

**IN THE HIGH COURT OF PUNJAB AND HARYANA AT
CHANDIGARH**

**1. RFA-4412-2011 (O&M)
Reserved on: 27.07.2022
Date of decision: 17.08.2022**

M/S VETS FARMA LTD.

..Appellant

Versus

VEST PHARMA PVT. LTD.

..Respondents

2. CR-697-2017 (O&M)

VEST PHARMA PVT. LTD.

..Petitioner

Versus

VETS FARMA LTD.

..Respondent

3. COCP-1488-2013 (O&M)

VEST PHARMA PVT. LTD.

..Petitioner

Versus

DR. SHAM SUNDER TIWARI AND OTHERS

..Respondents

CORAM: HON'BLE MR. JUSTICE ANIL KSHETARPAL

Present: Mr. Amit Jain, Sr. Advocate
with Mr. Ashok Jindal, Advocate
and Mr. Varun Parkash, Advocate
for the petitioner (in CR-697-2017 and COCP-1488-2013)
for the respondent (in RFA-4412-2011).

Mr. Akshay Bhan, Sr. Advocate
with Mr. Santosh Sharma, Advocate
and Mr. Raghav Bhalla, Advocate
for the appellant (in RFA-4412 of 2011)
for the respondent (in CR-697-2017 and COCP-1488-2013).

Mr. Kanwaljit Singh, Sr. Advocate
with Mr. Ajaivir Singh, Advocate
and Ms. Neha Mahajan, Advocate
for the respondent (in COCP-1488-2013).

ANIL KSHETARPAL, J.

1. The learned counsel representing the parties are *ad idem* that these three cases can conveniently be disposed of by a consolidated judgment as they are not only inter-connected but also inter dependant. The parties to the litigation, in all the three cases, are also common.
2. First of all, let us take up the Regular First Appeal. The defendant has filed the Regular First Appeal while assailing the correctness of judgment and decree passed by the Additional District Judge, Jalandhar on 23.03.2011. Hereinafter, the parties shall be referred to their status in the suit.
3. The plaintiff (Vest Pharma) filed a suit for grant of decree of permanent injunction restraining the defendants from infringement of trademark, passing off and for rendition of accounts. In the plaint, the following substantive prayers were made:-

“(i) Decree for permanent injunction restraining the defendant, its directors, its servants, agents, representatives, dealers and all other acting for and on its behalf from manufacturing, selling and offering for sale, directly or indirectly dealing in veterinary medicines and feed supplements for livestock and poultry under the marks CALFOS AD₃ PLUS, CALFOS SE, GALFOS AD₃ PLUS and ANIMIN and/or any other mark with or without any prefix or suffix added thereto and as may be identical and/or deceptively similar to the plaintiff's registered trade mark Nos.413364, 493592, and/or 527127 amounting to infringement thereof.

(ii) Decree of permanent injunction restraining the defendant, its directors as the case may be, its servants, agents, representatives, dealers ad all other acting for and on its behalf from manufacturing, selling offering for sale, directly or indirectly dealing in veterinary medicine and feed supplement or any other cognate or allied goods under the marks CALFOS AD₃ PLUS, CALFOS SE, GALFOS AD₃ PLUS and ANIMIN and/or any other mark with or without any prefix or suffix added thereto or which is identical and/or deceptively similar mark to the plaintiff's trade marks CALFOS AD₃ PLUS, CALFOS SE, GALFOS AD₃ PLUS and ANIMIN

and/or and from doing any other things or acts as may amount to passing off, its goods and/or business as and for the goods and/or the business of the plaintiff.

(iii) Order of delivery of all the infringing materials containing the impugned mark for the purpose of destruction/eraser.

(iv) Order of rendition of accounts earned by the defendant by use of impugned mark and decree of the amount so found due.”

FACTS

4. The defendant (Vets Farma) was incorporated in the year 1979 to manufacture and market veterinary medicines and feed supplements for livestock and poultry. It was promoted by 7-8 persons but by the year 1997, only two persons namely Dr. H.R. Gupta and Dr. Shyam Tiwari were left in the company. In 1997, a new company Vest Pharma Pvt. Ltd. was incorporated with Sh. Gaurav Tiwari son of Dr. Shyam Gupta and Sh. Vishal Gupta son of Dr. H.R. Gupta as promoters/directors of the new entity. In pursuance to the resolution dated 22.02.1997, a memorandum of understanding was signed by the Vets Farma (defendant) on 27.03.1997 and three assignment deeds dated 27.09.1997, 21.10.1997 and 16.12.1997, were executed while assigning the registered trademarks namely : **CALFOS AD3 PLUS, GALFOS AD3 PLUS and ANIMIN** to the Vest Pharma (plaintiff) for Rs.1,60,000/-. In furtherance of assignment deeds, Form No.TM-23 (Ex.P-79, Ex.P-80 and Ex.P-81) jointly signed by Dr. Shyam Tiwari and Sh. Gaurav Tiwari, were filed before the Registrar of Trademarks for incorporating the name of the plaintiff (Vest Pharma Pvt. Ltd.) as the assignee and registered proprietor of the trademarks. The Registrar vide order dated 01.01.1999, registered the plaintiff as assignee proprietor of the above-mentioned trademarks.

6. On 07.02.1998, a memorandum of settlement was entered

between the plaintiff and defendant, whereby, some of the terms of the memorandum of understanding dated 27.03.1997, were modified. The Execution of all the three assignments of trademarks were not only ratified but also made irrevocable. On the same day, a marketing agreement was executed between the parties wherein the plaintiff (assignee) (Vest Pharma) was described as the principal manufacturing company, whereas, the defendant (assignee) was described as a marketing company.

7. The defendant (Vets Farma) has admitted execution of the assignment deeds but has contended that they were cancelled, subsequently. The suit has been defended while asserting that the plaintiff being assignee is not entitled to claim exclusive right over the above-mentioned trademarks. It is further asserted that the assignee company (plaintiff) did not honour the marketing agreement and started to market the goods directly in the market in violation of the said agreement, therefore, the assignment deeds stood cancelled.

8. This appeal has been filed because the learned Additional District Judge has decreed the suit.

9. It may be noted here that though, at one stage, interim order was granted in favour of the appellant, however, the same was ordered to be vacated vide detailed order dated 27.07.2012.

10. This Bench has heard the learned counsel representing the parties at length and with their able assistance perused the paper book as well as the record of the Court below, which was requisitioned.

11. The learned counsel representing the respective parties have also filed their written arguments.

12. The learned counsel representing the defendant, while

questioning the correctness of the judgment passed by the trial Court, has submitted as under:-

1. Vide order dated 28.02.2007, the Intellectual Property Appellate Board (hereinafter referred to as 'the IPAB') has remitted the matter back to the Registrar, but the plaintiff rather than challenging the correctness of the aforesaid order, has filed the present suit. It has been submitted that thus, the Civil Court has wrongly entertained the suit.
2. The trial Court has failed to adjudicate whether the suit was to be tried under the old Trade and Merchandise Marks Act, 1958 (hereinafter referred to as 'the 1958 Act'), or the new Trademarks Act, 1999 (hereinafter referred to as 'the 1999 Act').
3. The suit was not maintainable, in view of the provisions of Section 28 and 31 of the 1999 Act.
4. The trial Court has failed to appreciate Section 28, 29 and 31 of the 1958 Act.
5. The trial Court has failed to consider that in view of order passed by the IPAB on 28.02.2007 the plaintiff was not having any registration of the aforesaid trademarks.
6. The trial Court has failed to appreciate that the cause of action for filing the suit came to an end on 28.02.2007 namely the day when the order dated 01.01.1999, was set aside by the IPAB.
7. The trial Court failed to direct the plaintiff to first get

the matter settled before the Registrar of the Trademarks as directed by the IPAB.

8. The matter in issue is hit by the rule of *res judicata* as the judgment passed by the IPAB has returned a finding in favour of the defendant.

9. The trial Court has gone beyond the pleadings by declaring that the plaintiff is the proprietor of the three trademarks noted above.

13. On the other hand, the learned counsel representing the plaintiff, while highlighting that the alleged cancellation of the assignment has not been produced by the defendant, submits that the defendant admits signing the three assignment deeds. Dr. Shaym Tiwari and Sh. Gaurav Tiwari have been convicted for ante-dating the cancellation of assignment deeds in a criminal case which has been upheld in the first appeal. The Civil Court has the jurisdiction to try and decide the dispute with regard to validity of the assignment of the trademarks as per Section 45 read with Section 134 of the 1999 Act. The defendant also filed a suit for injunction in the year 1999, on the basis of cancellation of the assignment deed, but was withdrawn on 02.01.2012.

14. The first argument of the learned counsel is based on Section 44 of the 1958 Act, which provides for registration of assignments and transmissions. It is evident that there is a similar provision in Chapter V of the 1999 Act. Section 45(3) of the 1999 Act provides that the Registrar may refuse to register the assignment until the rights of the parties have been determined by a competent Court. Thus, the order passed by the IPAB directing the Registrar to re-examine the matter would not exclude the

jurisdiction of Civil Court to decide the matter. This matter can be examined from yet another angle. The IPAB directed the Registrar in February, 2007, to decide afresh. For last 15 years, the Registrar has not decided the matter. Obviously, the Registrar is waiting for the decision of a Competent Court i.e. Civil Court. Moreover, the jurisdiction of the Civil Court to decide civil disputes is plenary. In the absence of any absolute bar, the Civil Court has the inherent jurisdiction to decide the matter. Section 93 of the 1999 Act does not absolutely bar the jurisdiction of the Civil Court. It excludes the jurisdiction of the Civil Court only to the extent of exercise of jurisdiction, power or authority in relation to matters refers to in Sub-Section 1 of Section 91, which in turn, provides for appeals to the Appellate Board. From a careful reading of Section 45 read with Section 134 of the 1999 Act, it is evident that the Civil Court has the jurisdiction to decide the matter. There is yet another aspect of the matter. The plaintiff has not only prayed for infringement of assigned trademarks but also prayed for a decree of permanent injunction complaining passing off and for rendition of accounts of profit and delivery.

15. The second argument of the learned counsel is with regard to failure of the trial Court to adjudicate whether the suit was to be tried under the 1958 Act or the 1999 Act. The learned counsel representing the appellant has failed to draw the attention of the Court to any provision which bars the applicability of the 1999 Act. The suit was instituted on 01.08.2009, whereas, the 1999 Act came to be enforced with effect from 30.09.1999. Section 159(1) provides that the 1958 Act shall stand repealed. Moreover, the suit complaining passing off was/is maintainable under the 1958 Act as well as the 1999 Act. Hence, there is no substance in the second

argument.

16. The next argument of the learned counsel is on the maintainability of the suit in the context of Section 28 to 31 of 1999 Act. Sub-Section 1 of Section 28 itself provides that such rights are subject to other provisions of the Act. Section 29 provides for infringement of trademark, whereas, Section 31 provides that the registration is the *prima facie* evidence of the validity of a trademark. However, these provisions do not supersede the provisions of Chapter V which permit assignment and transmissibility of the trademarks. Section 45 itself provides that the registration of assignment and transmissions is permissible.

17. The fifth argument of the learned counsel is based on the fact that the IPAB had set aside the order passed by the Registrar. It may be noted here that the registered trademarks continue to be assigned to the plaintiff. Pursuant to the deed of assignment, the plaintiff has exclusive right to use the trademarks which have been assigned in favour of the plaintiff and Registrar's failure to decide does not adversely affect the rights of the plaintiff. The IPAB has only remitted the matter back to the Registrar to pass a fresh speaking order after compliance with the principles of natural justice.

18. The sixth argument of the learned counsel representing the appellant is again based on the effect of order passed by IPAB dated 28.02.2007. The IPAB had only remitted the matter back to the Registrar on technical grounds. It was held that the Registrar passed the order in violation of principles of natural justice as the order is not only non-speaking but passed without hearing the concerned parties. The order was set aside only on these grounds. However, the registration of the assignment

has never been withdrawn. The IPAB, at the most, set aside the order passed by the Registrar while rejecting the objection taken by the defendant-appellant in recording the assignment. However, the assignment in favour of the plaintiff continues to be registered. It may be noted here that the assignment was registered vide Ex.P-62, Ex.P-63 and Ex.P-64, on the basis of Assignment Deeds dated 29.09.1997, 21.10.1997 and 16.12.1997, respectively. Whereas, the objections filed by the defendant were dismissed subsequently.

19. The seventh argument of the learned counsel representing the appellant is again based on the fact that the Civil Court should not have examined the matter and permitted the Registrar of the Trademarks to decide the matter. The aforesaid argument has already been examined and need no reiteration.

20. The next argument of the learned counsel representing the appellant is based on the rule of *res judicata*. It may be noted here that the rule of *res judicata* is not applicable because the IPAB has not finally decided the matter, it has only remitted the matter back to the Registrar for deciding afresh. In any case, Section 45 recognizes the jurisdiction of the Civil Court to decide the question where the validity of an assignment or transmission is in dispute between the parties.

21. The last argument of the learned counsel is to the effect that the learned trial Court has gone beyond the pleadings. This Court has already extracted the prayer made in the plaint.

22. On a careful reading of the prayer, it is evident that the plaintiff claims decree of permanent injunction on the basis of various assignment deeds and memorandum of settlement and other documents. In such

circumstances, the trial Court, before granting the decree of injunction, was required to examine the basis of the claim of the plaintiff. The learned trial Court has only decreed the suit in accordance with the prayer made and the Court has not travelled beyond the pleadings made in the suit.

23. It may be noted here that although, the alleged deed of cancellation of assignment has not been brought on record, however, even if it is assumed that there is a cancellation, the same shall be hit by Section 202 of the Indian Contract Act, 1872, which debars the principal from terminating the agency where the agent has an interest in the subject matter. On a careful reading of memorandum of understanding dated 07.02.1998, and various other documents placed on file, it is evident that the deed of assignment was signed after receipt of certain amount. It was agreed that the total consideration for assignment of trademarks shall be Rs.1,60,000/-. Apart therefrom, Rs.25,000/- was agreed to be paid to sign and transfer the copyrights of the products CALFOS AD₃ PLUS and GALFOS AD₃ PLUS, in favour of the plaintiff. It has also come in evidence that the payment has been made and memorandum of settlement was given effect to as Sh. H.R. Gupta resigned from Vets Farma Pvt. Ltd. immediately after signing the memorandum of settlement. The memorandum of settlement dated 07.02.1998 itself recognizes that such assignment of trademarks is irrevocable and final and all the rights shall absolutely vest with the assignee company subject to Clause 8 of the memorandum of settlement.

24. Consequently, finding no merit the Regular First Appeal is dismissed.

25. In CR-697-2017, the challenge is to the order passed by the trial Court refusing to proceed with the application for preparation of final

decree on the ground that the present appeal is pending. Now, since the appeal stands decided, therefore, the revision petition is rendered infructuous.

26. In COCP-1488-2013, the plaintiff complains willful violation of interim order dated 18.12.2000, final order dated 05.03.2010 and order dated 27.07.2012. Reply to the petition has been filed. The order dated 27.07.2012, is an order vacating the interim protection granted to the defendant. As already noticed, in a criminal complaint, Dr. Shyam Tiwari as well as Sh. Gaurav Tiwari have already been convicted and adequately sentenced. Hence, this Court does not find it appropriate to continue with the contempt proceedings.

27. Consequently, Regular First Appeal No.4412 of 2011 is dismissed, whereas, Civil Revision No.697 of 2017 shall stand disposed of as infructuous, whereas, COCP No.1488 of 2013 is disposed of without proceeding further with the matter.

28. All the pending miscellaneous applications, if any, are also disposed of.

CM-1949-CI-2022 in RFA-4412-2011

An application has been filed by the respondent for permission to lead additional evidence under Order 21 Rule 47 of the Code of Civil Procedure, 1908. The respondent wishes to produce a copy of the judgment dated 12.09.2012, passed by the Additional Sessions Judge, Jalandhar, in Criminal Appeal No.CRA/0200112/2010, copy of judgment and decree dated 24.02.2010, passed by the Additional Sessions Judge, Jalandhar, in Civil Suit No.56516 of 2013 and a copy of the cross-examination of DW-4.

At the time of oral arguments or while filing the written submissions, this application for additional evidence was not pressed.

Consequently, the application is dismissed as not pressed.

17th August, 2022
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**(ANIL KSHETARPAL)
JUDGE**

Whether speaking/reasoned : *Yes/No*

Whether reportable : *Yes/No*