

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

+ **FAO No. 458/2017**

% **20th November, 2017**

**MUNISH KUMAR SINGLA TRADING AS: CHAKSHU FOOD
PRODUCTS**

..... Appellant

Through: Mr. S.K. Bansal, Mr. Pankaj
Kumar and Mr. Kapil Kumar
Giri, Advocates.

versus

JOLLIBEE FOODS CORPORATION Respondent

Through: Mr. Neeraj Grover, Mr. Nageeb
Nawab and Mr. Himanshu
Deora, Advocates.

CORAM:

HON'BLE MR. JUSTICE VALMIKI J. MEHTA

To be referred to the Reporter or not? **YES**

VALMIKI J. MEHTA, J (ORAL)

1. This First Appeal is filed by the defendant in the suit under Order XLIII (1)(r) CPC impugning the *ex-parte* order of the trial court dated 22.8.2017, by which the trial court in a suit for infringement of a trademark, infringement of copyright, passing off, damages etc restrained the appellant/defendant from carrying on its business of sale of spices under the trademark 'Chakshu' with an

image of a bee. Respondent/plaintiff claimed ownership of the trademark 'Jollibee' with the same image of bee as also independent trademark rights in the image of the bee itself. Respondent/plaintiff also claimed copyright in the image of the bee for being the owner and for exclusive use of the image.

2. At the outset, I would like to state that an appeal lies against not only an *ex-parte* order originally passed but also when the *ex-parte* order is continued for each next date of hearing and each next date of hearing gives a fresh cause of action for an aggrieved defendant to challenge the grant of an *ex-parte* order against him. This is the law as per the judgment of the Supreme Court in the case of *A. Venkatasubbiah Naidu vs. S. Chellappan and Others (2000) 7 SCC 695*. It is noted in this case that appellant/defendant after being served of the impugned order dated 22.8.2017 in Local Commissioner's proceedings had immediately thereafter filed his written statement along with an application under Order XXXIX Rule 4 CPC. The next date of hearing in the suit as also the injunction application filed by the respondent/plaintiff was 26.9.2017 but the trial court in spite of urgency expressed on behalf of the

appellant/defendant did not hear the application under Order XXXIX Rule 4 CPC but instead simply adjourned the matter to 7.11.2017. On 7.11.2017 again in spite of requests of the appellant/defendant for hearing the matter, the matter stood adjourned to 11.12.2017. Hence the appellant/defendant had no option but to file this appeal as it was suffering an *ex-parte* order against it from 22.8.2017 effectively closing down its business because carrying on business is inextricably linked with the trademark under which the business is being carried on.

3. The case of the respondent/plaintiff as per the plaint was that the respondent/plaintiff was based in Philippines and it was having a fast food brand under the trademark 'Jollibee'. The word mark 'Jollibee' was along with an image mark of a bee. The respondent/plaintiff as per the plaint admits that though the trademark 'Jollibee' with the image of a bee was registered in India in favour of the respondent/plaintiff way back in the year 2005, and also independently and additionally the image of its own being registered thereafter in the year 2014, the respondent/plaintiff has from the year 2005 till today in the year 2017 not yet commenced its business in

India. In fact, the registrations of the trademark of the respondent/plaintiff in India is on the basis of "proposed to be used basis" i.e the respondent/plaintiff had not commenced or done any business under the trademark at the time of registration of the trademark.

4. In my opinion, the impugned order dated 22.8.2017, and thereafter the orders dated 26.9.2017 and 7.11.2017 simply adjourning the matter without considering the injunction application of the respondent/plaintiff and the application for vacation of injunction filed by the appellant/defendant under Order XXXIX Rule 4 CPC, flies against all canons of law, equity and justice.

5.(i) One object of grant of *ex-parte* injunction in all cases is if as to whether by the non-grant of the injunction the relief prayed in the suit would become infructuous. In such cases, and other cases for grant of interim injunction under Order XXXIX CPC, once the triple factors exist of *prima facie* case, balance of convenience and irreparable injuries, courts do grant interim orders/*ex-parte* orders to protect the plaintiff.

(ii) In Intellectual Property Rights (IPR) matters, besides grant of *ex-parte* injunction in cases where the relief prayed for in the suit would otherwise become infructuous, courts rightly consider grant of *ex-parte* orders where the trademark used by the defendant is identical or nearly identical to the trademark being used by the plaintiff, and the goods also being the same, resulting in the impugned goods being effectively counterfeit goods.

(iii) On the triple factors existing as required under Order XXXIX CPC, grant of *ex-parte* injunction is favourably considered by the courts in IPR matters where vulnerable sections of the society would be affected or consumers at large would be affected such as in the case of products for children or illiterate people, or disadvantaged consumers or in cases of pharmaceutical products and similar type of cases.

6.(i) It may be noted that where an *ex-parte* order is granted in favour of the plaintiff, in cases such as the present, the same has the effect of decreeing the suit on the very first date and meaning thereby that *ex-parte* injunction order when passed proceeds on the basis that

the defendant in the suit can never have any defence at all, whether of fact or law, for seeking dismissal of the suit.

(ii) Where there arise issues of territorial jurisdiction, then trial courts, before grant of injunction, must satisfy itself that it has territorial jurisdiction vide *Shree Subhlaxmi Fabrics (P) Ltd. Vs. Chand Mal Baradia and Others (2005) 10 SCC 704*. As held in this judgment it is not permissible to decide existence of territorial jurisdiction on the ground that there is an arguable case.

7.(i) In the present case, it is seen that admittedly, respondent/plaintiff in spite of registration of its trademark since the year 2005 is not doing business in India. In such admitted facts of a case as per the plaint itself where the respondent/plaintiff has not commenced business in India, I have failed to understand as to how can an *ex-parte* order be granted decreeing the suit on the first date i.e effectively by granting the injunction to prevent the appellant/defendant from carrying on its business and that too a business which was not similar to the business of the respondent/plaintiff. As already stated above, business of the

respondent/plaintiff is of a fast food chain and food products and the business of the appellant/defendant is selling of packaged spices.

(ii) Also, the respondent/plaintiff knew of the existence of the appellant/defendant since November 2016 when the trademark of the appellant/defendant was sought registration of i.e of wordmark 'Chakshu' with an image of bee. Therefore, on filing of the suit many months later in August 2017, respondent/plaintiff was in fact hit by the principle of delay for not seeking an *ex-parte* injunction. In facts of the case such as the present the trial court in the admitted facts of the case, and as already stated above, should/could have well issued a reasonable period notice on the injunction application as also for the summons in the suit.

8. No doubt, the respondent/plaintiff may seem to have a *prima facie* case with respect to the image bee, and which image bee of the respondent/plaintiff is almost identical to the image of bee being used by the appellant/defendant, however, such claim of an image of bee if it is used as a trademark, then it is noted that the appellant/defendant besides using the bee is also using its word mark 'Chakshu' which is completely different from the word mark

‘Jollibee’ of the respondent/plaintiff and that too with respect to a totally separate line of business. If the issue is looked from the point of view of the copyright of the respondent/plaintiff in the image of bee, then, surely the appellant/defendant would be entitled to show if the image of bee was otherwise available in public domain and such image was not created for the first time by the respondent/plaintiff, and these observations are made by this Court only limited to the issue of grant of *ex-parte* orders, because surely it was not as if the suit of the respondent/plaintiff would have become infructuous by non-grant of *ex-parte* order, and even assuming that there was violation of copyright in the creation of an image of bee which the respondent/plaintiff alleges it has created, then respondent/plaintiff could always have been compensated by way of damages, and all the more so because respondent/plaintiff was aware from November 2016 of the user of image of the bee by the appellant/defendant.

9. In the present case, what is really surprising is that the trial court has, in spite of the appellant/defendant rushing to the court by fling its written statement and simultaneously filing the application under Order XXXIX Rule 4 CPC for vacating of the injunction,

however not only not granted any relief when the application under Order XXXIX Rule 4 CPC first came up for hearing, the relief for vacation of injunction was not even considered by the trial court and even on the date fixed being 26.9.2017, and the matter was simply adjourned to 7.11.2017 and thereafter the matter again stands adjourned to 11.12.2017.

10. There is also a very strange aspect in the impugned order dated 22.8.2017 that the injunction application filed by the respondent/plaintiff has in fact been allowed and disposed of, and this is seen from para 32 at internal page 19 of the impugned order dated 22.8.2017. I really fail to understand as to how an injunction application can be allowed on the very first date when the suit has come up for admission, in favour of the respondent/plaintiff, and when the appellant/defendant is not even represented because as yet no summons or notices have been issued to the defendant(s). Surely, a judicial officer of a level of an Additional District Judge must know that when an *ex-parte* injunction is granted on an injunction application filed by the plaintiff, taking that the *ex-parte* order has to be granted, yet, notice has yet to be issued on the injunction

application and this application cannot be allowed and disposed of on the very first date, and which has been done in terms of the impugned order dated 22.8.2017.

11. Though it is not an issue at large in this Court, this Court is receiving various orders where the trial courts are at the time of granting of *ex-parte* injunction orders, appointing Local Commissioners by paying huge fees. By the impugned order dated 22.8.2017 two Local Commissioners have been appointed, one at a payment of Rs.70,000/- and second at a payment of Rs.1.5 lacs. In my opinion, these charges are astronomical to say the least and in fact such orders convey wrong impressions to the litigants as also the lawyers. This Court obviously will not issue any directions as to what should be the fees of the Local Commissioners, however, surely it is seen that exorbitant fees are being paid to the Local Commissioners by the trial courts and which have no co-relation to the amount and type of work which is required to be done by the Local Commissioners. This undesirable practice of directing payments of huge fees, in the opinion of this Court, must forthwith stop.

12. I may note that the Supreme Court in the judgment in the case of *A. Venkatasubbiah Naidu (supra)* had in fact observed that if after grant of an *ex-parte* injunction if the trial court does not dispose of the injunction application within 30 days then the same should be recorded in the ACR of the concerned officer, and which of course would be very difficult when every court has thousands of matters, however, the spirit of the observations of the Supreme Court in *A. Venkatasubbiah Naidu (supra)* has to be read with the provisions of Order XXXIX Rules 3 and 3A CPC. Order XXXIX Rule 3A CPC requires that once an *ex-parte* injunction is granted, trial court must endeavour to expeditiously dispose of the injunction application, and which period is provided by the Statute at 30 days, and these requirements apply strongly in the facts of the present case where an *ex-parte* injunction order is granted to effectively stop the business of the appellant/defendant. Trial courts must endeavour either to expeditiously dispose of the injunction application or at least should consider, as per facts of each individual case, some sort of other interim arrangements or possible change of form or content of the

order, if for some reasons an *ex-parte* injunction has to be continued for some dates of hearings.

13. In sum and substance, it is seen that in the present case, there was really no jurisdiction in the trial court to grant *ex-parte* order in terms of the impugned order dated 22.8.2017 once the respondent/plaintiff had not commenced business in India in spite of registration of its trademark in India since the year 2005. Supreme Court in the case of ***Milmet Oftho Industries and Others vs. Allergan Inc (2004) 12 SCC 624*** has held that multinational companies have no right to claim exclusivity of the trademark if they do not enter or intend in a reasonable time to enter into business in India and which observations squarely apply in the facts of this case where in spite of registration since the year 2005 till today in the year 2017 the respondent/plaintiff has not commenced his business in India. *Prima facie* therefore the ratio of the judgment of the Supreme Court in the case of ***Milmet Oftho Industries (supra)*** would apply. Also, the present is not a case where by non-grant of an *ex-parte* order the suit would have become infructuous or the products being sold by the appellant/defendant were such which were sold to children or other

vulnerable sections of the society or were pharmaceutical products etc, that, a reasonable period notice should not have been issued and instead a drastic *ex-parte* injunction order should have been passed.

14. In view of the aforesaid discussion, this appeal is allowed. The impugned order dated 22.8.2017 is set aside. Nothing contained in this order is a reflection on merits of the cases of the respective parties, whether with respect to decision of the injunction application filed by the respondent/plaintiff and which decision will now be taken or of the merits in the suit, and these aspects would be decided by the trial court at the respective stages in the suit or at the time of disposal of the injunction application filed by the respondent/plaintiff. Observations made in this order are with respect to grant or non-grant of *ex-parte* interim orders.

15. I am informed that the concerned judicial officer, who passed the impugned order dated 22.8.2017, is no longer presiding in the same court, and therefore the matter is likely to come up before another judicial officer in the trial court. The concerned judicial officer is requested to make an endeavour, of course depending on the

roster and board of the judicial officer, for reasonably early disposal of the injunction applications filed by the parties.

NOVEMBER 20, 2017/ib

VALMIKI J. MEHTA, J

