered in 19th December, 2006.

6. **The Petitioner's case against the respondents**

- a) Recently came to the notice of the Petitioner that the respondent Nos. 1 and 2 are trading under the Partnership firm of M/s Simplex Photo Industries, i.e. respondent 3. Respondent No.2 is the son of respondent No.1.
- b) The Respondents have also applied for a deceptively similar mark, i.e. SIMPLEX before the Trade Marks Registry bearing application No. 2161403 and threatening to launch product under identical packaging for identical goods under the said mark.
- c) The user claimed in the application is from 10th June, 2011 which is just a week before the date of application and the use of the impugned mark by the respondents would amount to infringement of the rights of the petitioner not only because it violates the common law and statutory rights but also because such use of the mark would be contrary to the terms of MOU dated 5th September, 2005. The following reasons are given :
 - i) As per Clause 7 of the MOU, M/s Sunlight Industries stand dissolved by a Dissolution Deed and Mrs. Vimi Verma shall be free to carry on business with all the assets and liabilities including her right to name and style of business and shall not be liable to pay any goodwill to any other person. Further, she would also have the freedom of hiring any other person as partner in the said business as per her will and sole discretion. As per Clause 14 of the same MOU, it was agreed trademarks "SIMPEX" and "SIMPEX-PRO" or any similar or sounding similar or imitation of these marks would exclusively belong to Group 2 of the family comprising of Mr. Pankaj Verma, his wife (petitioner herein), children and his HUF.
 - ii) It was also agreed that the trademarks "PROLITE" and "PROFIT" and brand label "VS" or any other similar or sounding similar or imitation of

these marks or brand label would exclusively belong to Mr. Sanjay Verma, his wife, children and HUF.

iii) Members of both groups shall have exclusive liberty and exclusive rights to use, own, assign, lease or alienate otherwise the trademarks or brand label owned by them respectively and any member of the other group would not interfere or infringe the rights of the group other than its own.

iv) In terms of Clause 18, each of the parties agreed not to interfere or infringe the right, title, interest or any other claims whatsoever on the name and style of business or the goodwill or products or brand names allowed to any of the other members, except as mutually decided in the MOU or any other document executed. Clause 21 stated that the disputes would be referred to arbitration.

It is alleged by the petitioner that though there is a reference about schedules in the MOU but no such schedules were actually appended to the said MOU.

7. The petitioner submits that the respondents have adopted a deceptively similar mark SIMPLEX to illegally benefit from the reputation and goodwill of the petitioners trademarks. The respondents have also started getting manufactured labels, stickers, tags, etc. which are very much identical to those of the petitioner's products as the said marks SIMPEX and SIMPEX-PRO are coined marks and deserve the highest degree of protection. Both marks are being used continuously by the petitioner for its products and services and gained immense popularity, goodwill and reputation and have come to be exclusively associated with the petitioner. The adoption of deceptively similar mark SIMPLEX clearly indicates the dishonest intentions of the Respondents to create confusion or deception in the mind of public at large, the use of which by the respondents is also

contrary to honest practices and is taking unfair advantage of the petitioner's reputation.

8. Any use of the mark SIMPLEX by the respondents would amount to violation of common law rights of the Petitioner by way of:

- a) Infringement, Passing off and acts of unfair competition
- b) Dilution of Trademark and brand equity

The use of the mark SIMPLEX by the respondents is detrimental to the distinctive character of the Petitioner's marks SIMPEX and SIMPEX-PRO and is most likely to have a negative impact on the distinctiveness of the petitioner's marks.

9. It is submitted that the petitioner recently received an invoice bearing trademark simplex through M/s Simplex Industries which was addressed to the respondents trading firm M/s Simplex Photo Industries. This indicates that the use of the mark SIMPLEX by the respondent is causing confusion and deception in the minds of the public and in the minds of the customers who may presume it to be same as that of the petitioner who has come across certain stickers and labels manufactured by the common vendors of both the petitioner and the respondents which clearly show that the respondents have blatantly copied the registered trademark of the petitioner by simply inserting the letter "L" in the trademark SIMPEX, i.e. SIMPLEX.

The whole packaging, get-up, colour scheme has been copied and as both the parties have a common address, the aforesaid act of the respondents can create huge amount of confusion and deception among public and also among trade circles. The said acts of the respondents constitute infringement under Section 29(5) of the Trade Marks Act and is an offence under Section 107 of the said Act.

10. Following submissions have been made by the respondents :

- i) The MoU has not been completed, therefore, it is not a complete document which can be enforced by law. The agreement was never complete as detailed in various paragraphs.
- ii) As per para 22 of MoU, two identical agreements were prepared, one to be kept by the Respondent and one to be kept by the husband of the petitioner.
- iii) The MoU which was in possession of the petitioner or her husband was not actually signed by Mrs. Sulochna Verma also and it seems that it was got signed from her just before filing the present petition.

As the MoU has not been signed by all the persons included in the petition who were intended to be parties, the same would be unenforceable in the court of law. The agreement has not been acted upon by the parties as per details given in subsequent paragraphs.

- iv) Moulds and dies in respect of Studio flash system and studio flash system accessories including boom and background system were in fact not handed over to the respondent as intended to be agreed by the petitioner.
- v) The petitioner is manufacturing, importing, trading and dealing in studio flash system, studio flash system accessories, booms and background systems despite of restriction as were intended to be agreed.
- vi) The petitioner has been using the trademark “VS” which was agreed to be used by the respondents. The said use is contrary to the alleged MoU/family settlement.

- vii) The respondent has been permitted by two members of Group A through NOC, to use the trademark SIMPLEX in respect of video lights, video lamps, halogen lights, halogen lamps, cinelights, parts, and accessories thereof and also to register the same and in pursuance of the said NOC, the respondent filed the application for registration of trademark SIMPLEX.
- viii) The petition filed by the petitioners suffers from the defect of non joinder of necessary parties. They have not been made proforma parties.
- ix) No notice of any dispute or for the appointment of arbitrator has been issued by the petitioner to the respondent prior to filing the petition.
- x) The petitioner has deliberately not filed the schedule as mentioned in the MoU, the petitioner has rather made a statement in the petition that no schedule was actually appended.

11. It is argued by the respondent that the petitioner has not pleaded in the petition that she is willing to abide by and follow the intended MoU in its entirety as was intended. The petitioner cannot pick and choose certain portion of the intended MoU and seek relief from the court on that limited portion, while violating the other terms of the intended MoU herself and other parties to the intended MoU.

12. The petitioner has filed alleged partnership deed dated 1st February, 2011 wherein it has been mentioned that the petitioner had allegedly voluntarily retired from Sunlight Industries, whereas there is no document to show that she was partner in Sunlight Industries earlier and no such retirement deed has been placed on record to show that she allegedly retired

from the said firm. The partnership deed gives only a passing reference to her being partner and having retired.

13. The trademark license agreement executed by the Petitioner dated 2nd February, 2011 has not been sufficiently stamped. Similar trademark license agreement dated 1st April, 2011 in favour of M/s Delhi Photos is also not properly stamped and the same cannot be read as evidence and the same is liable to be impounded by the Court in accordance with Sections 33 and 35 of the Stamp Act. Any instrument which is not stamped or is under stamped has no legal sanctity and cannot be enforced in the court of law. Also, no purpose of use of stamp paper has been mentioned on the stamp paper and as to for what purpose the stamp paper was purchased. The stamp paper has been purchased in the name of Delhi Photo Store while the alleged license apparently is in the name of M/s Delhi Photo.

14. The addresses mentioned in the stamp paper and in the body of license agreement are different. Apart from the mark VS, the petitioner is also using the marks PROLITE and PROFIT both of which are supposed to be used by the respondent as per the MoU. The Petitioner is using the said marks in respect of various goods which were intended to be the exclusive domain of the respondents.

15. There is mention of two schedules in the intended MoU, namely schedules 1 and 2. No schedule 1 was appended. The second schedule was prepared and appended. The second schedule in para 15 has been signed by the respondent 1 and Pankaj Verma, who is one of the parties to the intended MoU and husband of the petitioner.

16. The respondents have no objection in case the schedule to MoU and No Objection certificate dated 22nd March, 2011 are sent to the Forensic Science Laboratory for verification of the signatures and the hand writing

thereon to ascertain whether these documents executed are written by the concerned parties.

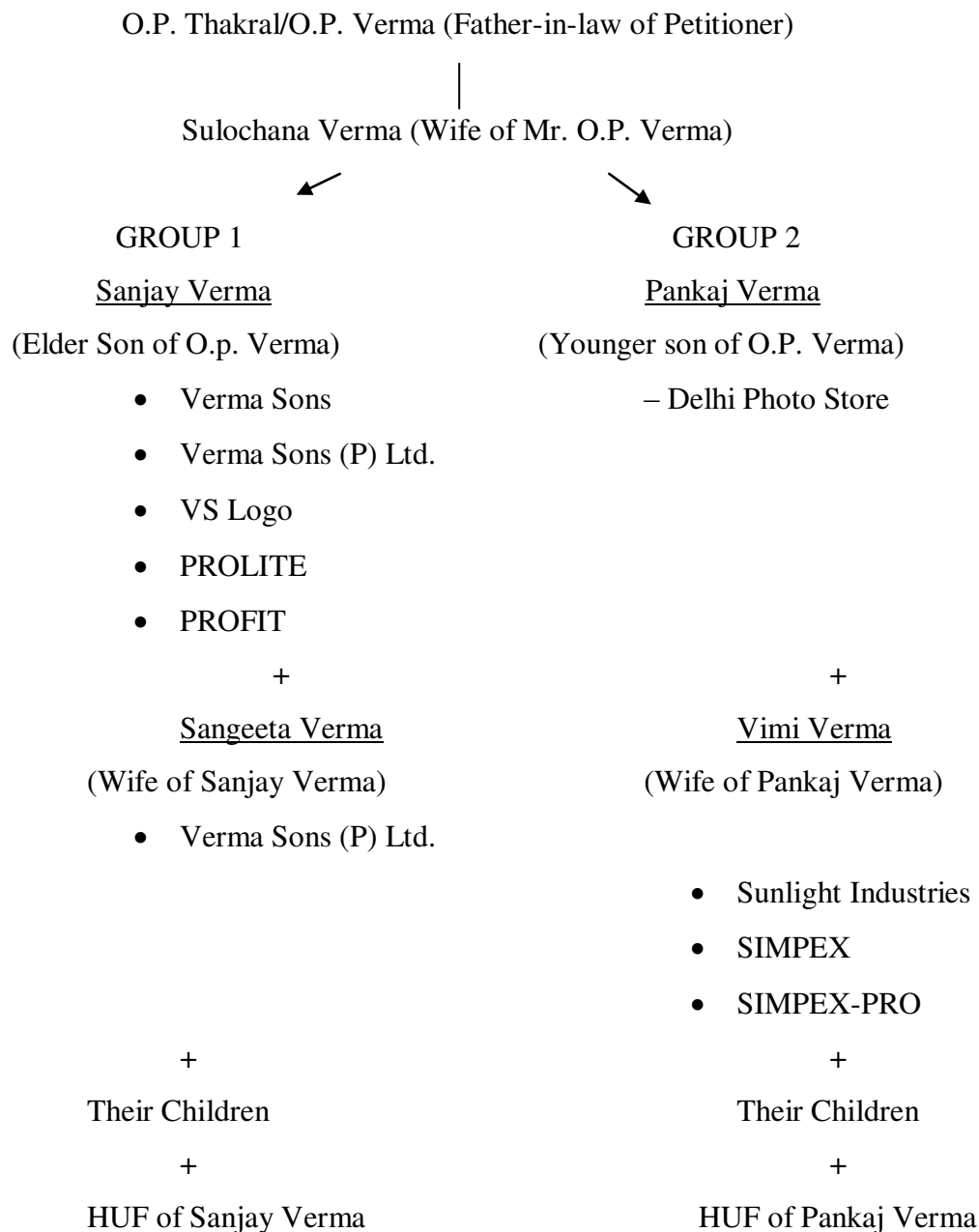
17. Before proceeding further in the matter, it is necessary to mention the following relationship between the relevant parties :

- a) O.P. Thakral/O.P. Verma is the father of Sanjay Verma (elder son) Pankaj Verma (younger son).
- b) Sulochana Verma is the wife of O.P. Verma and mother of Sanjay Verma and Pankaj Verma.
- c) Vimi – petitioner is the wife of Pankaj Verma and daughter-in-law of O.P. Verma and Sulochana Verma.
- d) Sangeeta Verma is the wife of Sanjay Verma.
- e) Ms. Swarnakanta and Ms. Swaraj Verma daughters of O.P. Verma and Sulochana, who were both sisters.

18. The most crucial document i.e. MoU dated 5th September, 2005 is between six parties i.e. O.P. Verma, Sulochana Verma, Sanjay Verma, Pankaj Verma, Sangeeta Verma, Vimi Verma and witnessed by one of the sister Swaraj Verma. It appears that the said MoU filed by the petitioner is signed by the parties except Sangeeta Verma wife of Sanjay Verma. By virtue of said MoU business, trade marks and products were divided between two groups, one is now headed by Sanjay Verma and another by Pankaj Verma, two brothers and their family members respectively. Both groups are benefited by the said MoU which was dated 5th September, 2005 and was not challenged by any party till the recent time when Sanjay Verma was permitted to use the deceptively similar trade mark SIMPLEX and packaging material. Necessary changes have been made in the record of trade marks registry by virtue of earlier assignments between the parties as well as on the basis of MoU.

19. The following is the family tree :

**FAMILY TREE ALONG WITH THE DEPICTION OF
BUSINESSES AS PER THE MEMORANDUM OF
UNDERSTANDING DATED 05.09.2005**



This event of family settlement and entering MoU has also been witnessed by the elders of the family including Late Ms. Swaraj Verma, the sister of Mr. O.P. Thakral/O.P. Verma.

20. MoU has an arbitration clause 21 which read as under :

“21. In case any dispute arising at any time between the parties hereto as to the construction, meaning or effect of the agreement or any clause or provision contained herein or the respective rights, obligation of any of the parties to this agreement, hereunder the parties shall endeavour their best to resolve it by mutual discussion and agreement. If the dispute cannot be resolved within 7 (Seven) days, then the same shall be referred to arbitration to a sole arbitrator to be appointed in accordance with Arbitration and Conciliation Act, 1956. The arbitration proceedings shall be in English. The venue of the Arbitration shall be decided by the parties of the third & fourth part namely Mr. Sanjay Verma & Mr. Pankaj Verma at their mutual discretion.”

21. The relevant clauses as mentioned in the MoU are extracted as under :

“7....That the said firm M/s. Sunlight Industries will consequently be dissolved by a separately executed Dissolution Deed and Mrs. Vimi Verma (the sixty party) shall be free to carry on the business as going concern with all its assets & liabilities including the right to name and style of the business and shall not be liable to pay any goodwill to any other person. She will also be free to take any other person as partner in the said business as per her own sweet will and sole discretion.

....

....

14. That it is agreed that the ownership and right to use on all the trade marks and brand labels with their names and or style of writing will vest in the following manner :

a) Trade marks “Simpex” and “Simpex-pro” or any other similar or sounding similar or imitation of these trademarks will exclusively belong to Group 2 family sub group of Mr. Pankaj Verma, his spouse, children and HUF of Mr. Pankaj Verma.

b) Trade marks “Prolite” and “Profit” and brand label “VS” or any other similar or sounding similar or imitation of these trade marks or brand label will exclusively belong to Group 1 family sub group of Mr. Sanjay Verma, his spouse, children and HUF of Mr. Sanjay Verma.

Members of Group 1 and Group 2 respectively shall have liberty and exclusive rights to use, own, assign, lease or alienate otherwise the trademarks or brand label owned by them respectively and any member of the other group will not interfere or infringe the rights of the group other than its own.

....

....

18. That each of the parties hereby agree not to interfere or infringe the right, title, interest or any other claims whatsoever on the name and style of business or the goodwill or products or brand names allotted to any of the other members, except as mutually decided in the MoU or any other document executed.

....

....

21. In case any dispute arising at any time between the parties hereto as to the construction, meaning or effect of the agreement or any clause or provision contained herein or the respective rights, obligation of any of the parties to this agreement, hereunder the parties shall endeavour their best to resolve it by mutual discussion and agreement. If the dispute cannot be resolved within 7 (Seven) days, then the same shall be referred to arbitration to a sole arbitrator to be appointed in accordance with Arbitration and Conciliation Act, 1956. The Arbitration proceedings shall be in English. The venue of the Arbitration shall be decided by the parties of the third and fourth part namely Mr. Sanjay Verma and Mr. Pankaj Verma at their mutual discretion.”

22. The following steps were taken by the parties after execution of the said document :

- a) That as per the terms of the aforesaid MoU dated 5th September, 2005, a public notice and affidavit of Mr. O.P. Thakral regarding the transfer of all the assets and goodwill of M/s. Delhi Photo Store to Mr. Pankaj Verma was executed.
- b) That as per the clause 7 of the MoU dated 5th September, 2005 mentioned above, M/s/. Sunlight Industries was consequently dissolved by executing a separate Dissolution Deed dated 5th September, 2005 and the

petitioner i.e. Mrs. Vimi Verma, the sixth party to the said MoU became free to carry on the business as going concern with all its assets and liabilities including the right to name and style of the business and thus the petitioner became the sole proprietor of the trade mark SIMPEX and SIMPEX-PRO in class 09. That on the same date, the petitioner had issued a NOC in favour of Sunlight Industries for the trademarks SIMPEX and SIMPEX-PRO.

c) Thereafter, Form TM-24 dated 27th March, 2006 was filed in the Trade Mark Registry for recordal of the name of the petitioner as the proprietor of the trade mark SIMPEX and SIMPEX-PRO.

That on 28th November, 2006, the previous TM 24 dated 22nd March, 1999 for the mark SIMPEX was allowed and the trademark SIMPEX bearing No.544019 stood transferred in the records of Trade Marks Register in the name of M/s Sunlight Industries from M/s Verma Sons.

d) That on 3rd January, 2013, the new TM-24 dated 27th March, 2006 for the mark SIMPEX and SIMPEX-PRO was also allowed and the trademark SIMPEX and SIMPEX-PRO stood transferred in the records of Trade Marks Register in the name of the petitioner.

23. Incase, the pleadings of the respondents are read in meaningful manner, the respondents have not denied the factum of execution of MoU between the family members including elder members of the family i.e. father and mother who signed the said MoU. The respondents in their objections have also made their grievances about the non-implementation of some clauses by the petitioner, her husband but at the same time, the respondents have challenged the validity of the said document. photocopies produced by the respondents in court would show that the same is not signed by mother, Sangeeta Verma and the petitioner herself. Thus, objection is taken that the same cannot be looked into. It is also alleged by Mr. Mohan

Vidhani, learned counsel appearing on behalf of respondents that the signature of Sulochana Verma has obtained later on for the purpose of filing the present petition.

24. It is also argued by Mr. Vidhani that since it is not signed by all parties that the same is unenforceable in court of law. Further, it is not acted upon between the parties as various compliances which were to be done by the petitioner, her husband and family members have not been done. The respondents have also relied upon Schedule I and Schedule II which were allegedly part to the MoU.

25. Mr. Maninder Singh, learned Senior counsel appearing on behalf of petitioner has made his submissions to the objection raised by the respondents which are outlined as under :

i) The MoU was signed by all the parties except Sangeeta Verma wife of Sanjay Verma. His submission is that Sanjay Verma is the head of group 1 who has acknowledged the terms on behalf of his wife also. Thus, it has to be enforced in view of subsequent conduct of the parties. The said MoU was acted upon between the parties. The same was not challenged by the respondents for six years. The respondents are now raising the very minor disputes which are unnecessary and could be resolved without wasting anytime and the petitioner and her husband are ready to comply any term if left or non-complied by them and also raising technical objections. He argues by raising their objection, the respondents' intention is to infringe the trade marks and copyright of the petitioner by using deceptively similar mark and trade marks and trade dress of the packaging material which have come to the share of the petitioner. He argued that it is apparent that two trade marks SIMPEX and SIMPLEX and their trade dress are also identical. By raising false and frivolous plea, the respondents are intentionally and

deliberately breaching the terms and conditions of MoU which was executed in the presence of all parties including the elder family member.

ii) With regard to alleged Schedule I relied upon by the respondents is concerned, it is alleged that it is a fabricated/concocted documents, which is evident from the following :

a) **Alleged Schedule I** : The respondent handed over a copy of alleged Schedule – I to the Memorandum of Agreement. This Schedule – I is not genuine and is fabricated/concocted, which is inter alia, evident from the following facts :

a) The MoU was signed by several members of the family but the alleged Schedule I claims to bear only two signatures. There is no Schedule II given by the respondents. Schedule I, as per clause 3 was to contain a description of the business presently being carried on by the parties. Schedule II was supposed to contain the proposed distribution as per clause 15. The alleged Schedule I seems to have been typed on blank paper and in fact the original MoU does not contain any schedules. In paragraph 14 at page 15, it has been categorically stated on affidavit that though schedules were mentioned in the original MoU, no such schedules were actually appended. There were simply proposal exchanged at the time of discussion of family settlement and the similar is the position of second copy of MoU produced by the respondents. He argued that if the Schedule I is read with MoU, the respondents under these circumstances are not entitled to infringe the trade marks and copyright of petitioner. He states that it is disputed fact whether it was to be attached with MoU or not. As there are many proposal at the time of MoU, the said plea of the respondents

cannot be determined and the respondents cannot be in the meanwhile permitted to infringe the trade marks and copyright. The respondents may raise the said issue before the appropriate forum.

It is clear from the law laid down in *Power Control Appliances Vs. Sumeet Machines Pvt. Ltd.* 1994 (2) SCC 448 (paras 5, 11, 12 and 41) that if members of a family proclaim themselves to be rivals of each other, joint ownership is impermissible and injunction should be granted.

iii) **With regard to alleged No Objection** : This document also is not genuine document which is evident, inter alia, from the following :

- a. It appears to be on a stamp paper dated 22nd March, 2010 upon which there is an overwriting.
- b. The purpose of the stamp paper is also shown as for “GPA”. There seems to be something added after GPA/.....
- c. It is allegedly issued by Sunlight Industries which was re-constituted only on 1st February, 2011.
- d. Without prejudice to the above, Sunlight Industries is at best a licensee of the mark from the petitioner as per the agreement dated 2nd February, 2011.
- e. A perusal of the licence agreement dated 2nd February, 2011 shows that there is a clear bar upon any such permission/no objection being issued. The said clause is reproduced as under :

“....3.09 Except as authorized herein, USER shall not, either during the term of this Agreement or after the expiration or termination thereof, use or authorize the use of any mark which is in whole or in part the same as or confusingly similar to the said Trademarks, or of any confusingly similar mark, as a part of USER’S postal, cable

or telex, email, domain name address, or its building name or location....”

- f. Sunlight Industries did not have any right to give a No Objection or sub-license without the permission of the petitioner.

Conclusions from the aforementioned documents :

- a. In the petition, it has been categorically asserted in para 9 page 12 last line that the respondent used to deal with the trademark registration and other authorities. This is also clear from the fact that the Assignment Deed dated 13th February, 1999 and affidavit as also the assignment of 31st August, 2005 are signed by Mr. Sanjay Verma.
- b. It appears that blank papers which must have been signed for different purposes and in a bonafide manner are being misused by the respondent to set up a case contrary to written documents signed by both the parties and various other family members.
- c. The categorical and unimpeachable documents relied upon by the petitioner and also signed by the respondent Sanjay Verma are as follows :
 - i. Assignment Deed dated 13th February, 1999.
 - ii. Affidavit of Sanjay Verma dated 5th March, 1999.
 - iii. Assignment Deed dated 31st August, 2005.
 - iv. Memorandum of Understanding/Family Settlement dated 5th September, 2005 which is signed by family members including Sanjay Verma.
 - v. Public Notice of change in ownership issued by the father and witnessed by Sanjay Verma.

- vi. Affidavit issued by the father and signed by the respondent as a witness.
- vii. Dissolution Deed dated 5th September, 2005 witnessed by Sanjay Verma.
- viii. Undertaking signed by Sanjay Verma, the respondent dated 6th October, 2005 qua the mark SIMPEX and filed before the Registrar of Trademarks which is as below :

“...That now we do not claim any right, title or interest in the aforesaid trade mark “SIMPEX” the subject matter of application No.1290981.

We hereby undertake that we shall not use the trade mark “SIMPEX” or any other trade mark which may be similar/deceptively similar to the trade mark “SIMPEX”.

We hereby undertake that we shall not use or create any trademark, which starts from the alphabets “SIM” to safeguard the rights of the buyer of the trademark. The buyer is free to claim any damages in the court of law if the terms of above undertaking are not act upon and obeyed.....”

- ix. Similar undertaking for “SIMPEX-PRO” having been assigned with goodwill of business filed before the Registrar of Trademarks.
- x. TM 24 filed before Registrar of Trademarks.

26. The petitioner is the registered proprietor of both the marks i.e. SIMPEX and SIMPEX-PRO. The respondent is fully aware of all the assignments and Memorandum of Understanding and has in fact been a party in getting the assignment recorded in favour of the petitioner. The respondent is stopped from challenging the title of the petitioner to the marks. SIMPEX and SIMPEX-PRO are deceptively similar. Hence, under Section 29, it is a clear infringement of the registered trademarks.

27. Since there is an arbitration clause in the MoU, the petitioner has filed a Section 9 petition. There is no bar upon the trademark infringement matters being dealt with in arbitration proceedings as also in a Section 9 petition.

28. Principles of law regarding honouring and enforcing family settlement is well enunciated in the following judgments :

a. ***Kale & Ors. Vs. Deputy Director of Consolidation & Ors.***, 1976 (3) SCC 119. Relevant paras 9, 19, 24, 27, 38 read as under :

“9. Before dealing with the respective contentions put forward by the parties, we would like to discuss in general the effect and value of family arrangements entered into between the parties with a view to resolving disputes once for all. By virtue of a family settlement or arrangement members of a family descending from a common ancestor or a near relation seek to sink their differences and disputes, settle and resolve their conflicting claims or disputed titles once for all in order to buy peace of mind and bring about complete harmony and goodwill in the family. The family arrangements are governed by a special equity peculiar to themselves and would be enforced if honestly made. In this connection, *Kerr* in his valuable treatise *Kerr on Fraud* at p. 364 makes the following pertinent observations regarding the nature of the family arrangement which may be extracted thus :

“The principles which apply to the case of ordinary compromise between strangers, do not equally apply to the case of compromises in the nature of family arrangements. Family arrangements are governed by a special equity peculiar to themselves, and will be enforced if honestly made, although they have not been meant as a compromise, but have proceeded from an error of all parties, originating in mistake or ignorance of fact as to that their rights actually are, or of the points On which their rights actually depend.”

The object of the arrangement is to protect the family from long drawn litigation or perpetual strifes which mar the unity and solidarity of the family and create hatred and bad blood between the various

members of the family. Today when we are striving to build up an egalitarian society and are trying for a complete reconstruction of the society, to maintain and uphold the unity and homogeneity of the family which ultimately results in the unification of the society and, therefore, of the entire country, is the prime need of the hour. A family arrangement by which the property is equitably divided between the various contenders so as to achieve an equal distribution of wealth instead of concentrating the same in the hands of a few is undoubtedly a milestone in the administering of social justice. That is why the term “family” has to be understood in a wider sense so as to include within its fold not only close relations or legal heirs but even those persons who may have some sort of antecedent title, a semblance of a claim or even if they have a spes successions so that future disputes are sealed for ever and the family instead of fighting claims inter se and wasting time, money and energy on such fruitless or futile litigation is able to devote its attention to more constructive work in the larger interest of the country. The Courts have, therefore, leaned in favour of upholding a family arrangement instead of disturbing the same on technical or trivial grounds. Where the Courts find that the family arrangement suffers from a legal lacuna or a formal defect the rule of estoppel is pressed into service and is applied to shut out plea of the person who being a party to family arrangement seeks to unsettle a settled dispute and claims to revoke the family arrangement under which he has himself enjoyed some material benefits. The law in England on this point is almost the same. In *Halsbury's Laws of England, Vol. 17, Third Edition, at pp. 215-216*, the following apt observations regarding the essentials of the family settlement and the principles governing the existence of the same are made:

“A family arrangement is an agreement between members of the same family, intended to be generally and reasonably for the benefit of the family either by compromising doubtful or disputed rights or by preserving the family property or the peace and security of the family by avoiding litigation or by saving-its honour.

The agreement may be implied from a long course. Of dealing, but it is more usual to embody or to effectuate the agreement in a deed to which the term “family arrangement” is applied.

Family arrangements are governed by principles which are not applicable to dealings between strangers. The court, when deciding the rights of parties under family arrangements or claims to upset such arrangements, considers what in the broadest view of the matter is most for the interest of families, and has regard to considerations which in dealing with transactions between persons not members of the same family, would not be taken into account. Matters which would be fatal to the validity of similar transactions between strangers are not objections- to the binding effect of family arrangements.”

19. Thus it would appear from a review of the decisions analyzed above that the Courts have taken a very liberal and broad view of the validity of the family settlement and have always tried to uphold it and maintain it. The central idea in the approach made by the Courts is that if by consent of parties a matter has been settled, it should not be allowed to be re-opened by the parties to the agreement on frivolous or untenable grounds.

24. This Court has also clearly laid down that a family arrangement being binding on the parties to the arrangement clearly operates as an estoppel so as to preclude any of the parties who have taken advantage under the agreement from revoking or challenging the same. We shall deal with this point a little later when we consider the arguments of the respondents on the question of the estoppel. In the light of the decisions indicated above, we shall now try to apply the principles laid down by this Court and the other Courts to the facts of the present case.

27. As regards the first point it appears to us to be wholly untenable in law. From the principles enunciated by us and the case law discussed above, it is absolutely clear that the word ‘family’ cannot be construed in a narrow sense so as to confine the parties to the family arrangement only to persons who have a legal title to the property. Even so it cannot be disputed that the appellant Kale being the grand son of Lachman and therefore a reversioner at the time when the talks for compromise` took place was undoubtedly a prospective heir and also a member of the family. Since respondents 4 and 5 relinquished their claims in favour of the appellant Kale in respect of Khatas 5 and 90 the appellant, according to the authorities mentioned above, would

be deemed to have antecedent title which was acknowledged by respondents 4 and 5. Apart from this there is one more important consideration, which clearly shows that the family arrangement was undoubtedly a bona fide settlement of disputes. Under the family arrangement as referred to in the mutation petition the respondents 4 and 5 were given absolute and permanent rights in the lands in dispute. In 1955 when the compromise is alleged to have taken place the Hindu Succession Act, 1956, was not passed and respondents 4 and 5 would have only a limited interest even if they had got the entire property which would ultimately pass to the appellant Kale after their death. The respondents 4 and 5 thought that it would be a good bargain if by dividing the properties equally they could retain part of the properties as absolute owners. At that time they did not know that the Hindu Succession Act would be passed a few months later. Finally the compromise sought to divide the properties between the children of Lachman, namely, his two daughters and his daughter's son the appellant Kale in equal shares and was, therefore, both fair and equitable. In fact if respondents 4 and 5 would have got all the lands the total area of which would be somewhere about 39 acres they might have to give away a substantial portion in view of the ceiling law. We have, therefore to see the circumstances prevailing not after the order of the Assistant Commissioner was passed on the mutation petition but at the time when the parties sat down together to iron out their differences. Having regard to the circumstances indicated above, we cannot conceive of a more just and equitable division of the properties than what appears to have been done by the family arrangement. In these circumstances therefore, it cannot be said that the family settlement was not bona fide Moreover respondents 4 and 5 had at no stage raised the issue before the Revenue Courts or even before the High Court that the settlement was not bona fide. The High Court as also respondent No. 1 have both proceeded on the footing that the compromise was against the statutory provisions of law or that it was not registered although it should have been registered under the Registration Act.

38. Rebutting the arguments of the learned counsel for the appellant, Mr. Sharma for the respondents, contended that no question of estoppel would arise in the instant case inasmuch as if the document was to be compulsorily registrable there can be no estoppel against the statute. In the first place in view of the fact that the family

arrangement was oral and the mutation petition was merely filed before the Court of the Assistant Commissioner for information and for mutation in pursuance of the compromise, the document was not required to be registered, therefore, the principle that there is no estoppel against the statute does not apply to the present case. Assuming, however, that the said document was compulsorily registrable the Courts have generally held that a family arrangement being binding on the parties to it would operate as an estoppel by preventing the parties after having taken advantage under the arrangement to resile from the same or try to revoke it. This principle has been established by several decisions of this Court as also of the Privy Council. In *Kanhai Lal v. Brij Lal and Anr.* the Privy Council applied the principle of estoppel to the facts of the case and observed as follows:-

“Kanhai Lal was a party to that compromise. He was one of those whose claims to the family property, or to shares in it, induced Ram Dei, against her own interests and those of her daughter, Kirpa, and greatly to her own detriment, to alter her position by agreeing to the compromise, and under that compromise he obtained a substantial benefit, which he has hitherto enjoyed. In their Lordships' opinion he is bound by it, and cannot now claim as a reversioner.”

b. ***Rajni Dua & Ors. Vs. Bhushan Kumar & Ors.***, (1998) VI AD Delhi

103. Relevant paras 18 to 21, 34 and 36 read as under :

“18. Mr. Arun Jaitley, and Mr. Mukul Rohatgi, learned Senior Advocates appearing for the plaintiffs submitted that the disputes between the parties were finally resolved by the 'family settlement' dated 21st February, 1998. It was submitted by the learned Counsels for the plaintiff that the foundation of this family settlement was laid in the hand written notes of defendant No. 1 (Bhushan Kumar) and plaintiff No. 2 (Gopal Krishan) reproduced above. The learned Counsel for the plaintiffs submitted that admittedly the plaintiffs are the proprietors of Gopal Industries and Rajni Industries. Plaintiffs land 2 have been exclusively manufacturing items mentioned above since 1988 and 1996 respectively during the lifetime of late Shri Gulshan Kumar.

19. It is submitted that from the very inception there was clear understanding among the family members that plaintiffs 1 and 2 shall only manufacture, sell and market the above mentioned products and all other remaining products could be exclusively manufactured and/or marketed by the defendants. Perpetually, According to the understanding that the products which are being manufactured, sold and marketed by the plaintiffs shall not be manufactured, sold or marketed by the defendants and similarly the plaintiffs shall not manufacture, market or sell the products of the defendants in any manner. This has been the understanding among the family members from the very beginning. This family understanding was first formally finalised by the two separate notes written on 19th February, 1998 by defendant No. 1 and plaintiff No. 2 and thereafter, finally on 21st February, 1998 by an agreement among the family members. Mr. Jaitley submitted that the plaintiffs never created any problems nor tried to interfere directly or indirectly in the business of the defendants and consequently the plaintiffs cannot be blamed for destroying the peace and harmony of the family. According to the plaintiffs, the defendants are trying to destroy the family peace, amity and harmony by interfering and creating problems in the business of the plaintiffs, by giving interviews in the leading daily national newspapers and threatening the plaintiffs that the defendants shall start manufacturing the products which have been exclusively manufactured, sold and marketed by the plaintiffs.

20. Mr. Jaitley placed reliance on the judgment of the Supreme Court 1976 (3) SCC 119, ***Kale & Ors. Vs. Deputy Director of Consolidation and Others***. Their Lordships of the Supreme Court emphasised the value and importance of the family arrangements. Their Lordships observed that the “family arrangements are governed by a special equity peculiar to themselves, and will be enforced if honestly made, although they have not been meant as a compromise, but have proceeded from an error of all parties, originating in mistake or ignorance of fact as to what their rights actually are, or of the points on which their rights actually depend”. Their Lordships further mentioned that “the object of the arrangement is to protect the family from long-drawn litigation or perpetual strife which mars the unity and solidarity of the family and creates hatred and bad blood between the various members of the family. Today, when we are striving to build up an egalitarian society and are trying for a complete

reconstruction of the society, to maintain and uphold the unity and homogeneity of the family which ultimately results in the unification of the society and, therefore, of the entire country, is the prime need of the hour. A family arrangement by which the property is equally divided between the various contenders so as to achieve an equal distribution of wealth instead of concentrating the same in the hands of a few is undoubtedly a milestone in the administration of social justice”.

21. In the said judgment their Lordships further observed that the term ‘family’ has to be understood in a wider sense so as to include within its fold not only close relations or legal heirs but even those persons who may have some sort of antecedent title, a semblance of a claim or even if they have a spes successionis so that the future disputes are sealed for ever and the family instead of fighting claims inter se and wasting time, money and energy on such fruitless or futile litigation is able to devote its attention to more constructive work in the larger interest of the society. The Courts have, therefore, leaned in favour of upholding a family arrangement instead of disturbing the same on technical or trivial grounds.

34. If the facts and circumstances of this case are kept in view then certain conclusions are irresistible. Admittedly, the plaintiffs are proprietors of the Gopal Soap Industries and Rajni Industries. The family business was set up by late Mr. Gulshan Kumar and the entire credit should rightly go to late Mr. Gulshan Kumar exclusively. During the lifetime of Mr. Gulshan Kumar he diversified the business and permitted plaintiffs 1 and 2 to use the trade mark and logo ‘T-Series’ only for the manufacturing of Detergent Powder, Detergent Cakes, and Soap. In 1996 he further permitted the plaintiffs to manufacture and sale of Dhoop, Agarbatti and Havan Samagri and allied goods exclusively. Other than these items all other items could be manufactured, marketed and sold exclusively by the defendants. According to the family arrangement the plaintiffs could not interfere in the manufacture of the main family business Super Cassettes or any other business carried out by the defendants except the above mentioned items which the plaintiffs were permitted to manufacture. The arrangement which has been going on during the lifetime of Mr. Gulshan Kumar shall continue. This arrangement was reduced in writing by plaintiff No. 2 and defendant No. 1 in their written notes

reproduced above. This understanding and arrangement was formally reduced into writing as a family arrangement on 21st February, 1998 which is duly signed by the plaintiffs and the defendants. The intention of this family arrangement is very clear and explicit. Plaintiff No. 1 shall exclusively manufacture, sell and market only the aforesaid items. Other than these the defendants shall manufacture, market and sell all other items by using 'T' mark, the trade mark 'T-Series' and logo 'T-Series'. Their Lordships of the Supreme Court in the judgments mentioned above have clearly enunciated that the family arrangement should not be disturbed as far as possible. The peace, amity and family harmony can be restored if the family arrangement is adhered to and respected.

36. I am of the considered view that the arrangement which had been going on during the lifetime of late Mr. Gulshan Kumar and which has been again reiterated in the notes prepared in the hand writing of defendant 1 and plaintiff No. 2 and later on given a concrete shape in the form of family arrangement must continue. Looking to the peculiar and exceptional facts and circumstances of this case, in the interest of justice it has become imperative to direct the defendants not to interfere in the use of the trade mark and logo "T-Series" as far as items which are being manufactured by the plaintiffs are concerned. The defendants are further restrained from using the trade mark logo "T-Series" in relation to the plaintiffs' products. Similarly, the plaintiffs shall not use the Trade Mark or Logo "T-Series" for any other products except the products which the plaintiffs have been manufacturing, selling or marketing during the lifetime of Mr. Gulshan Kumar."

29. The respondents have not denied clause 21 of the MoU which is an arbitration clause which allows the parties to initiate the arbitration proceedings in case any dispute at any time arises between the parties. There is no force in the submission that notice to file the petition under Section 9 of the Act is necessary. I have been informed during the course of hearing that so far none of the parties have invoked the arbitration clause. No doubt the respondents have challenged the validity of MoU as well as compliance on behalf of petitioner and her husband. Various other

objections have been taken with regard to alleged schedule and unenforceability of the MoU and it is not being acted upon by the parties.

30. But at the same time, it is not denied by the respondents about arrival of settlement by mutual consent by way of MoU. Thus, in view of settled law, at this stage, the agreed terms between the parties cannot be ignored particularly when the respondents are trying to use the deceptively similar trade mark and trade dress. The respondents have every right to raise all their objections before the learned Arbitrator which would have to be decided as per their own merit as and when necessary steps as per clause 21 are taken. Prima facie, this court finds merit in the submissions of the petitioner who is therefore entitled for the relief claimed for.

31. At this stage, I am of the view that both parties have to comply the terms of the MoU wherein both parties are allowed to use the trademarks, labels with their names and or style of writing in the following manner :

a) Trade marks “Simpex” and “Simpex-pro” or any other similar or sounding similar or imitation of these trademarks will exclusively belong to Group 2 family sub group of Mr. Pankaj Verma, his spouse, children and HUF of Mr. Pankaj Verma.

b) Trade marks “Prolite” and “Profit” and brand label “VS” or any other similar or sounding similar or imitation of these trade marks or brand label will exclusively belong to Group 1 family sub group of Mr. Sanjay Verma, his spouse, children and HUF of Mr. Sanjay Verma.

Members of Group 1 and Group 2 respectively shall have liberty and exclusive rights to use, own, assign, lease or alienate otherwise the trademarks or brand label owned by them respectively and any member of the other group will not interfere or infringe the rights of the group other than its own.

32. The petitioner is not entitled to use the brand and label “VS” or any other similar trademark which is belonging to respondents as per MoU.

33. The following interim order is passed against the respondents while disposing of the present petition :

- a) The respondents, their principal officers, directors, agents, family members, servants, dealers, distributors and/or anyone acting for and on their behalf are restrained from in any manner from using the mark/name SIMPLEX or any other mark which is identical and/or deceptively similar to the petitioner’ mark SIMPEX/SIMPLEX-PRO for apparatus for photography or any product or services in any manner whatsoever, either as a trade mark or as a trade name or trading style, so as to result in breach of the MoU/family settlement as also violation of the petitioner’s statutory and common law rights.

34. Six weeks time is granted to both parties to dispose of existing stock of the trade mark and trade dress lying with them if any, the products/goods which have not come to their share in terms of MoU to the respective parties.

35. The present petition is accordingly disposed of.

(MANMOHAN SINGH)
JUDGE

OCTOBER 21, 2013