



2024:DHC:6574-DB



IN THE HIGH COURT OF DELHI AT NEW DELHI

%

Judgment delivered on: 30.08.2024

+ **FAO(OS) (COMM) 311/2018 and CM Nos.54348/2018,
50224/2019 & 37906/2023**

CHASVINDER SINGH

..... Appellant

versus

M/S SWISS AUTO PVT. LTD. & ORS.

..... Respondents

Advocates who appeared in this case:

For the Appellant : Ms Savita Malhotra and Mr Suman
Malhotra, Advocates.

For the Respondent : Mr C.M. Lall, Senior Advocate with Mr Jatin
Sharma and Mr Abhinav, Advocates.

CORAM

HON'BLE MR JUSTICE VIBHU BAKHRU

HON'BLE MS JUSTICE TARA VITASTA GANJU

JUDGMENT

VIBHU BAKHRU, J.

1. The appellant has filed the intra-court appeal impugning an order dated 29.10.2018 (hereafter *the impugned order*) passed by the learned Single Judge allowing the respondents' application (IA No.12291/2018) under Order XXXIX Rules 1 and 2 of the Code of Civil



Procedure, 1908 (hereafter *the CPC*) in CS(COMM) 715/2016 captioned *Chasvinder Singh v. M/s Swiss Auto Pvt. Ltd. & Others*.

2. By the impugned order, the learned Single Judge has restrained the appellant from manufacturing, marketing and trading in automotive wiring, harness, blinkers and side mirrors under the trademark SAP SWISS.

3. Concededly, the appellant is the registered proprietor of the said Mark (SAP SWISS). The appellant had filed the above-captioned suit [CS(COMM) 715/2016], *inter alia*, praying for a decree of permanent injunction restraining the respondents (arrayed as defendants in the suit)

from advertising or using the said trademarks SAP SWISS/



,SWISS/ , SSS SWISS/ , Our solutions

drive you better/  (hereafter referred also referred as *the suit marks*) or any other mark, which is deceptively similar to the suit marks.

4. The appellant is aggrieved on account of being injuncted from using the mark 'SAP SWISS' despite being the registered proprietor of the same. The appellant is particularly aggrieved as the impugned order



has been passed in a suit preferred by him for infringement of his suit marks and passing off.

5. The disputes are essentially between two brothers – Chasvinder Singh and Esvinder Singh – the appellant and respondent no.2

THE APPELLANT’S SUIT - CS (COMM) 715/2016

6. The appellant filed the aforementioned suit [CS(COMM) 715/2016] on 25.05.2016, claiming to be a sole proprietor of a concern named M/s Swiss Auto Products having its registered office at A-41, Nanda Road, Adarsh Nagar, Delhi-110033 and a factory at 18, Rajasthani Udyog Nagar, G.T. Karnal Road, Delhi-110033. The appellant claims that he is, *inter alia*, engaged in the business of manufacturing of auto electrical and electronic parts amongst other for use in motor land vehicles. He also claims that he is manufacturing rubber parts for all types of vehicles, tractor parts, auto accessories, lubricating and engine oil, paste, filters, plug and sockets, switches, speedo meters, auto bulbs and lights accessories, wiring harness, cables, blinkers, indicators etc. The appellant claims that he had founded the sole proprietorship concern, Swiss Auto Products in the year 1974 and had adopted the trading style/name SWISS. He had also adopted the

logo . He claims that he is a registered owner of the suit

marks, SAP SWISS/ , and other formative marks, which are registered under the Trademarks Act, 1999 (hereafter *the TM Act*). The



details of the Trademarks registered in favour of the appellant and as set out in the plaint are reproduced below:

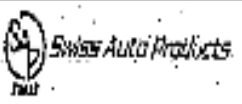
S.No.	Trade Mark	Application No.	Class
1.		478078	9
2.		534403	12
3.		1251635	4
4.		1251636	6
5.		1251637	7
6.		1251638	9
7.		1251639	11
8.		1251640	12
9.		1251641	17
10.		1251642	22

7. In addition, the appellant also claims that he has applied for registration of the suit marks in various classes, which are pending. The details of the applications that are pending, as stated in the plaint, are reproduced below:



2024:DHC:6574-DB



S. No.	Trade Mark	Application No.	Class
1.		1957755	4
2.		1957756	6
3.		1957757	7
4.		1957760	12
5.		1957761	17
6.		2301411	18
7.		2647499	35
8.		3033136	39
9.		3033137	38
10.		3002287	4
11.		3002291	11
12.		3002292	12
13.		3002293	14



14.		3002294	17
15.		3033139	38
16.		3033140	39
17.		3097829	9
18.		3097830	11
19.		3097831	12
20.		3097833	17
21.		3097832	35

8. In addition, the appellant also has registered copyrights in respect of certain marks.

9. The appellant claims that his father was engaged in the bakery business and his younger brother (respondent no.2, Mr Esvinder Singh) assisted his father in the family business. However, on the insistence of their mother, respondent no.2 was also inducted into the business of trading in the products dealt with by the appellant, and a partnership firm named M/s Swiss International was constituted for exporting the goods. The appellant claims that the said firm neither manufactured any



goods nor sold the same in India. In addition, respondent no.2 also carried on the business under the name of sole a proprietorship concern named M/s Auto Fabricators, which was facilitated by the appellant.

10. In addition, the appellant also floated a company named M/s Taruna Auto Pvt. Ltd. (respondent no.4) for the purposes of trading and selling various products under different brands.

11. The appellant claims that he has garnered substantial goodwill under the suit marks and his revenues have increased to ₹47,69,41,631/- in the year 2014-15. The appellant also claims that he has spent substantial amounts and resources in advertising and promoting products under the trademark SAP SWISS/SWISS.

12. The appellant states that in the year 1995, he incorporated respondent no.1 company (M/s Swiss Auto Pvt. Ltd.), and he and one of his close associates were the founders of respondent no.1 company. However, there was no business in the company till the year 2002-03. Thereafter, respondent nos.2 and 3 were also inducted as directors in the company with effect from 16.09.2003 and 20.10.2003 respectively. The appellant claims that he continued to be a director of respondent no.1 company till the year 2005, but was forced to resign due to acrimonious and callous attitude of respondent nos.2 and 3.

13. The appellant claims that he permitted respondent no.1 to use the



trademarks SAP SWISS/ for manufacturing of wiring harness and blinkers. Subsequently the appellant and respondent no.1



acting through respondent no.3 entered into an agreement dated 02.04.2007 (hereafter *the License Agreement*), whereby the appellant

permitted respondent no.1 to use the trademark SAP SWISS/



in relation to manufacturing and marketing of parts and fittings included in Class 12 for use in motor land vehicles on the terms and conditions as set out in the License Agreement.

14. The License Agreement stood terminated with effect from 31.03.2012 by efflux of time. Notwithstanding that the License Agreement was terminated, the respondents continued to use the suit



marks, SAP SWISS/. The appellant states that he called upon the respondents for negotiations and fixing charges/royalty and executing a fresh agreement, but no such agreement was entered into. However, respondent no.1 continued to pay royalty/charges till the end of financial year 2013-14 and continued to use the mark SAP SWISS/



15. The appellant claims that he started receiving complaints from various distributors and dealers with regard to the quality of the goods sold/dealt with by the respondents under the suit marks. In these circumstances, the appellant issued a legal notice dated 31.12.2015 terminating the License Agreement and called upon respondent nos.1 to 3 to immediately cease the use of the suit marks in relation to the



goods in question. In addition, the appellant also demanded arears of the charges/royalty.

16. Since respondent nos.1 to 3 did not cease using the suit marks, the appellant instituted the aforesaid suit [CS(COMM) 715/2016].

THE DEFENCE

17. The respondents filed the written statement claiming that all proprietorship concerns, partnership and other companies including M/s Swiss Auto Products, M/s Swiss Auto Pvt. Ltd. (respondent no.1), “*sprang out of HUF of Late S. Ajit Singh*”. The respondents further state that all rights and obligations of the parties was decided in terms of Family Settlement dated 29.09.2014 (hereafter *the Family Settlement*) and thus, the suit is not maintainable.

18. The respondents’ claim that the appellant as well as his wife and son held shares in respondent no.1 company till 2014. However, it is only after difference between the family members of the appellant and respondent no.2 started widening, the family members entered into the Family Settlement and the appellant and his family members withdrew from shareholding in various companies.

19. The respondents also stated that the suit marks were reflected to be in use since 01.11.1974 in respect of goods in Class 9 and Class 12. The appellant could not have used the same since he was minor in the year 1974. The respondents stated that the appellant had subsequently



reflected use of the suit marks from 01.04.2000 in Class 9 and Class 12 without seeking any rectification of its earlier application.

20. The respondents claim that in terms of the Family Settlement, respondent no.2 is entitled to use the trademark SAP SWISS and other suit marks in respect of certain goods including automotive wiring, harness, side mirrors and blinkers.

21. The respondents claim that the appellant is not the owner of the trademarks registered in his name. They claim that the suit marks are the properties of the HUF of Late S. Ajit Singh and all co-parceners and their entities were entitled to use the trademarks.

REPLICATION

22. The appellant denied the averments made in the written statement. He denied that his business was run by HUF of Late S. Ajit Singh. He denied that the copyright and the suit marks acquired by him were HUF properties or that respondent no.2 and his family members were entitled to the same. The appellant claims that there were deliberations to arrive at a family settlement, but the same did not materialise in respect of the suit marks.

CS(OS)232/2017: ESVINDER SINGH AND ORS. V. CHASVINDER SINGH AND ORS.

23. Respondent no.2, his wife and son filed the suit for partition, mandatory injunction as well as for assignment of trademarks. The



appellant, his offsprings, his wife, and his married sisters were arrayed as the defendants. They claimed that the family had applied for registration of the suit marks, borrowing the name of the appellant. They also claim that the family had acquired several properties from the income generated by various businesses of the HUF of Late S. Ajit Singh. In addition, they submitted that the properties were divided amongst the family members in terms of the Family Settlement. In addition, they were also entitled to the trademarks in respect of certain products as specified in the Family Settlement. On the aforesaid basis, the respondents sought a decree of partition in respect of various properties as set out in the plaint as well as the decree of mandatory injunction directing the appellant to execute trademark and copyright assignment in respect of certain trademarks including SAP SWISS/



24. Pending disposal of the said suit, respondent no.2 and his family members – plaintiffs in the suit CS(OS) 232/2017 – also sought an order restraining the appellant from transferring the assets and brands as mentioned in the Family Settlement.

25. The appellant disputed the averments made in the plaint. However, the appellant also stated that he was agreeable to division of the properties in the manner as set out in the Family Settlement but denied that there was any consensus in respect of transfer of the suit marks. He disputed that he had ever agreed to the same.



PROCEEDINGS IN THE TWO SUITS

26. On 08.01.2018, the learned Single Judge took up both the suits [CS(COMM) 715/2016 and CS(OS) 232/2017] together.

27. The learned Single Judge noted that the dispute was, essentially, between the two brothers *viz* Chasvinder Singh (appellant in the present appeal) and Esvinder Singh (respondent no.2 in the present appeal). The learned Single Judge noted that according to respondent no.2 (Esvinder Singh), the family settlement had taken place on 29.09.2014 (the Family Settlement) and the same was signed by all parties including the appellant. However, the appellant had disputed that the parties had entered into any family settlement or that he had signed the Family Settlement. According to the appellant, only a draft of the Family Settlement was made. Whilst, he had agreed to the division of the terms in respect of the immovable property, he was not agreeable to the parting with the brand as mentioned in the Family Settlement.

28. The learned Single Judge proceeded to frame the following issues in CS(COMM) 715/2016:

- “(i) Whether there was any concluded binding Family Settlement with respect to the trade mark subject matter of CS(COMM) No.715/2016 as pleaded by the defendants and if so, to what effect? OPD.
- (ii) If the aforesaid issue is decided against the defendants, whether the plaintiff is entitled to damages in excess of 7% per annum for the sales effected by the defendants and if so, in what amount? GPP.
- (iii) Relief.”



29. In so far as CS(OS) 232/2017 is concerned, after noting the rival contentions, the learned Single Judge passed a preliminary decree for partition of the immovable properties in view of the consensus between the parties and there was no need to frame any issue in the suit with regard to the same. Accordingly, the learned Single Judge passed a preliminary decree for partition of the properties declaring the respective share of the parties in the said suit.

30. However, in so far as the relief regarding the mandatory injunction directing the appellant to execute trademark and copyright assignment in favour of respondent no.2 and his family members [plaintiffs in CS(OS) 232/2017] is concerned, the learned Single Judge held that it was not appropriate to keep the relief of mandatory injunction alive, in CS(OS) 232/2017, or to frame any issue in respect thereto in view of the issues framed in CS(COMM) 715/2016.

31. The learned Single Judge thereafter proceeded to list CS(OS) 232/2017 on another date for considering to pass the final decree. This Court is informed that the said suit has since been disposed of.

32. The appellant had also filed an application (IA No. 7300/2016) under Order XXXIX Rules 1 and 2 of the CPC in CS(COMM) 715/2016, seeking interim injunction restraining the respondents from using the suit marks. The said application was partly allowed and the learned Single Judge restrained the respondents from using the suit mark in respect of any product other than “*automotive wiring, harness, side mirrors and blinkers*” as the said products were being



manufactured by the respondents and the appellant could not establish that he was manufacturing any such product.

33. During the course of trial, respondent no.2 (Esvinder Singh) filed an affidavit for his examination-in-chief. The said affidavit contains statements, which were beyond the written statement filed in CS(COMM) No.715/2016. In view of the above, the appellant filed an application under Section 151 of the CPC (IA No.12829/2018) praying that the portions of the said affidavit furnished by way of examination-in-chief be expunged. There is no serious dispute that the statements made in the affidavit furnished by respondent no.2 contains statements that were beyond the written statement filed in CS(COMM) No.715/2016. In this view, respondent no.2 also filed an application under Section 151 of the CPC (IA No.7187/2019) praying that the pleadings in the disposed of suit [being CS(OS) No.232/2017] be read as part of the pleadings in the CS(COMM) No.715/2016.

34. The learned Single Judge considered the aforementioned applications on 21.10.2019 and noted the issues framed in CS(COMM) No.715/2016. The learned Single Judge also noted that in CS(OS) No.232/2017, the respondents had sought relief of mandatory injunction directing the appellant to execute the trade mark and copyright assignments in favour of respondent no.2, his wife and his son [plaintiffs in CS(OS) No.232/2017] and in terms of the order dated 08.01.2018 passed in CS(OS) No.232/2017, the learned Single Judge had observed that the same would be adjudicated in accordance with the findings on Issue no.1 in the present suit. The application filed by the



appellant was rejected as the learned Single Judge held that the appellant was not entitled to object to the evidence led by respondent no.2. However, respondent no.2's application for reading the pleadings in CS(OS) No.232/2017 as the part of the pleadings in the present suit was also disposed of with the observations that there was no requirement to adjudicate the same. The relevant extract of the said order is set out below:

“IA No. 12829/2018 (of the plaintiff u/S.151 CPC) & IA No.7187/2019(of the defendant u/S.151 CPC)

3. While the plaintiff seeks expungement of certain portions of affidavit by way of examination-in-chief filed by defendant no.2 Esvinder Singh, the defendants by their application are seeking reading and incorporation of pleadings of disposed of CS(OS) 232/2017, in this suit.

4. The senior counsel for the plaintiff and the senior counsel for the defendants have been heard and the order dated 8th January, 2018 in this suit as well as in CS(OS) 232/2017 perused.

5. While it is the contention of the senior counsel for the plaintiff that the portions of the affidavit by way of examination-in-chief of defendant no.2 Esvinder Singh as culled out in the application of the plaintiff are beyond the pleadings in this suit and not germane to the controversy for adjudication and on which issues have been framed, it is the contention of the counsel for the defendants that the said portions, though may not be part of written statement of the defendants in this suit but are part of pleadings of the defendants herein in CS(OS) 232/2017 in which the defendants herein were plaintiffs and are necessary for adjudication of the issues in this suit framed on 8th January, 2018.



6. The need to reiterate the controversy between the parties in the two suits in this order is not felt in view of the detailed sixteen page order dated 8th January, 2018 recording the same.

7. What emerges is that though the issues framed in this suit are only as under:-

“(i) Whether there was any concluded binding Family Settlement with respect to the trade mark subject matter of CS(COMM) No.715/2016 as pleaded by the defendants and if so, to what effect? OPD.

(ii) If the aforesaid issue is decided against the defendants, whether the plaintiff is entitled to damages in excess of 7% per annum for the sales effected by the defendants and if so, in what amount? OPP.

(iii) Relief.”

but the defendants as plaintiffs in CS(OS) 232/2017 had sought the relief of mandatory injunction directing the plaintiff herein to execute trade mark and copyright assignments in favour of Esvinder Singh, his wife and son and in paragraph 39 of the order dated 8th January, 2018 it was recorded that the said relief claimed in CS(OS) 232/2017 would be adjudicated in accordance with the finding on issue no. 1 in this suit.

8. The law with respect to Family Settlement, as has evolved, is succinctly stated in *Neeru Dhir Vs. Kamal Kishore* 2019 SCC OnLine Del 8910, relying on *Kalpana Balupuri Butta Vs. Pritendra Kumar Butta* 2018 SCC OnLine Del 10716, *Theiry Santhanamal Vs. Vishwanathan* (2018) 3 SCC 117, *Sanjeev Gupta Vs. Manoj Loharia* 2018 SCC OnLine Del 9105, *Rama Nand Vs. Roop Ram* 2018 SCC OnLine Del 10816, *SK Sattar Vs. SK Mohd. Choudhary Vs. Gundappa Amabadas Bukati* (1996) 6 SCC 373, *Pushpa Saroha Vs. Mohinder Kumar* 2009 SCC OnLine Del 57 & *Tek Bahadur Bhujil Vs. Debi Singh Bhujil* AIR 1966 SC 292. For a right



under a Family Settlement to be claimed, it is essential to show a pre-existing right in the property to which exclusive right under a Family Settlement is claimed inasmuch as no new rights coming into existence for the first time can be created in the garb of the Family Settlement. The impugned contents of the affidavit of defendant no.2 Esvinder Singh are thus to show a pre-existing right of Esvinder Singh to the rights now claimed exclusively under the Family Settlement by defendant no.2 Esvinder Singh.

9. I have enquired from the senior counsel for the plaintiff, whether the plaintiff is disputing the pre-existing right of Esvinder Singh to what Esvinder Singh, under the Family Settlement, now exclusively claims.

10. The senior counsel for the plaintiff replies in the affirmative.

11. Once it is so and vide order dated 8th January, 2018 the disputes between the parties were sought to be streamlined in the hope of an expeditious disposal, which at last has not been achieved, the plaintiff is not entitled to object to the evidence sought to be led by the defendants to show a pre-existing right.

12. IA No.12829/2018 of the plaintiff is thus dismissed and in the context of the above, since the impugned contents of the affidavit by way of examination-in-chief have been found to be relevant, the need to adjudicate IA No.7187/2019 of the defendants is not felt.

13. The applications are disposed of.”

35. Thereafter, respondent no.2 filed an application [I.A. No. 12291/2018] under Order XXXIX Rules 1 and 2 of the CPC seeking an order restraining the appellant from using the trademark SAP SWISS in respect of products being manufactured by the respondents –



“automotive wiring, harness, blinkers and side mirrors” – which was allowed by the impugned order.

REASONS & CONCLUSION

36. It is material to note that the respondents have not filed any counter claim in the suit. They have also not sought any relief for transfer of the suit marks. We find the procedure adopted by the learned Single Judge somewhat irregular. The suit filed [CS(OS) No.232/2017] by respondent no.2, his wife and his son, whereby such relief was claimed by respondent no.2, his wife and his son has been disposed of. Respondent no.2 raised no grievance regarding the disposal of the said suit without grant of the decree as prayed for in the said suit. Thus, what survives is only the present suit and the relief sought by the appellant in this suit is confined to seeking a decree of permanent injunction restraining the use of the suit marks and copyright; use of the domain name www.swissautoindia.com; delivery of products under the suit marks; rendition of accounts; decree for damages and costs.

37. Mr. Lall, learned senior counsel appearing for the respondents also admitted that the pleadings of the respondents in the suit are also deficient in this regard. However, he contended that the issues in the present case must be subsumed to include the issue that may have been struck in CS(OS) No.232/2017. However, respondent no. 2's claim that he and other entities are entitled to use the suit marks is founded on the assertion that the same are coparcenary property. In order to make good such claim it is essential for the claimant to specifically plead and



establish as to how the property became the coparcenary property. *Prima facie*, it would be erroneous to assume that a decree in favour of the respondents can be issued, which is not the subject matter of relief. Further, all the members of the HUF as claimed by respondent no.2 are also not parties to the present suit.

38. As noted above, we had also called upon the counsels for the parties to assist this Court in determining whether there was any provision in the CPC or any authoritative precedent which would support the view that a decree could be granted against a plaintiff and in favour of the defendant in a suit instituted for infringement of a trade mark. Mr. Lall, learned senior counsel appearing for the respondents fairly stated that he was unable to find any provision in the CPC or any precedent to the said effect.

39. There is no dispute that in certain circumstances, an interim order may be passed against a plaintiff. This is common in cases where the plaintiff is a beneficiary of interim orders. In such cases, the Court can pass orders imposing certain conditions including interdicting the plaintiff from committing any acts during the pendency of the suit. However, in the present case, the learned Single Judge had proceeded to interdict the appellant from using his registered trade mark on the premise that the same would be in aid of the final relief of granting the mandatory injunction for assignment of the suit marks in favour of respondent no.2. However, whether such a relief can be granted absent the necessary pleadings and specific relief, is a contentious question.



40. Having stated the above, we must also note that the appellant had not objected the order dated 08.01.2018 passed by the learned Single Judge where the aforementioned procedure was indicated by the learned Single Judge. The appellant had not raised any objection regarding the observation that a mandatory injunction would follow if respondent no.2 was to succeed in establishing that he was entitled to assignment of the trade mark / copyright. However, it is important to note that the appellant did raise an objection as to the leading of evidence beyond the pleadings. Whilst, the learned Single Judge rejected the said application [IA No. 12829/2018], the learned Single Judge also did not accept respondent no.2's application for incorporating the pleadings in CS(OS) No.232/2017 as a part of the pleadings in the present suit [CS(COMM) No.715/2016]. It is also material to note that in CS(OS) No.232/2017, the plaintiffs therein (respondent no.2, his wife and his son) had sought a decree of mandatory injunction for directing the appellant (defendant no.1 in the said suit) to execute the trade mark and copyright



assignments, *inter alia*, in respect of logo in favour of plaintiffs no.1 to 3 in that suit. All the plaintiffs in CS(OS) No.232/2017 are not parties to the present suit. The appellant's wife and children, who were parties in CS(OS) 232/2017 are also not parties to the present suit. We do not propose to render a finding whether the final relief as claimed by the plaintiffs in CS (OS) 232/2017 can be granted notwithstanding deficiency in pleadings and absent any specific prayer.



41. In the given circumstances, it is apposite to examine the appellant's challenge to the impugned order on the anvil of the triple tests of *prima facie* case, balance of convenience and irreparable injury.

42. As noted above, respondent no.2's case that he is entitled to interdict the appellant from using his registered trademarks rests essentially on two assertions. First, that the suit marks are intellectual property rights belonging to HUF of Late S. Ajit Singh and all coparceners including the appellant and respondent no.2 have a right to the said properties. Second, that the appellant had entered into the Family Settlement, whereby he had agreed to assign the suit marks and copyright in favour of respondent no.2 in respect of certain products including automotive wirings, harness, side mirrors and blinkers.

43. It was thus essential for the learned Single Judge to evaluate the *prima facie* case as set up by respondent no.2. However, the orders passed by the learned Single Judge do not indicate that the contentions of respondent no.2 were evaluated on a *prima facie* basis for considering the interim application.

44. It appears from the orders passed by learned Single Judge that respondent no.2's contentions that the suit marks were properties of the HUF of Late S. Ajit Singh, did not find acceptance. Notwithstanding the same, the learned Single Judge has passed the order interdicting the appellant. The order dated 08.01.2018 passed by the learned Single Judge records that the learned Single Judge had enquired from the learned counsel appearing for respondent no.2 as to why respondent



no.1 (Swiss Auto Pvt. Ltd.) should not be enjoined from using the suit marks in view of the fact that (i) the suit marks were admittedly registered in favour of the appellant and, (ii) that respondent no.1 (which was using the suit marks) had taken a license from the appellant to use the suit marks which has since terminated. The learned counsel appearing for respondent no.2 had raised several contentions to answer these queries including the following: (i) that the suit marks were used by respondent no.2 since the year 2007; (ii) that respondent no.2 had the right to use the suit marks in terms of the Family Settlement; (iii) that the appellant had been claiming royalty in respect of the use of the suit marks; and, (iv) that the appellant was using the marks only in respect of products falling in Class 12.

45. The learned Single Judge had noted the aforesaid contentions. The learned Single Judge also, *prima facie*, found that the appellant was not using the suit marks in respect of automotive wirings, harness, side mirrors and blinkers and held as under:

“25. Though I am of the opinion that merely because Swiss Auto Pvt. Ltd. has been permitted to use the mark for long under permission of Chasvinder Singh cannot be a reason to deny interim injunction to Chasvinder Singh and the judgments cited by the senior counsel for Esvinder Singh are distinguishable on facts and are not applicable to the facts of the present case but since Chasvinder Singh presently is not manufacturing and marketing the four products which Swiss Auto Pvt. Ltd./Esvinder Singh is manufacturing, it is deemed appropriate to dispose of the application for interim relief in CS(COMM) No.715/2016 by restraining the defendants in CS(COMM) No.715/2016 from using the trade mark subject matter of the said suit for



any other product besides automotive wiring, harness, side mirrors and blinkers for which the defendants are using the said mark till now and subject to the condition that the defendants in CS(COMM) No.715/2016, every three months, file a statement duly supported by an affidavit of the quantities manufactured of the said good, which are stated to be excisable and the sale price thereof and on further condition that all the defendants in CS(COMM) No.715/2016 file an undertaking before this Court to, in the event of being held to be not entitled to use the said mark in relation to the said four products also, pay to Chasvinder Singh damages at the rate of 7% per annum of the sale price received by the defendants in CS(COMM) No.715/2016 of the said products. This figure of 7% per annum is as per the statement of the senior counsel for the defendants in CS(COMM) No.715/2016 on instructions, though the senior counsel for the plaintiff on instructions had suggested the figure of 10% of the sale price. The defendants in CS(COMM) No.715/2016 will be bound by the said statement.

26. The defendants in CS(COMM) No.715/2016 are further directed to, within 15 days, file before this Court with advance copy to the counsel for the plaintiff, statement of the sales effected, with price since the date of institution of the suit and till 31st December, 2017 with further statements as aforesaid be filed with effect from the month of January, 2018.”

46. It is apparent from the above that the interim injunction as sought for by the appellant restraining the respondents from using the suit marks in question was denied principally on the ground that the appellant was not manufacturing the products, which were being manufactured by respondent no.1 company.



47. It is important to note that the learned Single Judge did not return any *prima facie* finding as to whether the Family Agreement was binding on the parties and gave rise to an indefeasible right to respondent no.2 to use the trade marks in question. The learned Single Judge also did not return any *prima facie* finding as to whether the suit marks could be considered as the property belonging to HUF of Late S. Ajit Singh and whether the appellant was bound to assign the same in respect of certain products to respondent no.2.

48. The impugned order, whereby the appellant was restrained from using the suit marks SAP SWISS in respect of automotive wirings, harness, blinkers and side mirrors, does not indicate that the said contentions were evaluated. It was contended on behalf of the appellant that since he is the registered proprietor of the suit mark in question, he could not be interdicted from using the same. The learned Single Judge rejected the said contention. The learned Single Judge held that an injunction can be granted against the plaintiff if it is necessary to balance the equities and / or as a condition to an interim injunction granted in favour the plaintiff and the present case fell in such a category.

49. It is also contended on behalf of the appellant that the respondents had not pleaded in their written statement that the appellant was not manufacturing the goods. The appellant claims that, in fact, he had been manufacturing the goods under the mark SAP SWISS at least since 2001 till 2017. The appellant states that there was a temporary disturbance in the factory and the manufacturing of automotive wiring,



harness, blinkers and side mirrors (goods also manufactured by the respondents) was temporarily suspended. However, the learned Single Judge allowed the respondents' application solely for the reason that the same would disturb the interim arrangement as envisaged in the order dated 08.01.2018 and the rights of the appellant were protected. The learned Single Judge also found merit in the contention that the interim order was necessary for protection of consumers. The relevant extract of the impugned order is set out below:

“10. The senior counsel for the plaintiff/non-applicant has firstly contended that the defendants/applicants have not raised any Counter Claim in this suit nor have amended their written statement, after the order dated 8th January, 2018; hence the defendants are not entitled to interim injunction when the final relief has not been claimed.

11. Merit is not found in the aforesaid contention of the senior counsel for the plaintiff / non-applicant in the light of the dicta of this Court in ***Liberty Sales Services Vs. Jakki Mull & Sons*** (1997) 66 DLT 506 (DB), ***Delhi Automobiles Ltd. Vs. Economy Sales*** (1994) 55 DLT 39 and ***Tekla Corporation Vs. Survo Ghosh*** AIR 2014 Del 121 where it has been held that the defendant, even though has not made a Counter Claim, can be granted injunction against the plaintiff if such injunction is necessary to balance the equities and/or as a condition of the interim injunction granted to the plaintiff. The present case falls in such a category.

12. Even otherwise, the sole issues framed in the suit, and of which burden has been placed on the defendants are, issue no.(i) i.e whether there was any concluded binding Family Settlement with respect to the trade marks; and, (ii) if the defendants/applicants succeed therein, whether in terms of the said Family Settlement the defendants only are entitled to use the subject mark in relation to the products aforesaid and



entitled to have the said mark transferred qua the said products in their own favour. It cannot for this reason also be said, that the interim relief claimed is alien to the controversy in issue.

13. The senior counsel for the plaintiff/non-applicant has next contended, a) that the defendants/applicants did not plead in the written statement in this suit, that the plaintiff/non-applicant was not manufacturing the said goods; b) the defendants/applicants though claimed to have been using the mark in relation to the goods since prior to the licence granted by the plaintiff/non-applicant, but have not filed any documents in this regard; c) that the plaintiff/non-applicant, independently of the defendants/applicants, has been using the said mark in relation to the said goods and though had earlier not filed documents in this regard, since the same was not in issue, but has now, along with the reply to this application, filed documents in this regard. Attention particularly is drawn to pages 17 and 312 of the said documents to show that the plaintiff/non-applicant was manufacturing goods under the said mark at least since 2001 till 2017. It is stated that it was owing to temporary disturbance in the factory of the plaintiff/non-applicant that the plaintiff/non-applicant had suspended manufacturing of goods under the said mark and which led to the statement made on and as recorded in the order dated 8th January, 2018.

14. I have considered the aforesaid contentions of the senior counsel for the plaintiff/non-applicant I am however inclined to allow the application also for the reason that the right of the plaintiff/non-applicant qua the use of mark for the said products during the pendency of the suit has been preserved in the order dated 8th January, 2018 as recorded therein, by directing the defendants/applicants to file quarterly statements of their accounts qua the quantities of goods manufactured under the subject mark and the sale price thereof and by framing an issue qua the monetary liability of the defendants/applicants to the plaintiff/non-applicant in the event of the defendants/applicants failing in the only issues



framed in the suit. It is also felt that the action of the plaintiff/non-applicant of commencing manufacturing and marketing of the goods, under the subject mark, which defendants/applicants, as on 8th January, 2018 were manufacturing and marketing, will disturb the interim arrangement as envisaged in the order dated 8th January, 2018 during the pendency of the suit. The plaintiff/non-applicant on that date did not argue that the plaintiff/non-applicant ought to have liberty to manufacture and market the goods which the defendants/applicants were manufacturing and marketing under the subject mark. Had the counsel for the plaintiff/non-applicant argued so on 8th January, 2018, the order of interim arrangement as worked out on that date may have been different. This Court, in the order dated 8th January, 2018, went to the extent of providing the rate of the sale price received by the defendants/applicants which will be measure of the damages to be paid by the defendants/applicants to the plaintiff/non-applicant if fail in the suit and merit is found in the contention of the senior counsel for the defendants/applicants that the plaintiff/non-applicant, even if entitled to change the said arrangement, ought to have first applied to this Court. Since the rights of the plaintiff/non-applicant have already been preserved, for this reason also it is felt that the plaintiff/non-applicant cannot now be permitted to start manufacturing and marketing the goods under the subject trade mark and also receive damages from the defendants/applicants. Merit is also found in the contention of the senior counsel for the defendants/applicants that interim order is also necessary for protection of the consumers.

50. It is also contended on behalf of the appellant that the Family Settlement relied upon by the respondents do not proscribe the appellant from using the suit marks in question. However, the learned Single Judge brushed aside the same by observing that the same did not change the Court's opinion.



51. We are unable to concur with the said decision. It was necessary for the learned Single Judge to examine on a *prima facie* basis the case set up by the respondents. As noted above, respondent no.2's case that the appellant was liable to be interdicted from using the suit marks in respect of certain goods rested solely on the claim that the suit marks were family property and therefore, respondent no.2 was entitled to use the suit marks and that the appellant had agreed to assign the same. The learned Single Judge had not evaluated this case on a *prima facie* basis.

52. In this regard, it is material to note that it is not disputed that the suit marks have been registered in the name of the appellant since

several years. The application for registration of the logo  in Class 9 was made by the appellant on 09.09.1987 and in Class 12 was made on 31.07.1990. The copyright in respect of some of the marks is registered in favour of the appellant since several years. The date of applications for registration of the suit marks and copyright are set out below:

“TRADEMARKS

In the name of the Chasvinder Singh trading as M/s Swiss Auto Products (Prop.)

S.No.	Application No.	Date of Application	Class	Trade Mark	Status
1	478078	09/09/1987	9		Registered
2	534403	31/07/1990	12		Registered



2024:DHC:6574-DB



3	1251635	25/11/2003	4	SAP SWISS (LABEL)	Registered
4	1251636	25/11/2003	6	SAP SWISS	Registered
5	1251637	25/11/2003	7	SAP SWISS (LABEL)	Registered
6	1251642	25/11/2003	22	SAP SWISS (LABEL)	Registered
7	1251639	25/11/2003	11	SAP SWISS	Registered
8	1251640	25/11/2003	12	SAP SWISS (LABEL)	Registered
9	1251641	25/11/2003	17	SAP SWISS	Registered
10	1251638	25/11/2003	9	SAP SWISS	Registered
11	1957761	29/04/2010	17	 SWISS AUTO PRODUCTS	Registered

COPYRIGHT

CHASVINDER SINGH, OWNER OF ARTISTIC WORK

Name of the trademark / Copyright of Artistic work	Description	Name in whose favour it is registered	Year of Application / registration	Class Status	
				Registered	Application made for
	SWISS	Chasvinder Singh	31.12.1980	A-34288/81 dated 19.09.1981	Copyrights of Artistic work
	Sap Swiss	Chasvinder Singh	27.02.2004	A-70828/2005 dated 28.04.2005	Copyrights of Artistic work
	SSS Swiss	Chasvinder Singh (Owner) as Partner Swiss International		A-70832/2005	Copyrights of Artistic work
	SSS	Chasvinder Singh	12.01.2006	A-76137/2006 dated 22.03.2006	Copyright of Artistic work"



53. There is no material on record to suggest that respondent no.2 had at any stage during the past several years objected to the registration of the suit marks in favour of the appellant or on any prior occasion asserted that he had any proprietary right in the abovementioned trademarks.

54. It is also important to note that it is not disputed that respondent no.1 company had entered into a License Agreement with the appellant for use of the mark SAP SWISS. The contents of the said agreement are set out below:

“AGREEMENT

THIS AGREEMENT is made at Delhi, on this 2nd day of April, 2007, by and between:- Sh. Chasvinder Singh, Proprietor of **M/s SWISS AUTO PRODUCTS**, 18, Rajasthani Udyog Nagar, G.T.K. Road, Delhi – 110 033 (hereinafter called the **FIRST PARTY**); (which expression shall mean and include its / his legal heirs, legal representatives, successors, survivors, executors and assigns).

M/s SWISS AUTO PVT. LTD., a company incorporated vide registration no.55-67889 Dated 27.04.1995 under the Company Act – 1956 with the Registrar of Companies, Delhi & Haryana and having its registered office at B-2, SMA CO-OP INDUSTRIAL ESTATE, G.T.K. ROAD, DELHI-110033, through its Director – Sh. Pawan Deep Singh in the name & on behalf of the above named Pvt. Ltd. Company, (hereinafter called the **Second Party**). (Which expression shall mean and include its / his legal heirs, legal representatives, successors, survivors, executors and assigns).

WHEREAS, the **“FIRST PARTY”** is engaged in business of Manufacturing and Trading of interalia all kinds of PARTS AND FILLINGS INCLUDED IN CLASS 12 FOR USE IN MOTOR LAND VEHICLES, under the Trade



Mark “**SAP Swiss**” which is registered Trademarks No. 534403 under the Trade marks Act, 1999.

WHEREAS, the “**FIRST PARTY**” have been using Trade Mark “**SAP Swiss**” since long time and well known, extremely popular, highly in demand for superior quality and famous said Trade Mark, has acquired the status of “**HOUSE MARK**”.

AND WHEREAS, the “**SECOND PARTY**” recently set up their Manufacturing unit and for promotion the sales of their newly products, approached the “**FIRST PARTY**” to grant the permission for use the well know said Trade Mark subject to the charges (rental basis), due to recognition and positive acceptance of this “**TRADE MARK**” by the public and on the request of the second party, first party has agreed & grant the permission to use the said Trade Mark on the following terms and conditions.

“NOW THIS AGREEMENT WITNESSETH AS UNDER AND PARTIES HERETO HAVE AGREED TO THE TERMS AND CONDITIONS AS UNDER ”

1. That the consideration of the Annually Charges a sum of Rs.20,000/- (Rupees Twenty Thousand only) (negotiable per annum) mutually agreed by the Second Party shall be paid for the use of the abovementioned Trade Mark.
2. This “Agreement” is executed for Five (5) years, commencing from the 1st day of April 2007.
3. That the Second Party shall use this Trade Mark for their own use & adopt for their own manufactured products only as allowed by the respective government authorities.
4. That the Second Party shall keep the First party indemnified for any loss or damage, the first party have to suffer due to usage or to adoption of the said Trade mark by the second party.



5. That the Second Party assures the First Party, they will use the aforesaid Trade Mark for their self and shall not allow to use, transfer, and assign the said Trade Mark to any other person or third party whosoever and the Second Party shall not make any addition, modification or changes in the said trade mark.

6. That the no party is permitted to dissolve the agreement earlier than expiry of one year from the date of commencement of this agreement and thereafter if any party wants to terminate this agreement, then it shall serve 03 months written notice to the other party. Incase any party wants to terminate the said agreement before competition of 01 years, then it shall pay Rs.60,000/- as a compensation amount, to the other party.

7. That if the Second Party infringes the terms and conditions of the agreement as well as fail to pay charges for two consecutive months, the first party shall have every right to terminate the agreement, without serving any prior notice in writing, and the second party undertakes to stop the use of the said trade mark, without any delay.

8. That in witness whereof both the parties hereto have set their respective hands to the agreement on the day, month and year mentioned above.”

55. It is apparent from the above that the respondents have acknowledged the proprietary rights of the appellant in the suit marks and had agreed to pay the charges for using the same. In this view the contents of the License Agreement *prima facie* militate against the case of respondent no.2 that he had any right to use the suit marks by virtue of being a member of the family of Late Sh. S. Ajit Singh. If this is correct, there was no requirement for respondent no.2 to pay any charges for use of the suit marks to the appellant.



56. The second aspect to be examined is whether the appellant had entered into any binding agreement to assign the suit mark “SAP SWISS” to respondent no.2. Respondent no.2 relies on the Family Settlement which he claims is a binding agreement. The relevant extract of the said Family Settlement is set out below:

“SWISS DIVISION

AGENDA OF TODAY MEETING

1. TO FINALISE THE LIST OF ITEMS TO BE GIVEN TO S. ESVINDER SINGH (BRAND)
2. TO FINALISE SHARE IN PROPERTIES & BUSINESS
3. TO FINALISE DIVISION OF FACTORIES BUILDINGS
4. TO FINALISE OTHER MAJOR ISSUES
5. AFTER FINALISING THE MAJOR ISSUES WRITTEN AGREEMENT SHALL BE MADE AND DUELY SIGNED BY BOTH BROTHERS, MATAJI, SISTERS AND BROTHER IN LAWS.

FAMILY SETTLEMENTS

ACTUAL SHARE WILL BE AS UNDER

S. NO.	NAME OF PROPERTY	S. CHASVINDER SINGH & FAMILY SHARE %	S. ESVINDER SINGH & FAMILY SHARE %
1	PUNJABI BAGH HOME	50	50
2	WAZIRPUR-A10	50	50
3	A-41	50	50
4	A-42	50	50
5	A-43	50	50
6	A-44	50	50
7	A-34	50	50
8	A-1	50	50
9	PANCHVATI	50	50
10	C-8	50	50



11	KAROL BAGH OFFICE / SHOP=2	50	50
12	DWARKA FLAT=2	50	50
13	BUSINESS INVESTMENT	60	40
14	MANESAR FACTORY	60	40
15	HIMACHAL FACTORY	60	40

DIVISION OF FACTORIES BUILDINGS.”

S. NO.	S. CHASVINDER SINGH & FAMILY	S. ESVINDER SINGH & FAMILY
1	B-1	B-2
2	19	18
3	3	7

OTHER FACTS

1. ANY FEE OR EXPENSES INCURRED IN THE PROCESS OF BRAND RIGHT TRANSFER THE SAME SHALL BE BORNE BY S. ESVINDER SINGH. FURTHER IN FUTURE ALSO IF ANY EXPENSES IS MADE WITH REGARD TO SWISS BRAND THE EXPENSES SHALL BE SHARED 60% BY S. CHASVINDER SINGH & FAMILY & 40% BY S. ESVINDER SINGH & FAMILY.

2. TRANSFER OF FACTORIES BUILDING

THE BUILDINGS WILL BE TRANSFERRED IN 3 STAGES

- A B1 & B2
- B 19 & 18
- C 3 & 7



GOVT. STAMP DUTY & OTHER EXPENSES INCURRED SHALL BE BORN BY THE BENEFICIARY IN WHOSE NAME DEED IS MADE.

3. THE ACTUAL INVESTMENT IN BUSINESS SHALL BE WORKED OUT BY S. CHASVINDER SINGH IN APP 60 DAYS

ANY EXCESS OR SHORTAGE SHALL BE PAID TO EACH OTHER BY 31.1.2015

AND ENTRIES TRANSFER SHALL BE MADE UP TO 31.3.2015.

4. HOUSE DIVISION SHALL BE MADE AFTER THE FACTORIES TRANSFER & BUSINESS DIVISION RENT 18 TO BE GIVEN AFTER ONE YEAR BY S. CHASVINDER SINGH.”

57. A plain reading of the Family Settlement indicates that the items as recorded were part of an agenda of the meeting. It appears that the parties were in agreement regarding their respective shares in various immovable properties. Although, the appellant does not agree that the Family Settlement is a binding agreement but accepts that he was agreeable to the division of the immovable properties in the manner as set out in the Family Settlement.

58. The first agenda in the said Family Settlement was to finalize a list of items to be given to respondent no.2. It appears that the said items are for which ‘brand’ can be used. It is also recorded that if any fee or expenses incurred in the process of brand right transfer, the same shall be borne by respondent no.2. The Family Settlement also indicates the list of items. It is also relevant to note that the Family Settlement



also mention that all expenses relating to SWISS branch would be shared in the ratio of 60:40 between the families of the appellant and respondent no.2, respectively.

59. Agenda item no. 5 is important as it expressly provides that after finalizing the major issues, written agreement would be made and be duly signed by the concerned parties. The documents on record, *prima facie*, indicates that drafts Memorandum of Understanding (MoU) were circulated. Respondent no.2 had also sought to make amendments to the said MoU. However, the MoU was not executed. It is also material to note that the drafts of the MoU's placed on record also specifically note that the trade mark SAP SWISS belong to the appellant.

60. It appears that respondent no.2 had circulated an e-mail dated 15.09.2015 enclosing therewith a draft of Trade Mark Assignment Agreement and a No Objection Certificate for trade mark use. The draft of the Trade Mark Assignment Agreement also expressly records that the appellant is the registered owner of the trade mark as described and the goodwill of the business belongs to the products in respect of which trade mark was used and for which they are registered.

61. It is apparent that the parties had endeavored to arrive at a settlement, whereby the appellant had agreed that he would assign the registered trade mark in respect of certain products to respondent no.2 and it was agreed that agreements would be entered into. However, admittedly no definite agreement was entered into. The e-mails placed



on record also indicate that there were differences between the parties in regard to the terms of the draft agreement that was circulated.

62. Since no definite agreements as contemplated under the Family Settlement were executed, we are, *prima facie*, unable to accept that respondent no.2 had acquired any rights to the exclusive use of the suit marks in respect of certain products.

63. In terms of Section 2(b) of the TM Act, any assignment of the registered trade mark is required to be in writing and it is apparent that the appellant has not assigned the suit marks to respondent no.2.

64. As observed above, the impugned order has been passed without evaluating the *prima facie* case. We are unable to sustain the interim order interdicting the appellant from using the trademarks registered in his favour.

65. The appeal is, accordingly, allowed and the impugned order is set aside.

VIBHU BAKHRU, J

TARA VITASTA GANJU, J

**AUGUST 30, 2024
RK/GSR**