

IN THE HIGH COURT OF JUDICATURE AT BOMBAY,
NAGPUR BENCH, NAGPUR
APPELLATE SIDE

APPEAL AGAINST ORDER NO. 14 OF 2021

APPELLANT : M/s. Mysore Deep Perfumery Household
(Ori. Plaintiff) A partnership firm, having address
At 49, S.D.A. Annex, Lasudai Mori,
Dewas Naka, Indore - 452 010,
Madhya Pradesh State, India,
By & through its Power of Attorney
Holder Mr. Pradeep Kala S/o Babulal
Kala, Aged : 53 years, Service, Indian,
having address at 267 A, Parshavanath
Nagar, Indore, Madhya Pradesh.

// VERSUS //

RESPONDENT : Sunilkumar Amrutlal Jain
(Ori. defendant) Sole Proprietor / Partner/Authorised Person
of M/s. Shriphal Gruh Udhog and M/s. S.
K. Traders, Having address at 4,
Valkunthdham Apartment, Beside Binzani
College, Dakshina Murty Square (Chowk),
Mahal, Nagpur 440 032, Maharashtra.

S/Shri Harshit Tolia, Rajendra Bhansali and N.D. Khamborkar,
Advocates for appellant.
Shri Arun S. Agrawal, Advocate for respondent-sole.

CORAM : V. G. BISHT, J.

RESERVED ON : 30th MARCH 2022
PRONOUNCED ON : 6th MAY 2022

JUDGMENT :

1. The appellant - original plaintiff has preferred the present appeal against the order dated 18/06/2021 passed by the learned Ad-hoc District Judge-2, Nagpur, in application below Exh.5 under the provisions of Order 39, Rule 1 and 2 of the Code of Civil Procedure (for short, "the Code") in Trade Mark Civil Suit No.5/2019, whereby the learned Judge was pleased to reject the application.

FACTS

2. The appellant - plaintiff is a registered Partnership Firm and is carrying out business of marking and exporting of all kinds of goods like Agarbati, Scent, Perfume, Camphor, Dhoop, etc. under the provisions of Trade Marks Act including trade mark "Zed Black". The appellant started using trade mark "Shriphal" for the products in respect of Agarbati, Scent, Perfume, Camphor, Dhoop, etc. falling in Class-3 since 1992. The Registered trade mark is renewed from time to time and the same has become conclusive. The appellant has also given status of all other trade marks in Para No.14 of the plaint.

3. According to the appellant - plaintiff, the defendant was purchasing the said goods from him with various Marks including

"Shriphal" since 1994. In the month of September, 2014, the appellant - plaintiff came to know about the illegal activities of the defendant to the effect that the defendant has started to use impugned Marks in its impugned goods and therefore, on 03/09/2014, appellant - plaintiff served a cease and desist notice upon the respondent - defendant and asked him to stop illegal activities with impugned Marks "Zed Black" and "Shriphal". On 16/09/2014, the respondent - defendant replied the said notice and admitted the contents of the cease and desist notice. He also acknowledged the legal right of the appellant and undertook not to use any Mark "Shriphal". This being so, the appellant continued to supply the said goods to the respondent with various Marks including Mark with "Shriphal". It may be noted here that the respondent denied the claim of the appellant in respect of Mark "Shriphal" on the ground that it being public juris but without any claim of user by him. However, respondent started to object / oppose the trade marks registration application of the appellant - plaintiff.

4. According to the appellant on 21/09/2021, this Court was pleased to issue various directions by extending the period of injunction for a period of six months from the date of passing of the

order. This Court was further pleased to grant the liberty to amend the pleadings to the appellant and so also to the respondent. They were also given liberty to file additional documents, if any.

5. The appellant - plaintiff alleges that not only the respondent - defendant amended the written statement but also added new pleadings specifically under the head of "Additional Pleadings" without taking permission of the Court as per the amended provisions of Order 8 Rule 9 of the Code. In additional pleadings, the respondent pleaded for the first time that ; i] "Aastha Sales" is belonging to the father of the appellant and produced new bills issued by the respondent to "Aastha Sales" between 2011 to 2019 and thus, the respondent pleaded the theory of acquiescence.

6. According to the appellant, appellant is not only a prior user of the Mark "Shriphal" but also has earned immense reputation and good-will in India as well as Abroad. There is infringement and passing of the impugned goods of the appellant at the hands of the respondent and therefore, application for temporary injunction against the defendant.

7. The defendant resisted the suit and contends that he is using the trade mark "Shriphal" prior to 2011, particularly when most of the registration of the plaintiff had expired. The defendant is a registered Proprietor of the said trade mark "Shriphal" at the time of filing of suit under Trade Mark Certificate No.21465561, which is renewed and is valid up to 2031.

8. According to the defendant, the plaintiff has another Firm "Aastha Sales" which is a sister concern of the plaintiff and was run by Shri Rajkumar Agrawal who was father of the partner / proprietor of the plaintiff - firm. The defendant has been supplying the goods under the Brand name of "Shriphal" to the said "Aastha Sales" for almost 14 years, even after cease and desist notice issued on 03/09/2014 by the plaintiff to the defendant. The plaintiff was consciously aware of the use of the Brand name of "Shriphal" by the defendant till 2018 which clearly amounts to acquiescence on the part of the plaintiff. There being no merit in the application, same is liable to be dismissed, contended defendant.

SUBMISSIONS

9. Mr. Harshit Tolia, learned counsel for the appellant – plaintiff, has given a note on various dates and events apart from points of arguments in support of plaintiff's case. Perused.

10. Learned counsel for the respondent has also given notes of case. Perused.

11. Mr. Harshit Tolia, learned counsel for the appellant at the very outset submits that this Court had allowed both the parties to carry out the amendment and counter-amendment, if any. However, not only, the defendant amended the written statement but also added absolutely new pleadings under the head of "Additional Pleadings" without taking permission of the Court as per the mandatory provisions of Order 8 Rule 9 of the Code which is quite contrary to the law laid down in **Kedar Nath and others Vrs. Ram Parkash and others**, reported in **1998 (76) DLT 755**.

12. According to learned counsel, though learned Trial Judge holds that the plaintiff was prior user having reputation and

good-will and there being likelihood of deception, thus, was satisfied of having established all the ingredients of passing of action against the defendant, still refused to grant interim injunction only on the ground of acquiescence.

13. According to learned counsel, law is well settled by the Hon'ble Apex Court in respect of acquiescence in trade mark matters and then placed reliance in para no.27 of judgment given in **M/s Power Control Appliances and others (supra)**, wherein it has been held that to avail the defence of acquiescence, the conditions must be satisfied by the defendant are - i] defendant must be 'in ignorance of the title" of the plaintiff to the trade mark; ii] plaintiff should have known that ignorance of the defendant; and iii] plaintiff not mentioned its own title to the defendant.

14. According to the learned counsel, the learned Trial Judge has ignored the above principle of law in respect of acquiescence and wrongly held that the defendant is entitled to invoke defence of acquiescence which is tacitly perverse, illegal and in violation of the fundamental principles of law in this regard.

15. Learned counsel during the course of arguments invited my attention to the various documents filed on record under Order XLI Rule 27 (C.A.No.21 of 2021) and earnestly sought permission for the production of the same particularly those documents in respect of "Aastha Sales" have a decisive role to play in the present matter inasmuch as those documents would show that the documents pertaining to so called "Aastha Sales" were forged and fabricated by the respondent in order to claim the theory of acquiescence.

16. For the aforesaid reasons, learned counsel sought for setting aside the erroneous order. Learned counsel for the appellant placed reliance in Sanjay Kumar Singh Vrs. The State of Jharkhand, 2022 Live Law (SC) 268, Adil Jamshed Frenchman (Dead) by LR.s. Vrs. Sardar Dastur Schools Trust and others, (2005) 2 SCC 476, the order passed by Gujarat High Court in Appeal from Order No. 206/2015 to 216/2015 dated 24/11/2015 in case of Laxmi Snack Pvt. Ltd. Vrs. Akshar Food Products, A. V. Papaya Sastry and others Vrs. Govt. of A. P. and others, 2007 (4) SCC 221, Eaton Corporation Vrs. BCH Electric Limited, 2013 SCC Online Delhi 2333, BHC Electric Limited Vrs. Eaton Corporation and another, 2016 SCC Online Delhi

3639, Heinz Italia and another Vrs. Dabur India Ltd., (2007) (6) SCC 1, Midas Hygiene Industries (P) Ltd. and another Vrs. Sudhir Bhatia and others, (2004) 3 SCC 90, Laxmikant V. Patel Vrs. Chetanbhai Shah and another, (2002) 3 SCC 65, Lupin Ltd. Vrs. Johnson and Johnson, 2015(1) Delhi 501, M/s. Hindustan Pencils Private Limited Vrs. M/s. India Stationery Products Co. & another, AIR 1990 Delhi 19, Ramdev Food Products (P) Ltd. Vrs. Arvindbhai Rambhai Patel and others, (2006) 8 SCC 726, Wockhardt Limited Vrs. Torrent Pharmaceuticals Limited and another, (2018) 18 SCC 364, Neon Laboratories Limited Vrs. Medical Technologies Limited and others, (2016) 2 SCC 672, M/s. Power Control Appliances and others Vrs. Sumeet Machines Pvt. Ltd., (1994) 2 SCC 448 and S. Syed Mohideen Vrs. P. Sulochana Bai, (2016) 2 SCC 683.

17. Mr. Agrawal, learned counsel for respondent, on the other hand, submits that the question of applicability of Order 8 Rule 9 of the Code will not come in the picture inasmuch as the amendment of the pleadings was carried out pursuant to the order of this Court. Since the issue is correctly dealt with by the learned Judge, there is no necessity of going into this aspect.

18. As far as application under Order XLI Rule 27 moved by the appellant is concerned, according to the learned counsel, the record would show that the plaintiff did not exercise its due diligence in placing reliance upon documents. Thus, the parameters as contemplated by Rule 27 are not strictly followed. According to the learned counsel, it is settled law that the material which is not before the learned Trial Court cannot be looked into by the Appellate Court once the failure of the appellant in exercising due diligence is made out. In support of his submissions, learned counsel placed reliance upon **M/s Power Control Appliances and others (supra)**.

19. Learned counsel for the respondent placed further reliance in **Union of India Vrs. Ibrahim Uddin and another**, reported in **(2012) 8 SCC 148**, **Orange City Mobile Collection, Nagpur Vrs. City Collection, Nagpur and others**, **(2017) 3 Mh.L. J. 180**, **Wander Ltd. and another Vrs. Antox India P. Ltd. 1990 (Supp) SCC 727**, **K. Narayanan and another Vrs. S. Murali**, **(2008) 10 SCC 479**, **M/s Power Control Appliances and others Vrs. Sumeet Machines Pvt. Ltd. (1994) 2 SCC 448** and other connected matter and **Essel Propack Ltd. Vrs. Essel Kitchenware Ltd. and others, 2016 (3) BomCR 466**.

20. Learned counsel submits that the case of the plaintiff is liable to be rejected on the simple ground that the defendant is a registered user of trade mark since 2011 and therefore, is fully entitled in law to use the trade mark Certificate to his fullest benefit.

21. On the question of acquiescence, learned counsel would submit that the cease and desist notice dated 03/09/2014 was suitably replied by the defendant. The perusal of the reply would clearly demonstrate that the defendant had accepted the fact that the defendant infringed the trade mark in respect of "Zed Black" and further accepted the case that he will not in future use the same. However, the defendant has asserted his right in respect of use of word "Shriphal" and has not accepted any claim of the plaintiff.

22. Learned counsel then next submits that the documents on record would clearly show that for all these 5 years, the plaintiff was cautiously aware of the use of the trade mark by the defendant, however, the suit came to be instituted only after lapse of period of 5 years. Moreover, there are documents to show that not only defendant was using word "Shriphal" but also supplied the goods to firm namely;

Sunil Firm, Adilabad and further, it is a specific case that it supplied goods to the plaintiff in 2014-2015 pointing out that the plaintiff was receiving the goods in the name and style "Shriphal" even after the issuance of cease and desist notice dated 03/09/2014. Therefore, in such circumstances, a clear case of acquiescence is made out which is rightly so held by the learned Trial Judge.

23. Learned Counsel lastly submits that since the plaintiff had failed to renew the registration of his trade mark under Sections 24 and 25 of the Trade Marks Act, 1999 (for short, "the Act") the same amounts to abandonment of his rights. No question of infringement, passing of order or damage to the good-will and reputation would arise.

24. For the aforesaid reasons, application is liable to be dismissed, argued learned counsel for the respondent.

25. By way of rejoinder, learned counsel for the appellant would place his reliance upon Sections 25 and 26 of the Act and would submit that the passing of action under Section 27(2) shall

prevail over all other provisions and is not being affected by any other provisions of the Act, since nomenclature starts with 'nothing in this Act'. Learned counsel further invited my attention to Section 28 of the Act and would submit that any right conferred by the registration of the trade mark is "subject to the other provisions of this Act". Thus, again, if at all any right is conferred by the registration of the mark upon the defendant, the same is subject to provisions of Section 27(2) and thus, the common law right of passing of action conferred in favour of the appellant shall prevail upon the rights conferred by the registration of the trade mark. In this regard, learned counsel placed reliance in the cases of Neon Laboratories Limited Vrs. Medical Technologies Limited and others (supra) and Wockhardt Limited Vrs. Torrent Pharmaceuticals Limited and another (supra).

REASONS

26. Certain preliminary concerns raised by both sides need attention. According to learned counsel for appellant, pursuant to order of this Court and liberty to amend the pleadings to the parties, the defendant amended not only the written statement but also introduced new pleadings specifically

under the head of 'Additional Pleadings' without seeking permission of the Court as per amended provisions of Order VIII Rule 9 of the Code. On the other hand, this submission is countered by respondent-defendant by submitting that Order VIII Rule 9 does not come in picture in as much as amendment was carried in the light of directions given by this Court.

27. It was brought to my notice on 21st April 2022 by the learned counsel for the respondent-defendant that the said order of amendment was challenged by the appellant-plaintiff herein by filing Writ Petition No.1770 of 2022 which came to be rejected by the co-ordinate Bench of this Court vide order dated 18th April 2022. The true copy of the said order was filed on 21st April 2022 itself by the learned counsel for the respondent-defendant and therefore according to him this issue now cannot be adjudicated in the present appeal. The learned counsel for the appellant-plaintiff does not dispute this factual position and rather submits that the appellant-plaintiff intends to challenge the said order before the Hon'ble Apex Court.

28. Be that as it may, the fact remains that the grievance in respect of amendment of pleadings without permission of this Court under Order VIII Rule 9 of the Code has been settled by the co-ordinate Bench of this Court while dismissing the writ petition so filed by the appellant-plaintiff. Therefore, this concern should not detain me any more.

29. Another concern on the part of the learned counsel for respondent-defendant is that in the present appeal, the appellant-plaintiff has sought production of certain documents under Order XLI Rule 27 of the Code which is not permissible in as much as the necessary requisites as contemplated by Rule 27 of Order XLI are not strictly followed. Moreover, there was no due diligence on the part of appellant-plaintiff and therefore the permission of production of documents need not be allowed.

30. As far as production of documents sought by the appellant-plaintiff is concerned, I would be discussing this aspect while dealing with the main case of the appellant-plaintiff and at

an appropriate stage.

31. Having said so, I now take up the case of rival parties.

32. I have carefully gone through the impugned order. It is very much pertinent to note from the impugned order that the learned Trial Judge has given certain prima facie findings in favour of appellant-plaintiff that plaintiff is using and adopted trade mark 'Shriphal' since 1993 along with a registration trade mark to that effect, that the plaintiff is using said trade mark 'Shriphal' since 1993 continuously and constantly till filing of the suit, that prior user of the trade mark 'Shriphal' is prima facie proved by the plaintiff, that documents prima facie prove that there is immense goodwill and reputation of plaintiff regarding the trade mark 'Shriphal' in the world and lastly, that there is likelihood of deception because of the similar / identical trade mark 'Shriphal' for similar use. In short, the learned Trial Judge not only held that the plaintiff was prior user of the trade mark 'Shriphal' but reputation / goodwill and likelihood of deception,

two major factors, were also in his favour. It is only on the ground of acquiescence, the learned Trial Judge rejected the discretionary relief of temporary injunction and found that the plaintiff had acquiesced in the matter and there was implied consent, license and permission to the defendant to use and pass off the goods to him and others.

33. In M/s. Power Control Appliances (supra), relied on by both the parties, the Hon'ble Apex Court, at paragraph 26 held as under :

“26.Acquiescence is sitting by, when another is invading the rights and spending money on it. It is a course of conduct inconsistent with the claim for exclusive rights in a trade mark, trade name etc. It implies positive acts; not merely silence or inaction such as is involved in laches. In *Harcourt v. White* [(1860)28 Beav 303] Sr. John Romilly said: "It is important to distinguish mere negligence and acquiescence." Therefore, acquiescence is one facet of delay. If the plaintiff stood by knowingly and let the defendants build up an important trade until it had become necessary to crush it, then the plaintiffs would be stopped by their acquiescence. If the acquiescence in the infringement amounts to consent,

it will be a complete defence as was laid down in *Mouson (J. G.) & Co. v. Boehm* [(1884) 26 Ch D 406]". The acquiescence must be such as to lead to the inference of a licence sufficient to create a new right in the defendant as was laid down in *Rodgers v. Nowill* [22 Lj kch 404]."

34. It is, thus, well settled that to support a plea of acquiescence in trade mark case, it must be shown that the plaintiff has stood by far a substantial period and thus allowed defendant to carry on the business associated with the mark. Later on, he cannot turn around and assert that the business ought to be stopped.

35. I revert back to the factual aspect of the case as canvassed before me by the learned counsel for the parties. Two scintillating and salient aspects of the case are thus - while one fact is admitted by the respondent-defendant, the another is denied by the appellant-plaintiff. What are those facts, let me explain.

36. First fact first. Admittedly, respondent-defendant used to purchase the goods like agarbatti, scent, camphor, dhoop etc. under the trade mark 'Zed Black' and 'Shriphal' from the appellant-plaintiff since 1994. It is only somewhere in the month of September 2014, the appellant-plaintiff came to know about the illegal activities of the respondent-defendant of his using impugned marks in his impugned goods, and therefore, on 3rd September 2014, appellant-plaintiff served a cease and desist notice upon the respondent-defendant and asked him to stop illegal activities with impugned mark 'Zed Black' and 'Shriphal'. This cease and desist notice (Annexure J) dated 3rd September 2014 is very much on record and is not disputed by the respondent-defendant.

37. A bare perusal of the notice addressed to the respondent-defendant complains that the respondent- defendant has adopted appellant-plaintiff's unique and distinctive trade mark and artistic work to cash in on the reputation and goodwill earned by them in respect of their products under the trade mark

‘Zed Black’ and ‘Shriphal’ with a sheer dishonest intention to pass off his (i.e. of respondent- defendant) goods as that of appellant-plaintiff’s clients reputed goods. Therefore, the respondent-defendant was asked, including his servants, agents, distributors, stockists and dealers, to cease and desist forthwith from using the said trade mark ‘Shriphal’ in any manner in relation to and as a part of his trade name. It appears that this notice was also not only received by the respondent-defendant but was duly replied (Annexure K).

38. In reply the respondent-defendant fairly admitted that the trade mark and artistic work ‘Zed Black’ belongs solely to appellant - plaintiff and nobody else. However, the respondent - defendant denied that the appellant-plaintiff is the true and lawful registered proprietor of the trade mark ‘Shriphal’. The respondent-defendant further denied he used the trade mark ‘Shriphal’ illegally. However, the respondent-defendant fairly admitted that the trade mark ‘Zed Black’ was used by his labour mistakenly and assured that such mistake will not arise further in

future. The respondent-defendant then reminded the appellant - plaintiff that he is his distributor since last twenty years and having regard to the relation between them, requested to give last opportunity and withdrawal of the notice.

39. From the reply of the respondent-defendant one thing is as clear as daylight and it is that trade mark and artistic work 'Zed Black' was used by him though mistakenly. The respondent-defendant also admitted that the appellant-plaintiff was the registered proprietor of the trade mark 'Zed Black' and therefore sought withdrawal of the notice under an assurance that no such mistake will be repeated in future. Interestingly enough, he denied that the trade mark 'Shriphal' belongs to appellant-plaintiff. During the course of argument, learned counsel for the respondent-defendant vehemently submitted that the reply notice would clearly demonstrate that the respondent-defendant has asserted his right in respect of the use of word 'Shriphal' and has not accepted any claim of the appellant- plaintiff. This submission does not have a merit of candour in as much as reply

notice nowhere shows any right exerted and asserted by the respondent-defendant in respect of trade mark 'Shriphal' particularly when it is his specific case that he is a registered user of the trade mark certificate since 19th May 2011. Had it been so, what prevented him from mentioning that material fact in the reply notice. There is simple denial about the use of trade mark 'Shriphal' by the appellant-plaintiff and nothing else. Therefore, the conduct of respondent-defendant needs to be seriously questioned in the light of reply given by him in response to the cease and desist notice served upon him by the appellant-plaintiff.

40. Equally important second fact, which is claimed by the learned counsel for respondent-defendant, is that the appellant-plaintiff has another firm 'Aastha Sales' which is a sister concern of the appellant-plaintiff and was run by one Shri Rajkumar Agrawal, who was father of the partner/ proprietor of the appellant-plaintiff firm. According to respondent-defendant, he has been supplying the goods under the brand name 'Shriphal'

to 'Aastha Sales' for almost fourteen years, even after cease and desist notice dated 3rd September 2014. According to him, the appellant-plaintiff was consciously aware of the brand name of 'Shriphal' by the respondent-defendant till 2011 which clearly amounts to acquiescence on his part. At this stage, I may note Civil Application No.21 of 2021.

41. By the above said Civil Application No.21 of 2021, the appellant-plaintiff sought production of additional evidence (Annexure A to Annexure C) under Order XLI Rule 27 of the Code. This application is heavily opposed by the learned counsel for respondent-defendant on the ground that appellant-plaintiff did not exercise its due diligence in placing reliance upon documents before the learned trial Court and thus the parameters as laid down by Rule 27 of Order XLI are lacking. Stretching further, learned counsel submitted that it is settled law that the material which is not before the learned trial Court cannot be looked into by the Appellate Court once the failure of the appellant-plaintiff in exercise of due diligence is made out.

42. In **Sanjay Kumar Singh vs. The State of Jharkhand** (**supra**) the Hon'ble Apex Court has made following observations at paragraph 4 :

“4 It is true that the general principle is that the appellate court should not travel outside the record of the lower court and cannot take any evidence in appeal. However, as an exception, Order 41 Rule 27 CPC enables the appellate court to take additional evidence in exceptional circumstances. It may also be true that the appellate court may permit additional evidence if the conditions laid down in this Rule are found to exist and the parties are not entitled, as of right, to the admission of such evidence. However, at the same time, where the additional evidence sought to be adduced removes the cloud of doubt over the case and the evidence has a direct and important bearing on the main issue in the suit and interest of justice clearly renders it imperative that it may be allowed to be permitted on record, such application may be allowed. Even, one of the circumstances in which the production of additional evidence under Order 41 Rule 27 CPC by the appellate court is to be considered is, whether or not the appellate court

requires the additional evidence so as to enable it to pronounce judgment or for any other substantial cause of like nature. As observed and held by this Court in the case of *A. Andisamy Chettiar v. A. Subburaj Chettiar*, reported in (2015) 17 SCC 713, the admissibility of additional evidence does not depend upon the relevancy to the issue on hand, or on the fact, whether the applicant had an opportunity for adducing such evidence at an earlier stage or not, but it depends upon whether or not the appellate court requires the evidence sought to be adduced to enable it to pronounce judgment or for any other substantial cause. It is further observed that the true test, therefore is, whether the appellate court is able to pronounce judgment on the materials before it without taking into consideration the additional evidence sought to be adduced.”

43. Similarly, in **Union of India vs. Ibrahim Uddin and Another (supra)** it has been held by the Hon'ble Apex Court that if additional evidence is found to have important bearing on

main issue, or found to be necessary to remove any lacuna in evidence and for clearing any doubt for pronouncing judgment and required in interest of justice, it may be allowed.

44. From the above observations, it does not take much prescience to understand that while considering the application for additional evidence, I am required to advert to relevant consideration i.e. whether the additional evidence sought to be adduced would have a direct bearing on pronouncing judgment or for any other substantial cause. Even if I am not required to look into this judgment of the Hon'ble Apex Court, I would say that it is none other than the respondent-defendant who has made my task simpler and easy. I say so because it is the respondent- defendant's own case and as also argument that appellant- plaintiff has another firm 'Aastha Sales' which is a sister concern and was run by Shri. Rajkumar Agrawal, who was father of the partner/proprietor of the appellant-plaintiff firm and that he has been supplying the goods under the brand name 'Shriphal' to said 'Aastha Sales' even after cease and desist notice.

Now, the documents sought to be filed on record by way of additional evidence are coming from non other than 'Aastha Sales' which in my considered opinion should not take the respondent- defendant by surprise in as much as it is his own case that he had been supplying the goods under the brand name of 'Shriphal' for more than fourteen years.

45. In the circumstances, the production of additional evidence deserves to be allowed wholeheartedly under Order XLI Rule 27 of the Code in as much as these documents have a direct bearing on the case of parties apart from furthering the cause of justice. Accordingly, I am allowing the civil application.

46. The first document i.e. Annexure A is the copy of the legal notice sent to M/s. Aastha Sales by respondent-defendant. In the said legal notice, not only details of sales invoice, as mentioned in paragraph 3 were given but answer to certain queries were also sought in paragraph 5. Annexure B dated 5th July 2021 is the reply given by Shri. Rajkumar Agrawal of 'Aastha

Sales' who not only denied the bills but also termed them as forged and manipulated. Shri. Rajkumar Agrawal also pointed out that the respondent-defendant's client i.e. appellant-plaintiff is not the sister concern of his firm and that he is carrying his independent business. He further clarified that the appellant-plaintiff had never carried out joint business as sister concern with his firm at the address 144, Ranipura, Indore.

47. Annexure C is the affidavit sworn by Shri. Rajkumar Agrawal, sole proprietor of 'Aastha Sales' having address at 144, Ranipura, Main Road, Indore, Madhya Pradesh. It is dated 5th July 2021. The contents of affidavit are as under :

“1 I am sole proprietor of Aastha Sales.

2 I say that bills details mentioned herein and produced with present affidavit are the copies of original bills issued by Shriphal Grah Udyog and Shriphal Industries, Nagpur to my firm. I say and declare that below bills are only issued to me and trade mark Shriphal is not mentioned in bills. The details of bills available to me are as under :

Sales Invoice Number	Date	Amount
879	26.9.2014	72,220.00
406	17.7.2014	84,928.00
742	8.9.2014	84,538.00
1436	27.10.2015	88,223.00
1385	17.10.2015	65,495.00
102	25.4.2015	40,764.00
1477	24.2.2015	10,380.00
2202	29.3.2016	29,510.00
3/1616	31.3.2019	1,05,912.00

3 I say that Shriphal Grah Udyog and Shriphal Industries, Nagpur has never issued any bills with trade mark Shriphal at any to my firm.

4 I say that Mysore Deep Perfumery House, Indore is not my sister concern.

5 I say that I am carrying on my independent business and Mysore Deep Perfumery House, Indore, cannot have any knowledge about my business activities and also cannot access my books of accounts.

6 I say that I have never carried out joint business as sister concern or association with Mysore Deep Perfumery House, Indore at the address at 144, Ranipura, Indore.

7 I say that I had never disclosed or told or given any knowledge about the business activities of Shriphal Grah Udyog and Shriphal Industries, Nagpur to Mysore Deep Perfumery House, Indore.

What are stated hereinabove are true and correct to the best of my knowledge, information and belief and I believe the same to be true and correct.”

48. This affidavit is very much self-explanatory and belies all the tall claim and contentions made by the respondent-defendant. This being the clear picture it does not lie in the mouth of the respondent-defendant to say that the appellant-plaintiff was consciously aware of the fact of supplying the goods under the brand name of ‘Shriphal’ to ‘Aastha Sales’.

49. A proposition that is reached from the above premise is that there is no acquiescence which can be culled out from the material on record and it cannot be opined that the alleged character of acquiescence was of such a nature to enable me to draw an inference of a license sufficient to create a right in the

respondent-defendant.

50. Contrarily enough, what should not fall in oblivion is that respondent-defendant was agent of appellant-plaintiff and used to sell latter's product under the trade mark 'Shriphal' and later on himself with a dishonest intention started using said trade mark and passing of goods. Thus, the adoption of trade mark by respondent-defendant of which the appellant-plaintiff is a prior and permanent user, is itself dishonest.

51. In the above circumstance, the application of doctrine of acquiescence is not even remotely applicable. An inference of acquiescence cannot be drawn merely by reason of the fact that the appellant-plaintiff has not taken any action against the infringement of its rights. The respondent-defendant could not reap any benefit as the knowledge on his part was all pervasive about the use of trade mark by appellant-plaintiff. Therefore, numerous defences viz. estopple, acquiesces, delay, laches and abandonment as eloquently canvassed and spearheaded before

me are of no avail and consequence, keeping in mind the facts of the present case.

52. Coming to the last leg of the argument of the learned counsel for the respondent-defendant that since appellant-plaintiff did not pay the renewal fee and some of its marks were removed from the register of the Trade Mark Registry and since respondent-defendant got its mark registered, the appellant-plaintiff is not entitled to prosecute the action of passing off under the common law right. In support of this submission, the learned counsel relies upon Section 25 and 26 of the Act which deals with effect of removal of trade mark.

53. I do not find merit in the submission of the learned counsel for respondent-defendant having regard to provisions of Section 27(2) and 28 of the Act. Section 27(2) of the Act reads as under:

“27. No action for infringement of unregistered trade mark -
(1)

(2) Nothing in this Act shall be deemed to affect rights of action against any person for passing off goods or services as the goods of another person or as services provided by another person, or the remedies in respect thereof.”

A plain reading of the Section would show that the passing off action under Section 27(2) shall prevail over all other provisions and is not being affected by any other provisions of the Act, since nomenclature of the above said Section starts with ‘Nothing in this Act’.

54. Further, as per Section 28 of the Act, any rights conferred by the registration of the trade mark is subject to the other provisions of this Act. Thus, again, if at all, any right is conferred by registration of the mark of the defence, the same is subject to provisions of Section 27(2) of the Act and thus, the common law right of passing off action conferred in favour of the appellant-plaintiff, shall prevail upon the rights conferred by registration of the trade mark.

55. The above said aspect is reiterated and clarified by the Hon'ble Apex Court in the case of **Neon Laboratories Limited (supra)**. It is also to be noted here that the Hon'ble Apex Court, in the case of **Wockhardt Limited (supra)** has confirmed the law laid down by the Division Bench of this Court to the effect that non-objection of the plaintiff to the trade mark registration of the defendant, waiting for long time after serving of caveat by the defendant (delay) and such other aspects do not amount to 'acquiescence' or 'delay'.

CONCLUSION

56. The inevitable essence of the above discussion is that in the present appeal since the appellant-plaintiff has alleged and has prima facie supported with proof that he has already been using his trade mark well before the respondent-defendant started using similar or identical trade mark, appellant-plaintiff would be entitled to a temporary injunction in light of the 'first in the market' test. It may be repeated here that learned Trial Judge also held that not only the appellant-plaintiff was prior user of

the trade mark 'Shriphal' but reputation / goodwill and likelihood of deception, two major factors, were also in his favour.

57. In the case of Neon Laboratories Limited (supra) Hon'ble Apex Court has held that prior user's right i.e. 'first user test' and 'first in the market test' will over ride those of a subsequent user even though subsequent user had been accorded registration of its trade mark. The ration so laid down is squarely applicable to the case in hand.

58. The reliance placed by learned counsel for the respondent-defendant in Essel Propack Ltd. (supra) is totally misplaced in as much as facts of that case and the case in hand are distinguishable.

The two other factors in an interim injunction, namely, balance of convenience and irreparable loss are both in favour of appellant-plaintiff, given the potential loss of goodwill / reputation and business he could suffer, should an injunction be denied.

59. In **Ramdev Food Products (P) Ltd. (supra)** the Hon'ble Apex Court has held that when a prima facie case is made out and balance of convenience is in favour of the appellant-plaintiff, it may not be necessary to show more than loss of good will and reputation to fulfill the condition of irreparable injury. Infact, if the first two prerequisites are fulfilled in trade mark actions, irreparable loss can be presumed to have taken place.

60. The discretion exercised by the learned Trial Judge against the appellant-plaintiff is neither reasonable nor judicious. The grant of interlocutory injunction to the appellant-plaintiff could not have been refused, and therefore, it becomes necessary and obligatory on the part of this Court to interfere.

61. Before parting, I would like to make it very clear that this order is being passed at an interlocutory stage, and therefore, any observations made by this Court adverting to facts and any factual findings recorded at this stage, would not come

in the way of the learned Trial Judge in arriving at a final decision at variance therewith on trial of the issues on merits after recording the evidence.

62. For the foregoing reasons, the appeal deserves to be allowed. Hence, the following order :

ORDER

- i) The impugned order dated 18th June 2021 thereby rejecting the application Exhs. 5 & 5A (Annexure-WW) by learned Ad-hoc District Judge-1, Nagpur in Trade Mark Civil Suit No.5 of 2019 is quashed and set aside.
- 2) Exh. 5 (Annexure WW) in Trade Mark Civil Suit No.5 of 2019 is allowed in terms of Prayer Clauses (a) and (b) until the disposal of the suit.
- 3) In view of disposal of the appeal, Civil Application No.20 of 2021 also stands disposed of.
- 4) Civil Application No.21 of 2021 stands allowed in view of reasons given at paragraphs 39 to 42 in the judgment.
- 5) The learned Trial Judge is directed to try the suit with utmost expedition and is further directed to dispose of the suit

within six months from the date of receipt of this order.

6) No orders as to costs.

(V. G. BISHT, J.)

At this stage, Shri. Arun Agrawal, learned counsel for the respondent, sought stay of the judgment and order for a period of four weeks, so as to enable him to approach the Hon'ble Apex Court. I do not find merit in the submission and therefore the prayer stands rejected.

(V. G. BISHT, J.)