

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

RESERVED ON : 20th SEPTEMBER, 2017

DECIDED ON : 17th OCTOBER, 2017

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CS(OS) 900/2002 & CC 26/03

M/S.R.J.COMPONENTS AND SHAFTS Plaintiff

Through : Mr.Sandeep Bhalla & Ms.Isha Bhalla, Advs.

versus

M/S.DEEPAK INDUSTRIES LIMITED & ORS..... Defendants

Through : Mr.R.K.Jain, Advocate.

CORAM:

HON'BLE MR. JUSTICE S.P.GARG

S.P.GARG, J.

1. Present suit CS(OS) 900/2002 has been preferred by Rajeev Kumar, proprietor trading under the name and style of M/s.R.J.Components & Shafts (hereinafter referred to as 'the plaintiff') against M/s.Deepak Industries Limited (hereinafter referred to as 'first defendant') and M/s.Gear Components & Shafts (India) Pvt.Ltd. (hereinafter referred to as 'second defendant') to restrain them from selling, offering, exposing of advertising for sale or procuring to be sold any such products which might be similar in nature and description of goods of the plaintiff under the trademark NAW or any other trademark identical with and / or deceptively similar to the plaintiff's registered trademark NAW.

2. It is averred by the plaintiff in the plaint that he is the sole proprietor of its concern M/s.R.J.Components & Shafts carrying on well established and well-reputed business of manufacturing and marketing of interlia 'gears' being tractor parts included in class 12.

Initially, Ramji Das - his grandfather was the sole proprietor of M/s.R.J.Enterprises. By a deed of assignment dated 14.01.2000, Ramji Das assigned all rights, title and interest in the assignor of well-known trademark NAW along with its goodwill. The trademark NAW was registered in the name of Ramji Das as proprietor of M/s.R.J.Enterprises being registration mark No.407439 dated 01.07.1983. After the assignment dated 14.01.2000, the plaintiff became the registered proprietor of the mark NAW. The necessary application for transfer has already been made to the concerned authorities. It is further averred that Ramji Das had been using trademark NAW in relation to his products since 1983 and after his death in April, 2000, the said trademark NAW is being used by the plaintiff. The trademark registered in the plaintiff's name gives exclusive right to him. It is renewed from time to time and is still valid up to 30.06.2004. During the past many years, the plaintiff has established large extensive sale of its products under the registered trademark NAW throughout the country and he has also spent substantial amount on its publicity and advertisement through various modes of advertisement and publicity; it has acquired great reputation and goodwill amongst the minds of public and the trade. The trademark NAW has come to be exclusively identified and associated with the plaintiff alone in the public and the trade.

3. It is averred that the first defendant is engaged in the business of manufacturing and marketing of gears and selling its products through its distributor i.e. second defendant. The first defendant who has recently started manufacturing gears has adopted

an exactly similar trademark NAW and has copied, imitated and pirated the registered trademark NAW of the plaintiff. The defendant's trademark NAW is total identical and / or deceptively similar to the registered trademark NAW; the products manufactured by both the plaintiff and the defendants are the same. Adoption and use of the said trademark on the part of the defendants amounts to infringement of the plaintiff's aforesaid registered and reputed trademark NAW. The infringement has been done in order to cause confusion and deception in the minds of unwary purchasers. The defendant is guilty of passing off their inferior quality of goods as the goods manufactured by the plaintiff. On account of the defendants' deliberate unlawful and unjust trade activities, the plaintiff has suffered in the well known and well established trade, reputation and goodwill.

4. The suit is contested by the defendants. In the written statement filed jointly by the defendants it is stated that the suit is not maintainable under Section 44 of the Trade and Merchandise Marks Act, 1958 as the name of the plaintiff has not been entered as 'subsequent proprietor' in the records of the Trade Marks Registry. On merits, it is denied if Rajeev Kumar is the sole proprietor of the firm trading as M/s.R.J.Components & Shafts, New Delhi. No valid assignment has been made in favour of the plaintiff by Ramji Das vide alleged deed of assignment dated 14.01.2000; the plaintiff thus does not acquire any right in the said trademark NAW.

5. It is further averred that the registered trademark NAW has been obtained by fraud as Ramji Das and the plaintiff was well

aware that the said trademark NAW belonged to the first defendant who was using the said trademark in respect of gears being tractor parts since 1971 through their manufacturing unit M/s.New Allenberry Works, Faridabad. The said unit was established under the name and style of New Allenberry Works in the year 1971 at Faridabad from which the trademark NAW was derived by taking the first letter of the trading style i.e. New Allenberry Works. The said trademark NAW has been used by the first defendant and its manufacturing unit at Faridabad since 1971 without any interruption. It is further claimed that Ramji Das used to sell 'gears' being tractor parts manufactured by the first defendant under the trademark NAW and had also let out some premises to the defendants for storing gears being tractor parts under the trade name NAW to the defendants. The documents filed by the plaintiff are absolutely forged and fabricated.

6. It is averred that Rajeev Kumar was also a director of second defendant and as such, had knowledge about the proprietorship of the trademark NAW with the first defendant as second defendant had been selling gears being tractor parts under the trademark NAW manufactured by first defendant through its Faridabad unit i.e. New Allenberry Works.

7. In the replication while controverting the assertions of the defendants in the written statement, the plaintiff reiterated his version raised in the plaint.

8. The first defendant filed Counter Claim No.26/03 against the plaintiff. In the Counter Claim, it was averred that the first defendant was a body incorporated and duly registered under the

Indian Companies Act under the name and style of M/s.Deepak Industries Limited. The first defendant was engaged in the business of manufacturing and selling “automobile parts including the tractor parts since 1957”. The first defendant had two manufacturing units by the name of New Allenberry Works at Kolkata and Faridabad. The unit at Faridabad under the name and style of New Allenberry Works is engaged in the business of manufacturing and selling “tractor and automobile gears and shafts” under the trademark NAW since the year 1971. The trademark NAW has been derived by the defendant from their trading style New Allenberry Works. By virtue of long, continuous, extensive and exclusive use for last thirty years, the trademark NAW in respect of the aforesaid goods has become distinctive and associated with the name of the defendant alone. The word NAW is being represented in a special and artistic manner. The first defendant is the sole and exclusive owner and proprietor of the trade mark NAW in respect of automobile parts including tractor parts falling in class 12 of the Trademark and Merchandise Marks Act, 1958. The goods of the defendants are being supplied to the various Government departments and semi Government departments on contract basis besides sale to the general public. The first defendant is also registered with the Director General of Technical Department, Udyog Bhawan in the capacity of manufacturer of auto parts including gears and shafts etc. The goods of the first defendant under the trademark NAW are being sold in the territory of Delhi through defendant No.2. The trademark NAW had been extensively used

through different media of advertisement and publicity and lacs of rupees have been spent on such advertisement.

9. It is further pleaded that the plaintiff – Rajeev Kumar was a director of second defendant in the year 1997 and was aware about the business activities of first defendant and second defendant. It is alleged that Ramji Das has obtained the registration of trademark NAW by concealment of material facts and playing fraud on Trademark Registry for which separate proceedings are being initiated for removal/rectification of the registered trademark. The first defendant is a lawful owner of the proprietor of the trademark NAW for the last thirty years. Deed of assignment dated 14.01.2000 is not a legal defence and is not permissible before the Court. It is alleged that not only the plaintiff has copied the trademark of the first defendant but has also infringed the copyright of the first defendant in its artistic style of writing.

10. The averments in the Counter Claim were denied by the plaintiff in the written statement dated 31.10.2002. It is the first defendant who has violated the plaintiff's right under Section 28 of the Trade and Merchandise Marks Act, 1958. The defendants did not take any steps for registration of the trademark any time.

11. In the replication to the written statement, the first defendant reiterated his claim.

12. On the basis of pleadings of the parties and the documents on record, following issues were framed for determination vide order dated 28.04.2005 :

“1. Whether the suit is maintainable in its present form? OPP

2. Whether the plaintiff is the registered proprietor of the trade mark “NAW” under No.407039 on the basis of an assignment deed dated 14th January, 2000 executed in its favour by the registered proprietor of the said mark? OPP

3. Whether the defendants are infringing the trade mark in question? OPP

4. Whether the defendants are the prior adopter, users and proprietors of the trade mark “NAW” derived from the trading style of their manufacturing unit “NEW ALIENBURY WORKS”? OPD

5. In case issue No.4 is proved in the negative, whether the plaintiff is entitled to a decree for permanent injunction against the defendants, as prayed for? OPP

6. Whether the defendants are entitled to a decree for permanent injunction against the plaintiff, restraining it from passing off its goods as those of the defendants? OPD

7. Whether the plaintiff or the defendants are entitled to a decree for rendition of accounts and a decree for any sum found due from such account? OPP/OPD

8. Whether the defendants have not paid proper Court Fee on the counter claim made by it? If so, what is its effect? OPP

9. Relief.”

13. The plaintiff failed to produce any evidence despite availing various opportunities. Finally, the evidence of the plaintiff came to be closed. The defendants examined DW-1 (G.Jayaraman)

and DW-2 (Kailash Chandra) to prove their claim in the Counter Claim.

14. I have heard the learned counsel for the parties and have examined the file. Issue-wise findings are as under :

Issues No.2, 3 & 5

15. All the issues are taken together as these are 'inter' related.

16. As observed above, the plaintiff failed to produce any witness to prove the averments in the plaint. It is not in dispute that the trademark NAW was registered vide registration mark No.407439 dated 01.07.1983 in the name of plaintiff's grandfather Ramji Das. However, there is no credible evidence on record to infer if the trademark NAW registered in the name of Ramji Lal as proprietor of M/s.R.J.Enterprises was ever used by him or that it was assigned to the plaintiff vide assignment deed dated 14.01.2000. Again there is no evidence on record if after the alleged assignment on 14.01.2000 the registered trademark NAW was ever used by the plaintiff in respect of manufacturing or marketing of gears being tractor parts included in class 12. No evidence has been produced by the plaintiff to controvert the defendants' assertion that they were prior user of the mark NAW since 1971. It is not clear as to when the plaintiff came to know about the alleged infringement of the registered trademark NAW in the name of Ramji Das. It is not in dispute that Ramji Das had let out a portion of the premises to the defendants for storing gears being tractor parts under the trademark NAW. Apparently, Ramji Das was aware of the use of mark NAW by the defendants but at no stage he lodged any

complaint for its user in violation of the trademark registered in his name. It is also not in dispute that the plaintiff Rajeev Kumar was also a director of second defendant and thus had the knowledge about the proprietorship of the trademark NAW with the first defendant as second defendant used to sell gears being tractor parts under the trademark NAW manufactured by the first defendant through its Faridabad unit i.e. New Allenberry Works. The plaintiff Rajeev Kumar being the director of second defendant never protested any time about their use of the trademark NAW belonging to his grandfather any time and did not initiate proceedings to restrain the defendants for infringement. Since there is no evidence worth the name on record, mere pleadings without proof are of no substance. The plaintiff has thus failed to prove all these issues and these are decided against him and in favour of defendants.

17. The plaintiff has not produced on record any application filed before the Trademark Registry for registration of the trade name on the basis of assignment deed 14.01.2000 in his favour. During the course of arguments it was not informed if the application (if any) filed by the plaintiff has been allowed. I have examined the deed of assignment dated 14.01.2000. In this deed of assignment, Rajeev Kumar has not shown to be the proprietor of M/s.R.J.Enterprises. It appears that the deed of assignment has been executed in favour of Rajeev Kumar in his individual capacity. Ramji Das put his signatures on the deed of assignment as sole proprietor of M/s.R.J.Enterprises. It is unclear as to when the plaintiff Rajeev Kumar started running M/s.R.J.Enterprises as its sole proprietor. The

documents placed on record by the plaintiff do not reflect him to be the sole proprietor of M/s.R.J.Components & Shafts. The invoice / cash memo dated 31.03.2002 has been issued on behalf of Gear Components and Shafts (India) Private Ltd. In this cash memo, there is no mention of the trademark NAW being used by the plaintiff for the sale of speed gears. Photocopies of various invoices on behalf of M/s.R.J. Enterprises on record do not reveal Rajeev Kumar to be the sole proprietor. These do not show if the plaintiff is the manufacturer of the gears of specific marks. The cash memos reflect M/s.R.J. Enterprises to be 'stockists' of tractor spare parts and accessories and not manufacturers.

18. These are decided in favour of the defendants and against the plaintiff.

19. **Issue Nos.4 & 6**

20. Both these issues are taken together being inter connected. As discussed above, the plaintiff has failed to prove its case that the defendants were at fault in infringement of his registered trademark NAW.

21. Learned counsel for the plaintiff urged that Counter Claim filed by the defendants cannot be allowed as no credible evidence has emerged to infer if he is the prior user of the mark NAW since 1971 as claimed. Relying upon the authorities '*Mahendra & Mahendra Paper Mills Ltd. vs. Mahindra & Manhindra Ltd.*', 2001 Supp(5) SCR 225; '*Krishika Lulla & Ors. vs. Shyam Vithalrao Devkatta & Anr.*' in Crl.A.No. 258/2013, and '*Century Traders vs. Roshan Lal Duggar & Co.*' in FAO(OS) 46/1976, learned counsel for

the plaintiff urged that there is no evidence to show as to how much expenditure was incurred by the first defendant in advertising the mark NAW. No evidence has emerged on record to show if the products of the defendants have goodwill or are associated with the trademark NAW. Basic ingredients required to be infer for 'prior user' are lacking. Learned counsel for the defendants urged that the plaintiff was aware the use of mark NAW by the defendants since 1971. The plaintiff himself was director for some duration in second defendant and his grandfather had let out certain portion of the premises to second defendant to carry on the business. Various documents have been placed on record by the defendants on record to show user of the trademark NAW since 1971.

22. The defendants filed evidence of DW-1 G.Jayaraman (Ex.DW-1/A). In the affidavit by way of evidence, the defendants proved the version stated in the written statement and claimed that the trademark NAW was used continuously for the last more than 37 years. The said trademark was represented in a special and artistic manner. First defendant was the proprietor of the trademark NAW in respect of automobile parts including tractor parts falling in class 12 of the trademark Act. The goods of the first defendant under the trademark NAW were sold in the State of Delhi through second defendant. The sale figures of the first defendant at Faridabad unit M/s.New Allenberry Works from the year 1975 have been detailed in paragraph 10 of the counter claim. The total sale in the year 2001 – 2002 was ₹3279.78 lacs. The trademark NAW has been advertised through different modes of advertisement and lacs of rupees has been

spent on such advertisement. DW-1 (G.Jayaraman) also proved various documents (Ex.D-1 to D-19 and Ex.DW-1/3 to DW-1/59). In the cross-examination, DW-1 (G.Jayaraman) disclosed that he joined M/s.New Allenberry Works, Faridabad in February, 1998. The first defendant started manufacturing automobile parts from Faridabad in the year 1971. He fairly admitted that first defendant did not have any registered trademark in the year 1971. He further admitted that the first defendant was aware of the trademark NAW being registered in favour of the plaintiff. He was, however, unable to tell if it has been renewed till 2014. He was unaware if the record of the advertisement of the products manufactured by first defendant was placed on record. However, he claimed to produce the bills of amount spent on advertisement. He further reiterated that trademark NAW was used by first defendant from 1971 till 2002.

23. On scanning the testimony of the witness, it reveals that material facts proved by him in the examination-in-chief have remained unchallenged and uncontroverted. Various documents placed on record by the plaintiff showing the sale of goods under the trademark NAW have not been disputed or challenged. I have examined various cash memos and other documents pertaining to the period 1971 onwards on the letterheads of first defendant where the trademark NAW finds prominent place. Some of the documents are various correspondences with the Government departments. Their genuineness and authenticity cannot be suspected. These documents establish beyond doubt that the mark NAW was being used extensively by the first defendant since 1971. At no stage, the plaintiff

objected to the use of the mark NAW. As discussed above, plaintiff himself was director in second defendant for some duration. He did not object to the use of the mark NAW of the goods being sold by second defendant. Apparently, the first defendant is a prior user of the trademark NAW. The defendants have placed on record several sale figures from different periods showing the sale of the goods under the mark NAW. No evidence to the contrary has been produced by the plaintiff. Despite filing evidence by way of affidavits, the plaintiff and the witnesses to be produced by him did not turn up for evidence before the Court. Adverse inference is to be drawn against the plaintiff for not appearing in the witness box.

24. Similar is the testimony of DW-2 (Kailash Chandra) by way of affidavit (Ex.DW-2/A). He also deposed that second defendant use to sell the goods manufactured by M/s.Deepak Industries Limited under the trademark NAW in the Union Territory of Delhi. Various invoices regarding the sale of the said goods to the second defendant are Ex.D-5 to D-19. It was further informed that Rajeev Kumar - the plaintiff was one of the directors of second defendant and was in that capacity fully aware about the business transactions in between first defendant and second defendant. The said plaintiff being one of the directors of second defendant was also aware about the trademark of the first defendant and regarding the goodwill and reputation of the trademark NAW of the first defendant as Rajeev Kumar was himself dealing with first defendant on behalf of the second defendant. The plaintiff himself was having dealings with defendants in respect of the aforesaid goods having the trademark

NAW. In the cross-examination, the witness disclosed that the plaintiff joined as director on 01.08.1996; he was removed from the directorship on 15.09.1998. He was, however, not aware as to for what reasons the plaintiff was removed as director. He denied the suggestion that the plaintiff was removed due to his raising objection about the use of trademark NAW by the defendants. Apparently, the plaintiff was aware of the use of the trademark NAW by the defendants in 1997- 1998. The witness further stated that the second defendant was having dealings with first defendant since 1993.

25. The documents proved on record by the defendants prove that the defendants are prior user since 1971. The year-wise sale figures have been given by the defendants to show their goodwill and reputation in the mark.

26. It is well settled that prior use of the goods will override the subsequent user, even though subsequent user has a registered trademark (“first in the market test”). In ‘*S.Syed Mohideen vs. P.Sulochana Bai*’, MANU/SC/0576/2015, it was held that the scheme of the Act is such where rights of the prior user are recognised superior than that of the registration and even the registered proprietor cannot disturb interfere with the rights of the prior user.

27. Needless to say, the defendants are entitled for the injunction prayed for. The issues are decided in favour of the defendants and against the plaintiff.

28. **Issues No.1 & 8**

29. These issues have not been pressed. Accordingly, these are decided in favour of the plaintiff and against the defendants.

30. **Issue No.7**

31. This issue has not been pressed by the defendants. Moreover, there is no evidence on record if the mark NAW was used by the plaintiff for the sale of its goods for any particular duration and if so, for what period and to what extent. In the absence of any evidence on this issue, the decree for rendition of accounts cannot be issued either in favour of the plaintiff or the defendants. The issue is disposed of accordingly.

32. **Relief**

33. In view of the findings on the issues above, the suit filed by the plaintiff is dismissed with costs.

34. Counter Claim filed by the first defendant is allowed with costs. The plaintiff and any other person / persons acting on his behalf are restrained from manufacturing, selling, offering for sale or otherwise dealing in automobile parts including tractor parts under the trademark NAW or any other trademark which may be identical with and /or deceptively similar to the trademark NAW of the first defendant.

35. The existing stock (if any) having the trademark NAW shall be disposed of within two months by the plaintiff.

36. Decree-sheet be prepared accordingly.

(S.P.GARG)
JUDGE

OCTOBER 17, 2017 / tr