

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

% **Date of decision: 29th January, 2021**

+ **CS(COMM) No.485/2018**

V.R. INDUSTRIES PVT. LTD.

..... Plaintiff

Through: Mr. Rajat Aneja & Ms. Jia Kapur,
Advs.

Versus

MOHAN MEAKIN LTD. & ANR.

..... Defendants

Through: Mr. Saif Khan, Ms. Prachi Agarwal
& Ms. Ridhie Bajaj, Advs.

CORAM:

HON'BLE MR. JUSTICE RAJIV SAHAI ENDLAW

[VIA VIDEO CONFERENCING]

RAJIV SAHAI ENDLAW, J.

IA No.14412/2013 (of plaintiff under Order XXXIX Rules 1&2 of the CPC) & IA No.18379/2013 (of defendant no.1 under Order XXXIX Rule 4 of the CPC).

1. The plaintiff instituted this suit, as per amended plaint verified on 25th February, 2016 and filed pursuant to amendment allowed vide order dated 16th February, 2016, for the reliefs of permanent injunction restraining the two defendants viz. Mohan Meakin Ltd. and Trade Links Pvt. Ltd. from manufacturing and selling or operating in food items such as corn flakes, cereals, muesli, etc. under the mark '8AM' or any other mark similar or deceptively similar thereto, amounting to infringement and passing off their goods as that of the plaintiff, and for ancillary reliefs.

2. It is the case of the plaintiff in the amended plaint aforesaid, that (i) the plaintiff, since the year 1986 is carrying on business in respect of products such as corn flakes, muesli, mix fruit flavour muesli, porridge,

etc.; (ii) the plaintiff is the registered proprietor of the trade mark '8AM', which was coined and adopted on 1st May, 2004 and has been continuously, extensively and exclusively used by the plaintiff since then; (iii) the plaintiff has been packing corn flakes, muesli, soya chunks, instant porridge, honey, all under the mark '8AM' and has been marketing the said goods in all major cities; (iv) the plaintiff, besides of the mark '8AM', is also the proprietor of other marks; (v) the plaintiff, on 8th June, 2004 applied for registration of the trade mark '8AM' in Class 30, claiming use since 1st May, 2004 and which application is being opposed by Radico Khaitan Ltd.; (vi) the plaintiff, on 2nd July, 2007 applied for registration of label marks containing the trade mark '8AM' as essential feature, with respect to goods in Classes 29, 30 and 32 and which registration was granted on 20th November, 2014, making the plaintiff registered proprietor of the trade mark '8AM'; (vii) the other applications of label mark '8AM' are pending registration; (viii) owing to the extensive sales and promotional activities undertaken, coupled with superior quality of goods sold under the trade mark '8AM', the goods sold under the said trade mark are associated with the plaintiff; (ix) the plaintiff, within a span of eight years from launch of the brand '8AM' in 2005-06 with sales of Rs.7,99,440/- has in 2012-13 reached the sales figure of Rs.6,52,00,000/-; (x) due to priority in adoption and use coupled with extensive long uninterrupted use of the trade mark '8AM' and registration of the said mark, the same has become distinctive with the goods of the plaintiff; (xi) in October, 2007, the plaintiff gathered from trade mark journal dated 16th October, 2007 that the defendant no.1, on 2nd August, 2005 had filed an application seeking registration of the mark '8AM' in respect of corn flakes and wheat porridge, on "proposed to

be used” basis and which was subsequently, as an afterthought on 23rd August, 2005 changed to, claim of use since 1st January, 2004; (xii) the plaintiff initiated opposition proceedings with respect to the said application of the defendant no.1 and which opposition is pending; (xiii) in August, 2012, the plaintiff for the first time learnt that the defendant no.1 had fraudulently and by misrepresentation got the mark ‘8AM Corn Flakes (Label)’ registered in Class 30 for corn flakes and wheat porridge; (xiv) the plaintiff has a superior and exclusive right over the mark ‘8AM’, by virtue of being a prior *bona fide* user and registered proprietor thereof; (xv) a close look at the official website of the defendant no.1 divulges that no use of the trade mark ‘8AM Corn Flakes (Label)’ is being made or has ever been made by the defendant no.1 in respect of the goods for which it is registered or for any other goods; (xvi) the latest annual report of the defendant no.1 for the years 2011-12 also does not bear any reference to the trade mark ‘8AM Corn Flakes (Label)’; (xvii) on the other hand, the plaintiff’s products are advertised in the Canteen Stores Department (CSD) magazines; (xviii) while the plaintiff’s corn flakes are advertised under the mark ‘8AM’, the defendant no.1’s corn flakes are advertised as ‘Mohun’s New Life Corn Flakes’; (xix) the plaintiff could not oppose the defendant no.1’s application pursuant to which registration was granted, because the same was not clearly visible in the trade mark journal in which it was advertised; (xx) the plaintiff, on 11th October, 2012 initiated trade mark cancellation proceedings against the defendant no.1, by filing an application for rectification of the mark registered in favour of the defendant no.1 and the said cancellation proceedings are still pending and during the pendency of which, the plaintiff also has become the registered proprietor of the mark

‘8AM’; (xxi) the registration obtained by the defendant no.1 is bad for the reason of having been obtained by misrepresenting use of the mark since 1st January, 2004 and owing to the prior application of the plaintiff; (xxii) the plaintiff’s earlier application for registration of the same mark ‘8AM’ was cited in the report of search made pursuant to the application of the defendant no.1; (xxiii) the reputation acquired by the plaintiff in the mark ‘8AM’ covers not only the goods for which it is used but also cognate and / or allied goods; (xxiv) the plaintiff, on 30th May, 2013 received a letter from CSD, seeking plaintiff’s comments on the notice dated 27th April, 2013 served by the defendant no.1 on CSD claiming rights over the mark ‘8AM’; the defendant no.1 in the said notice concealed the cancellation proceedings; (xxv) the plaintiff, in August, 2013 learnt from the defendant no.2 Trade Links Pvt. Ltd. who is the exclusive wholesale dealer / full time Director of the defendant no.1 that the defendant no.1, was set to introduce its goods under the mark ‘8AM’ in the market; and, (xxvi) the defendants have no right to use the mark ‘8AM’.

3. The suit, accompanied with an application for interim relief came up before this Court first on 10th September, 2013 when while issuing summons / notice thereof, vide *ex parte* order, the defendants were restrained from using in any manner the trade mark ‘8AM’ or passing off their goods with the said mark or any other confusingly similar mark and from writing letters to third parties customers of the plaintiff, claiming rights in the said mark.

4. The defendant no.2 Trade Links Pvt. Ltd. did not appear despite service and was vide order dated 11th November, 2013 proceeded against *ex parte*.

5. The defendant no.1, in its written statement to the amended plaint, has pleaded that (i) the plaintiff obtained the *ex parte* injunction concealing that the defendant no.1 was prior adopter of the mark '8AM' and had been selling under the composite trade mark 'Mohun's 8AM Corn Flakes' for long; (ii) the claim of the plaintiff of priority of use, is false; (iii) the registrations obtained by the plaintiff in Classes 29, 30 and 32, during the pendency of the suit and pursuant where to the plaint was amended, are too broad and merely eyewash, to claim false use of the mark for corn flakes and porridge; (iv) the defendant no.1 adopted the trade mark 'Mohun's 8AM Corn Flakes' in relation to breakfast cereals including corn flakes and wheat porridge, in January, 2004 and has been continuously and extensively using the said trade mark since then; (v) the defendant no.1 became the registered proprietor of the trade mark 'Mohun's 8AM Corn Flakes (Label)' in Class 30 in relation to corn flakes and wheat porridge, on 23rd August, 2005 and which trade mark is subsisting; (vi) the defendant no.1 is entitled to exclusive use of the trade mark '8AM'; (vii) the plaintiff's use of the mark is confined to CSD and not in the public retail shops; on the contrary, goods under the defendant no.1's mark 'Mohun's 8AM Corn Flakes' are sold across the country through retail stores; (viii) the plaintiff has concealed that S.K. Bakshi, Director of the plaintiff and who is the father of Rahul Bakshi who has signed the plaint on behalf of the plaintiff, was employed with the defendant no.1 as a Senior Executive Officer and was

living with his family including Rahul Bakshi in the premises of the defendant no.1 at Mohan Nagar, Ghaziabad, Uttar Pradesh, till shortly before institution of the suit; the plaintiff thus was fully aware of adoption and use of the mark 'Mohun's 8 AM Corn Flakes' by the defendant no.1; (ix) the defendant no.1 is the prior adopter, prior user and lawful proprietor of the mark; and, (x) mention of "proposed to be used" in the defendant no.1's application for registration of the mark was a clerical error as evident from documents showing use of the mark since 1st January, 2004.

6. Though the plaintiff has filed a replication to the written statement aforesaid but need to refer thereto is not felt, save as mentioned hereinbelow.

7. As aforesaid, the defendant, along with its written statement also applied under Order XXXIX Rule 4 of the Code of Civil Procedure, 1908 (CPC) for vacation of the *ex-parte* stay.

8. The application of the plaintiff for interim relief and the application of the defendant for vacation of *ex parte* stay granted, remained pending, with pleadings being completed thereon and the *ex parte* order continued.

9. On 3rd March, 2014, finding that the pleadings in the suit stood completed, issues were framed in the suit and the parties relegated to evidence. Though the present applications were listed from time to time but were adjourned, for some reason or the other and in the meanwhile recording of evidence commenced.

10. The plaintiff filed IA No.14009/2018 under Section 124(1)(b)(i) of the Trade Marks Act, 1999 and which came up first before this Court on 9th

October, 2018. Vide subsequent order dated 22nd October, 2018, the said application was allowed and further proceedings in the suit stayed awaiting the decision of the rectification proceedings pending before the Intellectual Property Appellate Board (IPAB) with respect to the validity of the registered trade mark of the defendant no.1. However it was clarified that arguments on the injunction applications would be heard.

11. It was in the aforesaid state of affairs that the arguments on the applications aforesaid were heard by the undersigned on 7th November, 2019 i.e. after the *ex parte* stay had remained in operation for over six years and though orders were intended to be dictated in the chamber on the same day, but remained to be dictated and are being pronounced today.

12. During the arguments, the counsels, took the undersigned through the respective cases as disclosed in the pleadings and documents. The counsel for the defendant no.1 also contended, that (a) the plaintiff, at the time of obtaining *ex parte* order, concealed from this Court that S.K. Bakshi, Director of the plaintiff was a Senior Executive Officer of the defendant no.1 and that the signatory of the plaint viz. Rahul Bakshi was the son of S.K. Bakshi and that both of them, till a few days prior to the institution of the suit were residing in the premises of the defendant no.1 at Mohan Nagar, Ghaziabad; (b) the plaintiff, after obtaining *ex parte* injunction, has also got the trial in the suit stayed, to, on the one hand perpetuate the injunction against the defendant and on the other hand not being required to prove their case; (c) the plaintiff was earlier not in the business of cereal; and, (d) the defendant no.1 has sold corn flakes under the mark '8AM', from the year 2004 till the restraint order. On enquiry, the counsel for the

defendant no.1 confirmed that the defendant no.1 has not made any counterclaim or initiated any other proceedings to restrain the plaintiff from using the mark and has also not applied for rectification of the registration obtained by the plaintiff.

13. The counsel for the plaintiff, in support of his arguments, referred to ***S. Syed Mohideen Vs. P. Sulochana Bai*** (2016) 2 SCC 683, ***Neon Laboratories Ltd. Vs. Medical Technologies Ltd.*** (2016) 2 SCC 672 and ***R.J. Components & Shafts Vs. Deepak Industries Ltd.*** 244 (2017) DLT 502, all on the rights of a prior user.

14. I have considered the rival contentions.

15. At the outset, I may state that merit is found in the contention of the counsel for the defendant no.1, of the plaintiff, while approaching this Court for *ex parte* ad-interim relief, having concealed that S.K. Bakshi, Director of the plaintiff was a Senior Executive Officer of the defendant no.1 against which the suit was primarily directed and that both S.K. Bakshi and his son Rahul Bakshi, also a Director in the plaintiff and signatory of the plaint, till a few days prior to the institution of the suit having resided in the property of the defendant no.1 at Mohan Nagar, Ghaziabad. On the defendant no.1 in its written statement pleading the said facts, the plaintiff in its replication has not denied the same. The said facts, in my opinion, were material facts, relevant to the issue and required to be disclosed by the plaintiff to the Court, at the time of obtaining *ex parte* ad-interim relief. The plaintiff, neither in the plaint nor in the replication has offered any explanation as to why the said facts were not disclosed to the Court at the time of obtaining *ex parte* injunction. In my further opinion, it was

incumbent upon the plaintiff to disclose the said facts along with their explanation if any thereto and the plaintiff should have left it to the Court to decide whether the same were of any relevance or not and if of relevance, still not deprived the plaintiff of *ex parte* injunction. I say so, because (a) the plaintiff in the plaint admitted that the defendant no.1 had a registration in its favour, of the trade mark '8AM Corn Flakes (Label)' of which the plaintiff was claiming to be the prior user and which registration in favour of the defendant no.1 was of 23rd August, 2005 i.e. more than eight years prior to the institution of the suit; (b) the plaintiff in the plaint also admitted that the plaintiff, at least since the year 2007 i.e. more than six years prior to the institution of the suit, was aware of the defendant no.1 having applied for registration for the mark '8AM'; (c) though the plaintiff in the plaint pleaded that the defendant no.1 was not using the mark but only on the basis of annual reports of the defendant no.1 and which ordinarily are not required to and do not contain the trade marks owned or used by the company; (d) however the plaintiff, by virtue of its Directors S.K. Bakshi and Rahul Bakshi's having a close association with the defendant no.1 as aforesaid, if had disclosed the said association, would have been required to also plead on oath from personal knowledge, whether the defendant no.1 was using the mark or not; (e) the plaintiff, by concealing the said facts, evaded positive plea of not having knowledge by virtue of association with the defendant no.1, of use of the mark by the defendant no.1; (f) the residence of the Directors S.K. Bakshi and Rahul Bakshi of the plaintiff till a few days prior to institution of the suit, in the premises of the defendant no.1, was / is also of relevance in the delay from 2007 to 2013 in instituting the suit; (g) had the said residence been disclosed, the Court, before

granting *ex-parte* injunction, could have enquired whether the plaintiff delayed filing of suit till its Directors were dependent for their residence on the defendant no.1.

16. Once the plaintiff is found to have concealed material facts while obtaining *ex parte* injunction, the plaintiff cannot be said to have approached the Court with clean hands and which disentitles the plaintiff from equitable relief of injunction and the application of the plaintiff for interim relief is liable to be dismissed on this ground alone.

17. Not only so, I am constrained to observe that the pleadings in the plaint as originally filed, are also confusing and do not correctly place the factual position for consideration of the Court. It cannot be lost sight of that the Judges manning the Courts, with long cause list, are not able to minutely go through the pleadings and the documents and it is thus imperative for the litigants to, at least when approaching the Court for *ex parte* relief, make a clean breast of the facts. The plaintiff is not found to have done so. I refrain from saying more. However, such conduct of the plaintiff also requires the plaintiff to be denied the equitable relief of interim injunction.

18. As far as the emphasis by the counsel for the plaintiff, on the plaintiff being the prior user of the mark, is concerned, it cannot be lost sight of that though the plaintiff first applied for registration on 8th June, 2004 i.e. well before the defendant no.1 first applied for registration on 2nd August, 2005, but no rights under the said application dated 8th June, 2004 in which the plaintiff claimed use since 1st May, 2004, have still accrued to the plaintiff and the claims of the plaintiff in the said application, of use since 1st May,

2004, are still to be verified. The subsequent application dated 2nd July, 2007 made by the plaintiff for registration of the trade mark '8AM' and registration pursuant where to was granted after the institution of this suit, though for registration in Classes 29, 30 and 32, did not include 'corn flakes', with respect where to the plaintiff in the present suit sought to restrain the defendant no.1. Thus while on the date of institution of the suit, the defendant no.1 was the registered proprietor of the mark '8AM' in relation to corn flakes since eight years prior to the institution of the suit, the plaintiff was not. Ordinarily, a registered proprietor is not to be restrained from use of the mark and the only limitation in Section 34 of the Trade Marks Act is, of the registered proprietor being not entitled to, on the basis of the registration, restrain a person who establishes itself to be using the mark since prior to the use by the registered proprietor. However what has happened here is that in a suit by the plaintiff instituted in the year 2013, claiming use since 1st May, 2004 and having knowledge of the claim of the defendant no.1 to the mark since 2007 and registration of the mark '8AM Corn Flakes (Label)'/ 'Mohun's 8AM Corn Flakes' in favour of the defendant no.1 since 2005, the defendant no.1 has been restrained since 2013 from using the mark; an unregistered proprietor of the mark has succeeded in restraining a registered proprietor. The plaintiff acquired registration, only after the institution of the suit.

19. In fact, the position today is no different. Both, the plaintiff and the defendant no.1 hold registrations, with the registration in favour of the defendant no.1 being prior to that in favour of the plaintiff; the claim of the

plaintiff thus, for the purposes of grant of interim injunction, has to be construed as of passing off only.

20. In this context I may notice, that though the plaintiff could have proceeded with the suit, insofar as for passing off, with only the suit on the ground of infringement being stayed awaiting the adjudication by the IPAB, but the plaintiff chose to have the suit qua passing off also stayed, to perpetuate the *ex parte* injunction in its favour and against the defendant no.1. The said conduct of the plaintiff also does not show the plaintiff to be still acting *bona fide* and this again disentitles the plaintiff to any equitable remedy.

21. This in my view is yet another reason for which the defendant no.1 cannot be restrained at the instance of the plaintiff.

22. I may however state that thoughts have indeed crossed my mind, of the defendant no.1 having stood restrained for the last now over seven years, from using the mark and the plaintiff in the *interregnum* using the same and of the defendant no.1 having neither sought to restrain the plaintiff from using the mark nor seek rectification of the registration obtained by the plaintiff and I have wondered the impact thereof on the matter of interim injunction i.e. decision on these applications. However on further consideration, I am of the view that merely because the *ex parte* injunction has continued for long, cannot be a ground to continue it further, once the plaintiff is found to have approached the Court with unclean hands. Similarly, merely because the defendant no.1, for whatsoever reason has not considered it worthwhile to restrain the plaintiff from using the

mark or to seek cancellation of the registration in favour of the plaintiff, also cannot be a reason to continue restraint against the defendant no.1.

23. That brings me to the argument of the plaintiff, of prior use. Having perused the documents of the respective parties, I am of the *prima facie* view that at this stage at least it cannot be said that the plaintiff is the prior user of the mark. Thus *de hors* the aforesaid reasons, the plaintiff is not found to satisfy the essential ingredient of *prima facie* case, to be entitled to interim injunction. Not only so, use by the defendant no.1 of the mark '8AM' in conjunction with 'Mohun's' even otherwise distinguishes the product of the plaintiff and the defendant no.1 and it is felt that no case of irreparable injury even is made out.

24. Accordingly, IA No.18379/2013 of the defendant no.1 under order XXXIX Rule 4 of the CPC is allowed and the *ex parte* ad-interim injunction dated 10th September, 2013 is vacated and IA No.14412/2013 of the plaintiff for grant of ad-interim injunction is dismissed.

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25. The proceedings in the suit have been already adjourned *sine die* in terms of order dated 22nd October, 2018.

26. The suit be listed as and when applied by either party and in the absence of either party so applying, for directions, on 1st April, 2022.

RAJIV SAHAI ENDLAW, J.

JANUARY 29, 2021

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