

Parth vs Rfcl on 10 February, 2011

Author: Anant S. Dave

Bench: Anant S. Dave

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A0/163/2010

38/ 38 JUDGMENT

IN
THE HIGH COURT OF GUJARAT AT AHMEDABAD

APPEAL
FROM ORDER No. 163 of 2010

WITH

CIVIL
APPLICATION NO.5975 OF 2010

For
Approval and Signature:
HONOURABLE
MR.JUSTICE ANANT S. DAVE

=====

1

Whether

Reporters of Local Papers may be allowed to see the judgment ?

2

To

be referred to the Reporter or not ?

3

Whether

their Lordships wish to see the fair copy of the judgment ?

4

Whether

this case involves a substantial question of law as to the interpretation of the constitution of India, 1950 or any order made thereunder ?

5

Whether

it is to be circulated to the civil judge ?

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PARTH
PARENTERAL PVT LTD & ANOTHER

Versus

RFCL
LIMITED & OTHERS

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Appearance :

Mr.
Mihir J. Thakore, Senior Advocate, with Mr. Rakesh Gupta with Mr.
Kunan B. Naik with Ms. Pooja Gupta for M/s. Trivedi & Gupta for
appellant No.1

Mr.
Kamal Trivedi, Senior Advocate, with Mr. Rakesh Gupta with Mr. Kunan
B. Naik with Ms. Pooja Gupta for M/s. Trivedi & Gupta for
appellant No.2

Mr.
Sudhir Chandra Agarwala, Senior Advocate with Mr. Hemant Singh with
Mr. Abhijeet Bhattacharya with Mr. Mihir Parikh with Mr. Sandeep
Singhi for M/s. Singhi & Company for respondent No.1

Mr.
Shalin N. Mehta for respondent No.2 and
3

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CORAM

:

HONOURABLE

MR.JUSTICE ANANT S. DAVE

Date

: 10/02/2011

CAV

JUDGMENT

1 Appellants in this appeal are original plaintiffs and respondents are the original defendants of Regular Civil Suit No.1 of 2010 [for short the suit] filed in the Court of the District Judge, at Gandhinagar and for the sake of convenience and brevity the parties are referred to hereinafter as per their status in this appeal.

2 The suit is filed by the appellants for infringement of trade mark and infringement of copyright and damages. Inter-alia, it is also prayed that the respondents be restrained from passing off their goods as goods of the appellants.

3 In the suit, the appellants have filed application Exh.5 under Order 39, Rule 1, 2 and 7 read with Section 151 of the Code of Civil Procedure, 1908 for grant of ad-interim injunction. By order dated 6th April 2010, the learned Additional Sessions Judge & Fast Track Court No.2, Gandhinagar, has dismissed the said application Exh.5.

4 The appellants are the Companies incorporated under the Companies Act, 1956 and appellant No.1, Parth Parenteral Private Limited is hereinafter referred to as PPPL and appellant No. 2, Pearl Drugs Private Limited, as PDPL .

5 The case of the appellants is briefly stated hereunder:

5.1 PPPL-appellant No.1 is engaged in the business of manufacturing and marketing of pharmaceuticals and veterinary products including animal feed supplement preparation and PDPL-appellant No.2 is engaged in the business of manufacturing and marketing agricultural, horticultural and veterinary products, food stuff for animal and veterinary and sanitary products.

5.2 On 1st January 2001, the predecessor of respondent No.1, RFCL Limited, namely, Ranbaxy Laboratories Limited [for short, Ranbaxy] entered into a Product Purchase Agreement with appellant No.1. It is the case of appellant No.1 that, under the agreement with Ranbaxy appellant No.1 was manufacturing certain veterinary animal health care products including CAPSOLA which was an animal feed supplement. Since the trade mark CAPSOLA was not owned by PPPL-appellant No.1 and Ranbaxy at the relevant point of time PDPL-appellant No.2 which was also manufacturing and marketing animal feed supplement under the trade mark CAPSOLA since 1989 had applied for registration of the trade mark vide [i] Application No.I 1124385 under Class 31 for Animal feed Supplement dated 6th August 2002 and [ii] Application No.1124386 under Class 5 for veterinary animals feed supplement medicine dated 6th August 2002. Upon apprehension of misuse and infringement of the trade mark applied for registration by PDPL-appellant No.2, Ranbaxy addressed a letter to PPPL-appellant No.1 on 6th January 2003 to ensure that no legal consequence of use of CAPSOLA brand arises and, therefore, PPPL-appellant No.1 approached PDPL-appellant No.2 to acquire the trade mark CAPSOLA and on 17th February 2003 PDPL-appellant No.2 executed a deed of assignment of the trade mark listed in schedule to the deed of assignment and in respect of which the applications were pending before the Trademark Registry for registration in favour of PPPL-appellant No.1. Later on, as per the certificate of registration, the trade mark CAPSOLA in respect of animal feed supplement in Class 31 with Registration No.1124385 was registered in the name of PDPL-appellant No.2 with effect from 6th August 2002 and the trade mark CAPSOLA bearing Registration No.1124386 in respect of veterinary animal feed supplement medicine in Class 5 was registered in the name of PDPL-appellant No.2 with effect from 6th August 2002 and certificate of registration was issued on 30th May 2005.

5.3 On 1st January 2004, product purchase agreement between PPPL-appellant No.1 and Ranbaxy was entered into and the Executives on behalf of Ranbaxy and working with respondent No.1 were signatories to the above agreement. Some companies had violated and infringed the trade mark CAPSOLA and, therefore, communication dated 27th July 2005 was received by PPPL-appellant No.1 and, accordingly, a notice was issued to the said company. On 30th September 2005, Ranbaxy transferred its animal health division and diagnostic division to respondent No.1.

5.4 On 1st November 2005, product purchase agreement was entered into by and between PPPL-appellant No.1 and respondent No.1 and on 2nd December 2005, a deed of assignment was executed between Ranbaxy and respondent No.1 and the said deed of assignment referred to CAPSOLA registered under No.458212B dated 7.8.1986 in respect of bandages/medicated plaster in Class 5 category. The case of the appellants throughout before the trial court as well as before this Court is based on the above registration in respect of bandages/medicated plaster in Class 5 category and PPPL-appellant No.1 being manufacturer and marketer under the trade mark CAPSOLA for Trade Mark Registration No.1124385 under Class 31 dated 6.8.2002 for animal feed supplement and Trade Mark Registration No.1124386 under Class 5 dated 6.8.2002 for veterinary animal feed supplement medicine.

5.5 The name of respondent No.1 was changed to RFCL Limited.

5.6 Again, a fresh product purchase agreement dated 20.11.2006 to be effective from 1.12.2006 was sent for execution in view of change in the name of respondent No.1 and with regard to its agreements letter dated 27th January 2007 was sent by PPPL-appellant No.1 to respondent No.1 with a request to mention CAPSOLA in clause 7 separately. However, according to PPPL-appellant No.1, the above product purchase agreement received from respondent No.1 contained hand-written amendment to the effect except CAPSOLA group of products, which was neither signed nor stamped by respondent No.1 and, therefore, a letter was addressed by PPPL-appellant No.1 on 30th March 2007 to respondent No.1 returning the same with request to return the original agreement with the required amendment duly signed and stamped at the place of amendment. On 15th June 2007, after duly signing and stamping, the product purchase agreement was returned and the same was executed and sent back to respondent No.1 retaining a notarized copy of the same by PPPL-appellant No.1.

5.7 On 14th January 2009, the Registrar of Trademarks recorded respondent No.1 as subsequent proprietor of assigned trademarks and in particular trademark No.458212B. In the meanwhile, changes took place again in respondent No.1 and animal health division was transferred to respondent No.3, namely, Vetnex Animal Health Limited and share purchase agreement dated 3.6.2009 for transfer of shareholding did take place. Thereafter, on 11.11.2009, PPPL-appellant No.1 addressed a letter to respondent No.1 that, if no agreement is reached, PPPL-appellant No.1 would be forced to withdraw the marketing rights of the brand CAPSOLA. On 25.11.2009, respondent No.1 informed PPPL-appellant No.1 that product purchase agreement dated 20.11.2006 is terminated with effect from 1.12.2009.

Even correspondence was entered into by PPPL-appellant No.1 and respondent No.1 and on 9.12.2009 an application TN 24 was filed by PPPL-appellant No.1 to get recordal of trademark CAPSOLA in its name and search report undertaken revealed that the application was made for

registration of trademark CAPSOLA by respondent No.3 on 24.11.2009 and further an application was made by respondent No.1 for registering trademark CAPSOLA GOLD and CAPSOLA PREMIUM which was placed in the category of objection. Later on, even a criminal complaint was also filed by PPPL-appellant No.1 at Gandhinagar, Gujarat. Thereafter, the above first information report was subject matter of proceeding under Section 482 of the Code of Criminal Procedure, 1973 before this Court and, in view of pendency of the suit, CS [IS] No. 40 of 2010 filed by respondent No.1 in the High Court of Delhi and Regular Civil Suit No.1 of 2010 filed by appellant No.1 in the Civil Court at Gandhinagar, the above criminal proceedings came to be stayed by this Court.

5.8 Even the parties have tried to negotiate and settle the dispute as per the minutes of meeting dated 17.1.2010 recorded but, ultimately, on filing an application for vacating the ex-parte order passed by the High Court of Delhi on 13.1.2010, finally, the Division Bench of High Court of Delhi vacated the above ex-parte order by observing on the dispute of the subject matter of the appeal.

5.9 It is to be noted that, when the trial court at Gandhinagar passed the order impugned in this appeal, the ex-parte order dated 13.1.2010 passed by the High Court of Delhi in application under Order 39 Rule 1 and 2 of the CPC in the suit, CS [IS] No. 40 of 2010, was operative and, on perusal of the record, pendency of the above proceeding before the High Court of Delhi had bearing on certain findings and conclusion arrived at by the trial court in the order dated 6.4.2010 passed below application Exh.5 under Order 39 Rule 1 and 2 of the Code of Civil Procedure in Regular Civil Suit No.1 of 2010. However, while hearing of this appeal, the above ex-parte order dated 13.1.2010 passed by the learned Single Judge of the Delhi High Court came to be vacated on 28.5.2010 by a Division Bench of the Delhi High Court consisting of Hon ble Mr. Justice Mukta Gupta and Hon ble Mr. Justice Madan B. Lokur [as His Lordship then was] in Appeal FAO (OS) 189/2010.

6. The learned counsel appearing for both parties have argued on the effect and consequence of the above decision dated 28.5.2010 passed by a Division Bench of the Delhi High Court, but, before advertng to that, it is necessary to record the case of the respondents also.

7 At the outset, according to respondent No.1, it has been the proprietor of trademark CAPSOLA being successor in interest, business and title of Ranbaxy s animal feed supplement business as well as being the registered proprietor thereof in Class 5 vide trade mark registration No.458212B dated 7.8.1986, and the said fact was acknowledged, accepted and acted upon by PPPL-appellant No.1 as per clauses 7 and 21 of the agreement dated 1.11.2005 signed by respondent No.1 and PPPL-appellant No.1. It has been further emphasized that as early as on 7.8.1986 the above trade mark was registered in Class 5 by its predecessor, Ranbaxy. That, product purchase agreement was entered into on 1.1.2001 by Ranbaxy with PPPL-appellant No.1 and as per clause 18, PPPL acknowledged that any trademarks under which the products were manufactured and sold as contemplated in the agreement shall at all times be and remain the sole and exclusive property of Ranbaxy and PPPL shall have no express or implied right, title or interest therein. Therefore, deed of assignment entered into by and between PPPL-appellant No.1 and PDPL-appellant No.2 on 17.2.2003 is doubtful and not admitted. Barring certain communications, the agreements dated 1.1.2001, 1.1.2004, 1.11.2005 and 20.11.2006 are admitted, but, either contents of the agreements or annexures and details therein are disputed. The respondents have, vehemently, denied and further

alleged interpolation/over-writing by hand-written words except CAPSOLA group of products in clause 7 of agreement dated 20.11.2006 and the above hand-written words are not admitted by the respondents. With regard to the communication addressed by Ms. Veena Kohli and other executives, the respondents have filed affidavits denying any role played by them for entering into the correspondence. The respondents have also denied other communication between the parties and particularly disclosed no knowledge about various communication/letters written by PPPL-appellant No.1 in the years 2003, 2005 and 2007 and further submitted that such letters cannot confer any right, title, ownership, etc. with regard to trademark CAPSOLA in favour of PPPL-appellant No.1.

8 Learned counsel for the respondents highlighted suppression of vital and relevant documents by the appellants before the trial court, namely, agreement dated 1.11.2001, agreement dated 1.11.2005 and Annexure A to the agreement dated 20.11.2006 which are pertaining to right of the parties under CAPSOLA and the subject matter of dispute before the trial court.

9 However, other factual aspects on behalf of the respondents will be taken note of while considering their submissions later on.

10 Mr. Mihir Thakore, learned Senior Counsel appearing on behalf of PPPL-appellant No.1, would submit that the trial court has erred in not granting interim injunction as prayed for and, thus, the order impugned is illegal, unreasonable, inequitable, unjustified and being irrational, illogical, unfair, arbitrary, deserves to be quashed and set aside. Since the trial court has committed a patent error of law and jurisdiction and the order impugned suffers from certain misconception of facts and mis-interpretation of law and being a case of non-application of mind to the above facts, this Court in appeal would be fully justified in reversing the findings recorded by the trial court and granting the interim injunction as prayed for.

11.1 Learned counsel for the appellants would further submit that the appellants had established a prima-facie case for infringement as well as passing off. For infringement, it is submitted that PPPL-appellant No.1 was the registered proprietor of trademark CAPSOLA in respect of animal feed supplement in Class 31 and in respect of veterinary animal feed supplement medicine in Class 5 bearing Registration No.1124385 and Registration No.1124386 and the said fact remains uncontroverted. That, the said trade marks have been assigned by PDPL-appellant No.2 to PPPL-appellant No.1 vide deed of assignment dated 17.2.2003 which was within the knowledge of respondent No.1 and its predecessor Ranbaxy. Learned counsel for the appellants has referred to the claim made by respondent No.1 herein in the suit, CS [IS] No. 40 of 2010, filed in the Delhi High Court wherein the only claim made is of passing off and not for infringement. Even the subsequent events of filing applications for registration of trademark CAPSOLA in Class 31 and Class 5 by respondent No.3 and the minutes of meeting dated 17.1.2010 held at Delhi, would go to show that respondent No.1 had admitted the appellants being proprietor of the registered trademark. The learned counsel has also referred to the provisions of Sections 28, 29 and 135 of the Trade Marks act, 1999 [for short, TM Act, 1999] and submitted that the appellants were entitled to injunction as a matter of right. Besides, no defence is available for an infringement action to the respondents as found in Sections 30, 33, 34, 35 and 36 of TM Act, 1999 and the basis for defence raised under

Section 34 is not tenable since the respondents have failed to establish any continuous usage of trademark CAPSOLA from a date prior to use thereof by the appellants in respect of animal feed supplement.

11.2 According to the learned counsel for the appellants, the trial court has failed to notice the difference between trademark CAPSOLA bearing Registration No.458212B registered in favour of the respondents which was in respect of material for bandaging [medicated plaster] and not with regard to animal feed supplement. The learned counsel for the appellants has heavily relied upon Registration No.1124385 and Registration No.1124385 both dated 6.2.2002 in Class 31 and Class 5 category being animal feed supplement and veterinary animal feed supplement medicine, respectively, and submitted that the prayer for restraining the respondents-defendants from producing, manufacturing and marketing or doing any kind of business with regard to the above subject ought to have been granted. It is further submitted that by acquiring right pursuant to deed of assignment dated 27.2.2003 by PPPL-appellant No.1 with PDPL-appellant No.2 and the same being acknowledged by respondent No.1 and subsequent agreement entered into on that basis, entitled the appellants for the relief prayed for in the application for injunction. The learned counsel for the appellants has also referred to clauses 2.2.1 of agreement dated 30.9.2005 in respect of his argument that Ranbaxy by way of business purchase agreement dated 30.9.2005 transferred its animal health division in favour of respondent No.1 and the above clause provided for transfer of the trade mark and a deed of assignment in favour of respondent No.1 to be executed and the same was executed on 2.12.2005 and, therefore, on or before 1.12.2005 respondent No.1 had no right whatsoever in the trade mark belonging to Ranbaxy. The learned counsel for the appellants has also relied upon the relevant extracts from the deed of assignment dated 2.12.2005. According to the learned counsel for the appellants, purchase agreement dated 1.11.2005 by respondent No.1 with PPPL-appellant No.1 was an agreement only for purchase of products/goods and not for transfer/assignment of any right, title or interest in the trade mark or any other intellectual property belonging to PPPL-appellant No.1. Even product purchase agreement dated 20.11.2006 also reveals that but for CAPSOLA group of products, respondent No.1 continued to have right, title and interest in the trademarks and the pack design, get up etc. Thus, by agreements dated 1.1.2004, 1.11.2005 and 20.11.2006, no trademark right or intellectual property right has ever been transferred to respondent No.1.

11.3 The learned counsel for the appellants would next submit that respondent No.1 had transferred the trade mark belonging to it in favour of respondent No.3 which shows that respondent No.3 had also acquired only trademark CAPSOLA bearing registration No.458212B in respect of material for bandaging (medicated plaster) and not for any other material. That, the schedule attached to share purchase agreement dated 3.6.2009 reveals the status of intellectual property and it mentions only trademark CAPSOLA bearing No.458212B and nothing more than that. The learned counsel for the appellants has heavily relied upon various correspondence and communication entered into by and between the parties and submitted that the trial court has failed to notice the above correspondence and refused to entertain application Exh.5 for injunction solely on the ground of ex-parte order granted by the learned Single Judge of the Delhi High Court in the suit, CS [IS] No. 40 of 2010, dated 13.1.2010 which now stands vacated by order dated 28.5.2010 passed by a Division Bench of the Delhi High Court in Appeal FAO (OS) 189/2010. The learned counsel for the appellants has

heavily relied upon certain observations, findings and conclusion of a Division Bench of the Delhi High Court in the above order and submitted that such findings of facts are binding to this Court being the subject matter of dispute remained similar and also on the ground of comity.

11.4 The learned counsel for the appellants has referred to Sections 135 and 124 of TM Act, 1999 and submitted that the trial court has erred in relying upon the above sections in the context of rectification application filed by respondent No.1. The learned counsel for the appellants has referred to sub-section (5) of Section 124 and submitted that pendency of rectification application would not come in the way of the trial court in exercising powers.

11.5 The learned counsel for the appellants has, in the context of passing off, submitted that PDPL-appellant No.2 is the prior user and proprietor of the trade mark CAPSOLA in respect of animal feed supplement and relied upon manufacturing and marketing of product CAPSOLA including the bills and vouchers produced before the trial court. It is further submitted that the application for registration of trademark CAPSOLA in respect of animal feed supplement was also published in the Trade Mark Journal on 16.12.2003 which was never objected by anyone and before the agreement dated 1.1.2001 was entered into with Ranbaxy by PPPL-appellant No.1, prior usage of the appellants was established. The learned counsel for the appellants has again referred to the notice dated 20.12.2002 issued by PDPL-appellant No.2 to Ranbaxy for usage of the trade mark in respect of animal feed supplement, the letter dated 6.1.2003 addressed by Ranbaxy to PPPL-appellant No.1 to take suitable action, deed of assignment dated 17.2.2003 between PDPL-appellant No.2 and PPPL-appellant No.1 and the letters addressed by the executive on behalf of Ranbaxy to PPPL-appellant No.1, to establish that, on the date of executing deed of assignment dated 2.12.2005 with PPPL-appellant, No.1 Ranbaxy was aware that PPPL-appellant No.1 had acquired the trade mark from PDPL-appellant No.2 in respect of animal feed supplement and veterinary animal feed supplement medicine.

11.6 Learned counsel for the appellants has relied upon the judgment of the Apex Court in the case of the Central Bank of India vs. the Hartford Fire Insurance Company Limited, reported in AIR 1965 Supreme Court 1288 with regard to principles of construction of a deed and submitted that the plain language cannot be changed by surrounding circumstances and if the words are clear, there is very little that the Court has to do.

11.7 Learned counsel for the appellants next relied upon the judgment of the Apex Court in the case of Oil & Natural Gas Corporation Limited vs. Saw Pipes Limited, reported in (2003) 5 SCC 750 and submitted that for construction of the contract, it is settled law that the intention of the parties is to be gathered from the words used in the agreement. If words are unambiguous and are used after full understanding of their meaning by experts, it would be difficult to gather their intention different from the language used in the agreement.

11.8 Learned counsel for the appellants has referred the judgment of the Apex Court in the case of Ramdev Food Products Pvt Ltd vs. Arvindbhai Rambhai Patel and others, reported in 2006 (3) GLH 369 laying down principles of interpretation of deeds and Memorandum of Understanding and submitted that the document is to be read as a whole and has to be construed having regard to the

terms and conditions as well as nature thereof.

11.9 On the principle of comity by the Courts and the need for the Courts of different jurisdiction to respect each other orders, the appellants relied upon the judgment of the Apex Court in the case of Venture Global Engineering vs. Satyam Computer Services Limited, reported in (2008) 4 SCC 190.

11.10 On the principle of grand of injunction and proper mode for exercising powers under Order 39 Rule 1, the appellants have relied upon the judgments of the Apex Court in the case of Midas Hygiene Industries (P) Ltd vs. Sudhir Bhatia and others, reported in (2004) 3 SCC 90 and in the case of Tamilnad Mercantile Bank Shareholders Welfare Association, vs. S.C.Sekar and others, reported in (2009) 2 SCC 784, on the submission that mere delay in bringing the action is not sufficient to defeat grant of injunction particularly under the Trade Marks act, 1999 and the cases of infringement of trademark or copyright and passing off.

11.1 A few decisions are relied upon by the learned counsel for the appellants in the context of ratification of registration of trademark and the provisions of Section 46 read with Section 56 of the TM Act, 1999, are not necessary to be discussed in view of the stand taken by this Court. However, in the context of facts therein and declaration of law for which this Court is in respectful agreement with but the facts of the case on hand are somewhat different for the reasons stated in subsequent paragraphs of this judgment.

12 Learned counsel for respondent No.1 would submit that the appellants are not entitled to grant of interim injunction on the ground that the appellants have not come before the Court with clean hands and there is concealment and suppression of material facts before the trial court, more particularly, concealment of agreement dated 1.1.2001, agreement dated 1.11.2005 and Annexure A of agreement dated 20.11.2006 pertaining to rights of parties in CAPSOLA . It is further contended that clause 7 of the agreement dated 20.11.2006 as produced by the appellants is disputed which is a matter of evidence and that the issue of invalidity of the registrations relied upon by the appellants is pending before the Intellectual Property Appellate Board. Relying on the judgment dated 28.5.2010 passed by a Division Bench of the Delhi High Court in Appeal FAO (OS) 189/2010, it is contended that the appellants have no legal right to claim interim injunction. It is further submitted that the onus of burden of proof about prior use or proprietary right in trademark CAPSOLA is on the appellants which they have failed to discharge. It is further submitted that there is not an iota of evidence produced by the appellants to establish prior use of trademark CAPSOLA . It is further submitted that the plea raised in the plaint that PDPL-appellant No.2 had used the trade mark since 1989 and assigned it to PPPL-appellant No.1 via deed of assignment dated 17.2.2003 is fraudulent from the fact that PDPL-appellant No.2 was admittedly incorporated as a company only on 27.4.2000. Hence, when no prior use is established, the appellants have no right to claim the relief as prayed for. It is further submitted that the invoices in question are fictitious. It is further submitted that Ranbaxy marketed CAPSOLA since 2000 and vide agreement dated 1.1.2001 permitted PPPL-appellant No.1 to manufacture and supply CAPSOLA for Ranbaxy. As per clause 18 of the agreement dated 1.1.2001, PPPL-appellant No.1 acknowledged CAPSOLA to be the brand ownership of Ranbaxy and undertook not to claim any right therein. In view of clause 18 of the agreement dated 1.1.2001, PPPL-appellant No.1 is estopped in law from claiming any proprietary

right in trademark CAPSOLA arising from sale thereof by Ranbaxy or manufacture thereof by PPPL-appellant No.1.

12.1 It is further contended by the learned counsel for respondent No.1 that the trade mark applications were filed by PDPL-appellant No.2 as of 6.8.2002 much after sale of CAPSOLA by Ranbaxy in the market. The sale of CAPSOLA by Ranbaxy in the year 2000 was Rs.2.57 crores, for the year 2001 Rs.5.96 crores and for the year 2003 6.79 crores. Hence, filing of the trade mark application in August 2002 by PDPL-appellant No.2 was conspired by PPPL-appellant No.1 itself which had already signed agreement dated 1.1.2001 with Ranbaxy. In view of the above facts, reliance of the appellants on the trade mark Registration No.1124385 in Class 31 and Registration No.1124386 in Class 5 and the claim of infringement based thereon is wholly misconceived and untenable.

12.2 It is further contended by the learned counsel for respondent No.1 that the registration obtained by the appellants is in breach of principle of estoppel arising from the agreement dated 1.1.2001 signed between Ranbaxy and PPPL-appellant No.1 and is contrary to proprietary right of Ranbaxy arising from prior use of trademark CAPSOLA since 2000. Such registration is in breach of Section 11(3) of the TM Act, 1999 and liable to be cancelled for which the respondents have already filed cancellation petitions which are pending adjudication before the Intellectual Property Appellate Board.

12.3 It is contended by the learned counsel for respondent No.1 that the right of exclusive use claimed under Section 28 of the TM Act, 1999 by the appellants is subject to two fundamental preconditions;

[i] It is subject to validity of registration.

[ii] It is subject to other provisions of the Act which include right of prior user under Section 34.

Section 34 protects use of trademark CAPSOLA by RFCL since use thereof by its predecessor in business, namely, Ranbaxy since 2000 is an admitted position. It is submitted that the appellants have failed to establish any continuous, genuine commercial and substantial prior use of trademark CAPSOLA .

12.4 So far as the agreements dated 1.1.2004, 1.11.2005 and 20.11.2006 are concerned, the learned counsel for respondent No.1 disputed and denied contents thereof, as interpreted and canvassed by the learned counsel for the appellants.

12.5 It is contended by the learned counsel for respondent No.1 that the appellants have failed to produce any evidence of any objection ever raised to manufacture of Capsola Gold by Harshvardhan Laboratories and sale thereof by Ranbaxy since 2006. If PPPL-appellant No.1 was the exclusive proprietor of trademark CAPSOLA , it would have surely objected.

13 The learned counsel for respondent Nos.2 and 3, while adopting the contentions raised on behalf of respondent No.1, would contend that the suit as well as the appeal is bad in law on the ground of misjoinder of parties.

13.1 It is submitted that on 20.3.2009, by a de-merger scheme, respondent No.1 transferred its animal feeds and dietary supplement business to respondent No.3. On 3.6.2009, respondent No.1 and other shareholders of respondent No.3 executed a share purchase agreement for transfer of 100% shareholding of respondent No.3 to respondent No.2. On 1.12.2009, the share transfer was completed and respondent No.2 became the owner of respondent No.3 which in turn owns trademark CAPSOLA . So far, neither respondent No.3 nor respondent No.2 is a signatory to any agreement with either PPPL-appellant No.1 or PDPL-appellant No.2 in connection with trademark CAPSOLA . It is further submitted that respondent No.2 was alerted about the dispute between respondent No.1 and the appellants for the first time vide notice dated 4.12.2009 addressed by PPPL-appellant No.1 to respondent No.1. Therefore, respondent No.2 is a bona fide purchaser of respondent No.3 for a value without notice.

13.2 It is contended by the learned counsel for respondent Nos. 2 and 3 that the appellants have not made out case of infringement in as much as Ranbaxy has been using trademark CAPSOLA in respect of animal feeds supplement from 2000 whereas PDPL-appellant No.2 has allegedly used the trade mark from 25.7.2001 and obtained registration from 6.8.2002 which is later than Ranbaxy s use. Thus, respondent No.2 and respondent No.3 and their predecessors in title have acquired a vested right under Section 34 to the use of trademark CAPSOLA in respect of animal feeds supplement. It is further contended by the learned counsel for respondent Nos. 2 and 3 that respondent No.1, being the successor-in-interest of Ranbaxy, is the prior user of trademark CAPSOLA in respect of animal feeds supplement and PPPL-appellant No.1 has never sold CAPSOLA product independent of Ranbaxy or respondent No.1 and even as per the appellants own admission, PDPL-appellant No.2 sold CAPSOLA product for the first time on 27.5.2001 which is much after the first user of trademark CAPSOLA by Ranbaxy in the year 2000.

13.3 The learned counsel for respondent Nos. 2 and 3 adopts and reiterates the contention raised by the learned counsel for respondent No.1 with regard to suppression of material facts in the plaint and the case of forgery by PPPL-appellant No.1 in the purchase agreement dated 20.11.2006.

13.4 It is further contended by the learned counsel for respondent Nos. 2 and 3 that right from 1.1.2001 to 30.11.2009, PPPL-appellant No.1 has only been a manufacturer of CAPSOLA product for Ranbaxy/respondent No.1 and, thus, acknowledged Ranbaxy/respondent No.1 to be the owner of trademark CAPSOLA in respect of animal feeds supplement. That, despite getting CAPSOLA trademark assigned to itself from PDPL-appellant No.2 on 17.2.2003, PPPL-appellant No.1 moved the Trade Mark Registrar for recordal of the assignment only on 9.12.2009, after termination of the 2006 purchase agreement. That, in the meanwhile, PPPL-appellant No.1 allowed respondent No.1 to enter into agreement dated 7.12.2006 with Harshavardhan Laboratories Private Limited to manufacture CAPSOLA product and to manufacture CAPSOLA product out of its factory at Haridwar and to sell the same. That, despite PDPL-appellant No.2 having obtained registration of CAPSOLA trade mark in respect of animal feeds supplement from 6.8.2002, which was later on

assigned to PPPL-appellant No.1 vide assignment dated 17.2.2003, neither entity has ever claimed brand ownership of CAPSOLA in respect of animal feeds supplement at any time after 17.2.2003. Therefore, the appellants are not estopped from claiming ownership of CAPSOLA trade mark in respect of animal feeds supplement.

13.5 It is further contended by the learned counsel for respondent Nos. 2 and 3 that the appellants can succeed in their claim of passing off only if they are able to show that the respondents are passing off their goods as being the goods of the appellants. That, PPPL-appellant No.1 has never sold the CAPSOLA product on its own whereas, except one invoice dated 25.7.2001, PDPL-appellant No.2 has never sold the CAPSOLA product on its own. Therefore, the question of passing off does not arise at all in the present case.

13.6 It is further contended by the learned counsel for respondent Nos. 2 and 3 that the plaint as well as the Form TM 24 shows that PPPL-appellant No.1 and PDPL-appellant No.2 are related entities. On 6.8.2002, when PDPL-appellant No.2 applied for registration of the CAPSOLA trade mark under Class 5 and Class 31 in respect of animal feeds supplement, the purchase agreement dated 1.1.2001 between PPPL-appellant No.1 and Ranbaxy was in force. That, as PPPL-appellant No.1 was bound by the terms of the said agreement, it could not have directly or indirectly applied for the registration of CAPSOLA trade mark under Class 5 and Class 31. That, it could also not have had CAPSOLA trade mark assigned to itself from PDPL-appellant No.2 on 17.2.2003 because the 2001 purchase agreement clearly stipulated that Ranbaxy was the owner of CAPSOLA trade mark in respect of animal feeds supplement. That, the fact that the assignment agreement dated 17.2.2003 was revealed for the first time by PPPL-appellant No.1 in its notice dated 4.12.2009 and the fact that PPPL-appellant No.1 applied for registration as subsequent proprietor only on 9.12.2009 (after termination of the 2006 purchase agreement) are proof enough that the initial registration of CAPSOLA trade mark was obtained collusively by the appellants on 6.8.2002. That PPPL-appellant No.1 had set up PDPL-appellant No.2 to fraudulently obtain the registration of CAPSOLA trade mark in Class 5 and Class 31 because PPPL-appellant No.1 could not have applied in its own name.

13.7 It is further contended by the learned counsel for respondent Nos. 2 and 3 that there is no prima-facie case in favour of the appellants for grant of interim injunction as the appellants have never used the mark CAPSOLA, whereas respondent Nos.1 and 3, through their predecessors in interest, have continuously used the mark CAPSOLA since 2000 which is prior in time to use by PDPL-appellant No.2. It is reiterated that the registration of the PDPL's trade mark in Class 5 and Class 31 is challenged by respondent No.1 before the Intellectual Property Appellate Board which are pending. That, there is a serious and contentious dispute between the appellants and the respondents with regard to the text of clause 7 of the 2006 purchase agreement. The respondents version of clause 7 harmonizes clauses 1.1 and 7 and the appellants version creates an irreconcilable discord between clauses 1.1 and 7. It is further submitted that the claim of the appellants that CAPSOLA trade mark in Class 5 and Class 31 was assigned on 17.2.2003 by a deed from PDPL-appellant No.2 to PPPL-appellant No.1 and the fact that PPPL-appellant No.1 has only on 9.12.2009 filed an application for recordal of the alleged assignment shows the dishonest adoption by PPPL-appellant No.1 of CAPSOLA trade mark. If, as per the appellants, CAPSOLA trade mark is owned by them, there was no need for PPPL-appellant No.1 to enter into a purchase agreement on

20.11.2005 with respondent No.1 wherein it is provided that CAPSOLA trade mark is the exclusive property of respondent No.1 and that PPPL-appellant No.1 shall at no point of time be deemed to have any right, title or interest therein.

13.8 It is further contended by the learned counsel for respondent Nos. 2 and 3 that the balance of convenience is in favour of respondent Nos.2 and 3 and there would be irreparable injury caused to them by grant of injunction. It is submitted that Pfizer Pharmaceuticals and its predecessors have been selling animal feeds supplement under CAPSOLA trade mark since 2000. That the appellants have on their own never sold goods under CAPSOLA trade mark. Since 2001, PPPL-appellant No.1 has been a licensee of CAPSOLA trade mark and the CAPSOLA group of products. That, respondent No.1 has also placed on record the purchase agreement entered into with Harshvardhan Laboratories Limited for sale of CAPSOLA GOLD products, which arrangement was always known to PPPL-appellant No.1 and was never objected to. It is also known to the appellants that respondent No.1 has been manufacturing CAPSOLA products out of its factory in Haridwar and selling the same under CAPSOLA trade mark.

13.9 It is submitted by the learned counsel for respondent Nos. 2 and 3 that rejection of prayer of respondent No.1 for interim injunction against PPPL-appellant No.1 by the Division Bench of the Delhi High Court does not mean that PPPL-appellant No.1 is automatically entitled to an injunction in the present proceeding against respondent Nos.1, 2 and 3. Even in the appeal filed in the Delhi High Court, respondent Nos.2 and 3 are not party-respondents. It is further submitted that an interim order can never be a precedent and the Division Bench of the Delhi High Court has also clarified that the observations made in the order were only for the purpose of arriving at a prima facie opinion and was not an expression of an opinion on the final merits of the suit.

14 Learned counsel for the respondents have relied upon the decisions of the Apex Court as well as High Courts in the case of S.P. Chengalvaraya Naidu vs. Jagannath, reported in AIR 1994 SC 853 about suppression of material and vital facts and submitted that one who comes to the court must come with clean hands and the Courts of law are meant for imparting justice between the parties and it can be said without hesitation that a person whose case is based on falsehood has no right to approach the Court and can be summarily thrown out at any stage of the litigation. With regard to interim injunction against the registered trademark on the ground of passing off and prior use of trademark under Order 39 Rules, 1, 2 and 4 of the Code of Civil Procedure, it is submitted that ordinarily the findings of the court below are not to be interfered with.

14.1 Learned counsel for the respondents have relied upon the decision of the Apex Court in the case of Wander Ltd vs. Antox India P. Ltd, reported in 1990 (Supp) SCC 727, about the provisions of Sections 48 and 49 of the Act and user of trademark and the factors to be considered while exercising powers under Order 39 Rule 1, also under Order 43 in interlocutory injunction and exercise of discretion by the appellate court. On the very aspect, another decision relied is 1995 (5) SCC 545, Gujarat Bottling Co. Ltd vs. Coca Cola Company on the submission that the need for protection under Order 39 Rules 1 and 2 is about prima-facie case, balance of convenience and suffering of irreparable loss by the plaintiff in case of refusal of interlocutory injunction and the same has to be weighed against need to protect defendant against any injury resulting from his

having been prevented from exercising his own rights for which he could not be adequately compensated. On the very submission, yet another decision relied by the learned counsel for the respondents is reported at (2002) 3 SCC 65, in the case of Laxmikant V. Patel vs. Chetanbhai Shah on exercise of powers under Order 39 Rules 1 and 2 in the case of passing off. The above decision has taken into consideration the well known decision in the case of Oetli vs. Bowman, (1957) RPC 388, Wander Ltd vs. Antox India P. Ltd, (1996) 5 SCC 714.

15 Learned counsel appearing for both the parties have placed reliance on a few decisions of the Apex Court, Delhi High Court and this Court on the issue of infringement as well as passing off in the context of statutory provisions of TM Act of 1999, the Rules made thereunder and the schedule along with the applications proforma attached therewith. Learned counsel also highlighted various parameters for the Court exercising power under Order 43 Rule 1 and 2 and Section 104 of the Code of Civil Procedure and scope of interference with the order passed by the Civil Court.

16 As noticed earlier, the ex-parte order dated 13.1.2010 passed by the learned Single Judge of the Delhi High Court and pendency of the suit, CS [IS] No. 40 of 2010, before the High Court of Delhi had bearing on certain findings and conclusion arrived at by the trial court in the order dated 6.4.2010 passed below application Exh.5 under Order 39 Rule 1 and 2 of the Code of Civil Procedure in Regular Civil Suit No.1 of 2010. However, the above ex-parte order dated 13.1.2010 passed by the learned Single Judge of the Delhi High Court came to be vacated on 28.5.2010 by a Division Bench of the Delhi High Court in Appeal FAO (OS) 189/2010. In paragraphs 18 to 28 and paragraphs 31 and 32 in the judgment and order dated 28.5.2010, a Division Bench of the Delhi High Court observed as under:

18. The Appellant entered into an agreement with Respondent No.2 on 1st January, 2001 and it is this agreement that RFCL Ltd. Rests its claim of prior user being the successor in interest of Ranbaxy and thus the owner and proprietor of the trademark 'CAPSOLA' for the animal feed supplement in class 31. The relevant portions of the agreement dated 1st January, 2001 between Appellant No.3/PPPL and Ranbaxy are as under:

B. RANBAXY wishes to secure a reliable and ongoing source for manufacture of certain PRODUCTS as listed in Annexure 'A' hereto.

C. PPPL represents that it has necessary facilities and technical competence for manufacture of PRODUCTS in accordance with specifications and standards set out.

THE PARTIES therefore have mutually discussed and arrived at this Agreement in the terms and conditions as follows:

1. PPPL shall manufacture on behalf of and deliver to RANBAXY the PRODUCTS as per terms and conditions set out hereafter. This agreement is non-exclusive and RANBAXY reserves its right to source the PRODUCTS from elsewhere by prior informing to PPPL 60 days in advance.

2. PPPL guarantees and warrants that the PRODUCTS to be manufactured and supplied hereunder shall in all respects be strictly in accordance with the standards and specifications applicable to the PRODUCTS and as may be specified by RANBAXY in writing. The specifications may be revised by RANBAXY and accepted by PPPL from time to time. The manufacture of PRODUCTS shall include in particular.

[i] xxx [ii] xxx [iii] xxx [iv] Packaging and labeling of PRODUCTS in accordance with RANBAXY specifications.

xxx

18. PPPL acknowledges that any trademarks under which the PRODUCTS are manufactured and sold as contemplated in the present Agreement shall at all times be and remain the sole and exclusive property of RANBAXY and PPPL shall have no express or implied right, title or interest therein.

19. On 20th December 2002 a notice was issued by Pearl to Ranbaxy with a copy of PPPL alleging infringement of its copyright stating that they are the owners of trademark CAPSOLA for the animal feed supplements in class 5 and 31, registered vide Nos.1124385 and 1124386 respectively. To this Dr. N. Sinha, Sr. Manager (Production), Animal Health Division of Ranbaxy requested by appellant No.1 by a letter dated 6th January 2003 and requested it to sort out the matter. The letter dated 6th January 2003 is reproduced as under:

Mr. Jayesh K. Shukla Managing Director Parth Parenteral Pvt Ltd.

G.I.D.C. Estate, National Highway, Kalol (N.G.) 382 725 Sub: NOTICE FOR CAPSOLA BRAND Dear Mr. Shukla, We are in receipt of notice dated 20th December 2003 from M/s. Pearl Drugs Pvt. Ltd., addressed to us and copy to you informing about misuse and infringement of their trademark Capsola . They have claimed to be the trademark owner and advised us to withdraw and desist forthwith from using the brand Capsola for Animal Feed Supplement.

Now, in the above matter, I have taken legal view and it is sure that we are on the wrong side as the brand which we have is for medicated plaster and bandage and not for animal feed supplement.

You are therefore requested to take immediate steps otherwise we have to change the brand name Capsola and it will create a difficult situation in the market.

Kindly do the needful at once and inform me.

Yours sincerely, For Ranbaxy Laboratories Ltd Sd/-

(Dr. N. Sinha) Senior Manager (Production) Animal Health Care Division:

On negotiations between PPPL and Pearl an agreement was entered into on 17th February 2003 and by a deed of assignment trademark CAPSOLA for veterinary animal feed supplement medicines and animal feed supplements in class 5 and 31 respectively were assigned by Pearl to PPPL. Thus on 17th February 2003 the appellants became the proprietor of trademark CAPSOLA for the animal feed supplement in class 5 and 31 which effort of the appellant No.1 was duly appreciated by Dr. Sanjay Chibber of Ranbaxy vide letter dated 7th March 2003.

20. On 1st January 2004 an agreement was entered into between Ranbaxy and PPPL whereby the terms and conditions were completely changed. The relevant clauses of the agreement dated 1st January 2004 between Ranbaxy and PPPL are as under:

1. DEFINITIONS:

1.1 The expression Product shall mean as per Annexure A , &

5. PROMOTION OF THE PRODUCTS RANBAXY shall use its best efforts to promote the PRODUCT in India. PPPL agrees to provide reasonable quantities of promotional material as requested by RANBAXY from time to time &

7. Brand Names:

The PRODUCT shall be sold by RANBAXY under the trademark of PPPL. RANBAXY acknowledges that all rights, title and interest in trademarks and the pack design, get up etc. of the PRODUCT pack used by PPPL on the PRODUCT as above shall always vest in PPPL and RANBAXY shall not at any point of time be deemed to acquire any right, title or interest in such trademarks or pack design.

8. QUALITY 8.1 PPPL warrants that the PRODUCT sold and supplied to RANBAXY as per terms of this Agreement will conform to the specifications as set out in Technical Dossiers of the PRODUCT as supplied by PPPL to RANBAXY as per terms and conditions of this Agreement.

&.

10. WARRANTY 10.1 PPPL warrants that the PRODUCT supplied by it hereunder are in conformity with PPPL s standard specifications and that they are suitable for the applications indicated in writing by PPPL.

&.

19. Either party acknowledges that this Agreement along with schedule appended hereto constitutes the entire Agreement between the parties and supersedes all previous negotiations and arrangements between the parties with respect to the subject matter thereof.

That, as per annexure A of the agreement dated 1st January, 2004, the product as agreed upon in this agreement trademark CAPSOLA relating to animal feed supplements is mentioned at serial No.5. Thus, by agreement dated 1st January 2004 Ranbaxy agreed to the ownership of PPPL for trademark CAPSOLA for animal feed supplements. Further as per clause 19, the agreement dated 14th January 2004 superseded all previous agreements between the parties.

21. Thereafter, on 30th December 2005, Ranbaxy entered into an agreement with RFCL a wholly owned subsidiary of Ranbaxy whereby Ranbaxy sold its entire animal health care and diagnostic business division to RFCL. Thus, on 30th September 2004 when the animal health care and diagnostic business division of Ranbaxy was transferred to RFCL the agreement in operation between Ranbaxy and PPPL was the agreement dated 1st January 2004 which had superseded the earlier agreement dated 1st January 2001 and the ownership of trademark CAPSOLA for the animal feed supplements in class 5 and 31 vested in PPPL. Thus, as on 30th September 2004, that is, the date of agreement between Ranbaxy and RFCL since Ranbaxy had no claim on trademark CAPSOLA for the animal feed supplement it could not have assigned the same to RFCL. Moreover, even on 2nd December 2005 when the deed of assignment was entered into between Ranbaxy and RFCL, Ranbaxy was neither the owner nor proprietor of the trademark and thus could not have assigned CAPSOLA brand for the animal feed supplements to RFCL and RFCL could not have got any title better than what Ranbaxy had on 2nd December 2005.

22. There is yet another basis on which the claim of prior user being successor in interest of Ranbaxy needs to be rejected. RFCL Ltd. claims its right as a prior user being an assignee of Ranbaxy. Vide the deed of assignment dated 2nd December 2005 between Ranbaxy and RFCL, there was an assignment and transfer of ownership of the trademark particulars whereof were set out in Appendix A and B . At this stage, it will be relevant to reproduce clauses A and 1(b) of the assignment deed dated 2nd December 2005:

WHEREAS A. Pursuant to a Business Purchase Agreement dated September 30, 2005 (the Agreement), the Assignor has agreed to assign and transfer the ownership of the trademark particulars which are set out in Appendix A and B hereto (hereinafter referred to as the said Trade Marks) and of all the right, title, interest, property and benefit in and to the said Trade Marks (including all registrations and pending applications thereof) free from all mortgages, hypothecations, liens, charges or encumbrances whatsoever to and unto the Assignee together with the goodwill of the business relating to the goods in respect of which the said Trade Marks are registered/applied for registration or have been or are used.

B. The Agreement contemplates the execution of a Deed of Assignment for the aforesaid purpose which is in terms hereof.

NOW, THEREFORE, THIS DEED WITNESSETH

1. That in pursuant to clause 9.3.1. of Business Purchase Agreement dated 30th September 2005 executed between the Assignor and Assignee, the Assignor as the legal and beneficial owner DOTH HEREBY ASSIGN AND TRANSFER to and unto the Assignee unconditionally, absolutely and for ever from the date hereof ALL THAT:

a.

the entire property, right, title, interest and benefit whatsoever, in and to the said Trade Marks, together with the goodwill of the business relating to the goods for or in respect of which the said Trade Marks are registered/applied for registration or have been or are used; and b. (i) the full benefit of all registrations in respect of the said Trade Marks mentioned at item nos. 1 to 70 in Appendix A hereto to the intent that the Assignee shall be the proprietor thereof, in India

(ii) the full benefit of the applications for registration of the said Trade Marks mentioned at item nos. 1 to 16 in Appendix B hereto to the intent that upon the applications or any of them being granted in India, this deed shall operate to create the registration/registered proprietorship in respect thereof to and unto the Assignee absolutely, together with the goodwill of the business relating to the goods in respect of which the same have been registered or applied for registration or have been or used.

23. It may be mentioned that Appendix A and B relate to registered and applied for the trademark and in Appendix A the registered trademark CAPSOLA is the one registered in class 5 for plaster and bandages and not CAPSOLA for the animal feed supplements because Ranbaxy was never the registered proprietor thereof and RFCL being successor in interest of Ranbaxy claims it only as a user. Learned counsel for the Respondent has emphasized a lot on sub-clause A and 1(b) of the deed of assignment dated 30th September 2005 wherein it is agreed that the trademarks which are registered/applied for registration or have been or are used were assigned to RFCL. However, a perusal of Appendix A and B does not show that it has trademarks which have been or are used only and thus there is no merit in this contention of the learned counsel for the Respondent. Thus, the contention of the learned counsel for the Respondent that it is prior user of trademark CAPSOLA for the animal feed supplement and veterinary animal feed supplement medicines being successor in interest of Ranbaxy and thus entitled to an injunction against the appellants deserves to be rejected, there being no assignment of trademark CAPSOLA brand for the animal supplements to RFCL.

24. Reliance of the learned counsel for the Respondent on the decisions in Century Traders vs. Roshan Lal Duggar & Co. and N.R. Dongre and others vs. Whirlpool Corporation and others, is misconceived as the same relate to a prior user between competing traders. In the present case the claim of the prior user is based on the user by Ranbaxy and not user by RFCL Ltd., the respondent No.1 herein and there being no valid assignment to RFCL Ltd by Ranbaxy of trademark CAPSOLA

brand for the animal feed supplement even as user it cannot claim to be a prior user. The reliance of the learned counsel for the Respondents on J.K. Jain and others vs. Siff-Davies Inc, 2000 PTC 244 (DB) is also not of any assistance to the respondent because in the said case there was a license issued to use the name and this Court held that since the ex-licensee recognized the proprietary right of the owner it cannot deny the same subsequently and thus, an interim injunction was granted in favour of the owner. In the present case even if the contention of respondent Nos. 1 and 2 is upheld that vide agreement dated 1st January 2001 the appellants recognized the ownership of Ranbaxy in trademark CAPSOLA for the animal feed supplements, however, vide agreement dated 1st January 2004 which superseded the earlier agreement dated 1st January 2001, there is a clear admission by Ranbaxy of the proprietary rights of the appellants in the trademark. The present is not a case of two distinct or competitive sellers using the goods with a particular trademark but of entitlement of trademark between the manufacturer and seller and thus would be governed by the terms of agreement.

25. We also find force in the contentions raised by the learned counsel for the Appellants in as much as that there is material concealment of the facts of PPPL having purchased the trademark in CAPSOLA brand for the animal feed supplements from Pearl and RFCL being a wholly owned subsidiary of Ranbaxy having commonality of personnel, premises and control being the successor in interest Ranbaxy, it ought to have disclosed these facts in the plaint. Rather than disclosing these facts respondent No.1 has feigned total ignorance in para 8 of the plaint.

26. The other contention of the learned counsel for the Respondents that by virtue of agreements dated 1st November 2005 and 20th November 2006 PPPL has agreed to the ownership of RFCL in trademark CAPSOLA for the animal feed supplement also deserves to be rejected for the reasons hereinafter mentioned. After Ranbaxy transferred its animal health care division to RFCL an agreement was entered into between Ranbaxy and PPPL on 1st November 2005 wherein as per the definition in clause 1 the expression Product was to mean as per Annexure A . As per clause 7 of the agreement the product were to be sold by PPPL under the trademark of RFCL and PPPL acknowledged that the rights, title and interest in the trademark and pack designs of the Product vested in RFCL. However, this Annexure A of the agreement dated 1st November 2005 has not been filed by respondent No.1 with the plaint and substantial stress was laid by the learned counsel for the appellants on this fact that the appellants acknowledged the rights of respondent No.1 only in trademark of products mentioned in this Annexure A and this Annexure has been deliberately concealed as it did not have trademark CAPSOLA used as animal feed supplement.

27. On 17th November 2006, the name of RFCL was changed to RFCL Ltd. This necessitated a fresh agreement between RFCL Ltd (the plaintiff in CS (IS) No.40/2010/Respondent No.1 herein) and PPPL. Thus, on 20th November 2006 a fresh agreement was entered into between RFCL Ltd and PPPL. According to the learned counsel for the appellants, respondent No.1 has deliberately concealed the actual agreement wherein there is a correction in hand in clause 7 whereby words Except Capsola group of products is clearly mentioned. As per the learned counsel for the appellants on the detection of mistake in the agreement dated 20th November 2006, they had written to respondent No.1 for the exclusion of trademark CAPSOLA brand in the said agreement, copy whereof has been produced wherein in hand the words Except Capsola group of products have been

added. Both the parties have contested this document vociferously as according to the learned counsel for the Respondents the same is a fabricated and a meaningless document whereas the learned counsel for the appellants firmly contends on the basis of this document that it has been duly stamped and signed by respondent No.1 at the place where there is change made in the handwriting. It may be pointed out that on a query by this Court, learned counsel for both the parties stated that they are not in possession of the original of this document. On a further specific query of the Court that which of the parties has all the other original agreements, the learned counsel for the Respondent No.1 admitted the possession of all other original agreements between the parties with the appellants except the original of agreement dated 20th November 2006.

28. We find force in the contention of the learned counsel for the appellants that even if as per Clause 7 of agreements dated 1st November 2005 and 20th November 2006 PPPL acknowledged the right, title and interest of RFCL in the trademarks and package business of the products packaged by PPPL to vest in RFCL but at no point of time agreed for vesting of trademark CAPSOLA brand for the animal feed supplement. The Respondent No.1 being the plaintiff, duty was cast upon it to show prima facie facts in its favour. The Respondent No.1 has failed to demonstrate by way of positive agreement that PPPL acknowledged the right of RFCL Ltd. in trademark CAPSOLA brand for the animal feed supplements. Further though on 20th November 2006 a fresh agreement was entered into between RFCL Ltd and PPPL, ostensibly recognizing the ownership of RFCL Ltd., in the trademarks in clause 7 however, the agreement enclosed by the appellant shows that the respondent No.1 did not produce the corrected agreement dated 20th November 2006 wherein in clause by hand the words Except Capsola group of products are inserted. In fact, the appellants have not only filed the photocopy of this agreement which is corrected by hand but has also filed copies of the relevant correspondence in this regard between RFCL Ltd and PPPL. In view of the correspondence enclosed and the fact that respondent No.1 has all the original agreements but denies the possession of original agreement dated 20th January 2006 we are inclined to believe the version of the appellants. In CS (OS) No.40/2010 an affidavit of Shri Sushil Mehta has been filed on behalf of respondent No.1. Though in the said affidavit Mr. Sushil Mehta has denied his signature on the corrected copy of the agreement dated 20th November 2006, and has stated that both the agreements, that is, dated 1st November 2005 and 20th November 2006 have the same Annexure A, however, this Annexure A to the agreement dated 1st November 2005 has not been filed even along with his affidavit.

31. Thus from the abovementioned discussion, we find that:

- a) The Respondent No.1 cannot claim to be a prior user of CAPSOLA brand for the animal feed supplements being successor in interest of Ranbaxy there being no assignment of this trademark to RFCL from Ranbaxy.
- b) Prima facie the Respondent No.1 has not been able to show a valid assignment of trademark CAPSOLA brand for the animal feed supplements from the appellants through the agreement dated 1st November 2005 and 20th November 2006.

c) The Respondent No.1 concealed material facts in the plaint by not placing on record that the appellants had purchased and thus were the assignee and registered owner of trademark CAPSOLA for the animal feed supplements.

We are not going into the other issues raised by the learned counsels for the parties, as the same are not essential for determination in the present appeal.

32. In view of the aforesaid discussion, the interim injunction granted by the learned Single Judge vide order dated 13th January 2010 and extended vide order dated 15th March 2010 is vacated. I.A. Nos. 307/2010 and 1903/2010 in CS (OS) No.40/2010 are accordingly disposed of. To ensure that the parties to the plaint are not prejudiced, we direct the appellants to maintain the accounts and submit a six monthly statement thereof before the learned Single Judge in CS (OS) No.40/2010.

17. On consideration of submissions made by learned counsel appearing for the rival parties, perusal of relevant materials out of voluminous five paper books produced on record with this appeal, the order impugned and the orders passed by the learned Single Judge and a Division Bench of the Delhi High Court and the proceedings undertaken by the parties therein, I am of the opinion that, at this stage, it is necessary to refer to the order dated 28th May 2010 passed by a Division Bench of the Delhi High Court in Appeal FAO (OS) 189/2010. No doubt, Civil Suit being CS (IS) No.40 of 2010 is filed by RFCL on the basis of passing off action by the respondents, plaintiffs, and the injunction was sought for. It may be noted that, initially, the ex-parte order dated 13.1.2010 passed by the learned Single Judge of the Delhi High Court continued in force in spite of filing an application for vacating the said order and Appeal FAO (OS) 189/2010 was filed before a Division Bench of the Delhi High Court and the subject matter of the dispute, viz. prior use and passing off of trademark in question, the basic factual aspects, premises and grounds have almost remained similar to the subject matter of appeal.

18 Before the Civil Court, Gandhinagar, respondent No.1 has heavily relied upon the ex-parte interim injunction order dated 13.1.2010 passed by the learned Single Judge of the Delhi High Court and that has weighed substantially with the trial court for not granting the relief of injunction as prayed for by the appellant Nos. 1 and 2. However, thereafter, the above interim injunction came to be vacated by a Division Bench of Delhi High Court. While arguing this appeal before this Court, a stand is taken by the respondents that such order may have at the most persuasive value but has no binding effect to this Court.

19 Ironically, the very submissions were made by the appellants/plaintiffs before the trial court when the ex-parte interim injunction order dated 13.1.2010 of the Delhi High Court was operating against them. Now, the appellants-plaintiffs have adopted the ground of comity and urged this Court that the findings and observations of a Division Bench of the Delhi High Court in the appeal vide judgment and order dated 28.5.2010 have not only persuasive value, but the agreements, communications, and the rival submissions of the parties in appeal having remained the same or similar in this proceeding also and a Division Bench has properly and correctly interpreted those agreements subject to outcome of the suit, it will not be just and proper for this Court to take a different view on the same set of circumstances.

20 Be that as it may, while perusing the order dated 28.5.2010 of a Division Bench of the Delhi High Court in Appeal No.189/2010 and paragraphs quoted hereinabove, would go to show that an elaborate, though prima-facie, exercise was undertaken by a Division Bench which did include product purchase agreements of 2001, 2004, 2005 and 2006, communications addressed by the parties inter-se, provisions of the TM Act of 1999 and the rules made thereunder and the decisions relied upon by the parties.

20.1 While referring to all the relevant product purchase agreements, registration of trademark 'CAPSOLA' in respect of material for bandaging [medicated plaster] in favour of Ranbaxy and registration of trademark in favour of appellant No.2 for animal feed supplement along with deed of assignment of 2003 between appellant No.1 and appellant No.2, various communication addressed by the parties, transfer of animal health care division, share purchase agreement and all other aspects were taken note of and, ultimately, subject to the final decision in the suit, prima-facie, it was held that [a] RFCL could not have claimed to be a prior user of 'CAPSOLA' for animal feed supplement being successor in interest of Ranbaxy, there being no assignment of this trademark to RFCL from Ranbaxy; and [b] RFCL has not been able to show a valid assignment of trademark 'CAPSOLA' brand for the animal feed supplements from the appellants.

20.2 Therefore, it cannot be said that the Division Bench of the Delhi High Court had not deliberated on the subject matter of this appeal and, if deliberated, it was in the different context of pleadings and the prayers made thereunder.

20.3 This Court is unable to take a different view than a view taken by a Division Bench of the Delhi High Court in appeal while disbelieving the claim of 'prior use' by respondent No.1 herein and valid assignment of trademark 'CAPSOLA' brand for the animal feed supplements from the appellants, based on discussion in paragraphs 18 to 31 of the judgment dated 28th May 2010, with certain reservations about paragraph 31[c] of the said judgment.

21 However, rejection of claim of RFCL based on prior use by RFCL and valid assignment of trademark 'CAPSOLA' brand for the animal feed supplements from the appellants in a suit filed before the Delhi High Court, ifso-facto, would not confer any benefit upon the appellants herein that they are prior user of the trade mark in question. On perusal of the purchase agreements of different years as stated in the foregoing paragraphs, it transpires that a well established business relationship did exist between the appellants and respondent No.1 and only in the year 2009 the action is initiated by the appellants before the Authority as well as filing a suit at Civil Court, Gandhinagar, in the year 2010. The fact remains that the appellants have not produced important and relevant documents, namely, product purchase agreements of 2001 and 2005 before the trial court. Sporadic instances of sale of 'CAPSOLA' animal feeds supplement by one of the appellants by itself may not be a ground or reason for establishing the claim towards prior use. Thus, what emerges from the record, prima-facie, is about trading relationship between appellant No.1 and respondent No.1 and the product 'CAPSOLA' was manufactured by appellant No.1, supplied and marketed by respondent No.1. At the same time, the very product, 'CAPSOLA', animal feeds supplement is being manufactured by other companies and the establishments like Harshvardhan Laboratories on behalf of respondent No.1 and, after the business purchase agreements, respondent

No.2 and respondent No.3 have expanded their activities of marketing and manufacturing 'CAPSOLA' animal feeds supplement and their sale figures would indicate that any injunction order restraining them to manufacture or market the product in question would result into huge financial loss and undue hardship to respondent No.2 and respondent No.3 as held by the Apex Court in the case of Gujarat Bottling Company Limited [1995(5) SCC 545] [supra]. Further, the action is initiated by appellant No.1 herein after seven to eight years of successful business relationship with respondent No.1 and then, thereafter, to seek an injunction on the ground of 'infringement' and passing off the trademark, the balance of convenience is in favour of the respondents herein. In the order impugned, that the trial court has given prima-facie findings of fact and, after considering prima-facie case on facts as well as law, balance of convenience and undue and irreparable loss, refused to grant interim injunction in favour of the appellants-plaintiffs. Considering the above, I do not find any reason to interfere with the interim order passed by the trial court while exercising appellate power vested in this Court as I find no illegality or perversity in the findings of the trial court. Even the deed of assignment by appellant No.2 in favour of appellant No.1 in the year 2003 and modus operandi and the allegations of fraud is to be gone into in the context of agreement of 1.1.2001 between the parties and incorporation of PDPL in the year 2000 at the proper stage of appreciation of evidence by the trial court and, therefore, according to this Court, at this stage, no case is made out by the appellants to interfere with the order of the trial court.

21.1 Further, stricto-sensu, remedy of suit cannot be a bar in view of sub-section (5) of Section 124 of the T.M. Act, 1999, but considering the facts and circumstances of the case, it can be finally decided by the trial court at the later stage. Prima-facie, reliance on various provisions of the TM Act, 1990 by the trial court in the contextual facts and pleading of the case cannot be said to be contrary to law.

21.2 The ad-interim injunction dated 13th January 2010 granted by the learned Single Judge of the Delhi High Court which was operative at the relevant point of time when the trial court was ceased with the case on hand would have certainly bearing on the finding of the trial court and, for that reason only, the order passed by the trial court cannot be said to be illegal.

22 The Special Leave Petition against the order dated 28th May 2010 passed by a Division Bench of the Delhi High Court in Appeal FAO (OS) 189/2010 is pending before the Apex Court and the said order is not stayed. Even, the dispute with regard to registration of the PDPL's trademark in Class 5 and Class 31 is also undertaken and pending before the Intellectual Property Appellate Board and coupled with other reasons stated hereinabove, no case is made out to grant injunction in favour of the appellants.

23 I am of the further view that, while undertaking an exercise of instituting proceedings against each other, both, appellants and RFCL, have taken the respective Courts, namely, the Delhi High Court and the Civil Court at Gandhinagar, for granted by suppression of relevant and vital materials from the Courts. A Division Bench of Delhi High Court noticed that the plaintiff-RFCL in the suit filed before the Delhi High Court had not annexed relevant annexures to agreement dated 1.11.2005 and so is the case of the plaintiffs/appellants herein while filing Regular Civil Suit No.1 of 2010 in the Civil Court, Gandhinagar, based on two important documents, namely, agreements dated

1.1.2001 and 1.11.2005 which were not placed on record. So is the case with regard to possession of the original agreement dated 20.11.2006 entered into between the parties and the controversy emanated due to interpolation/over-writing in clause 7 by handwriting to the effect that 'Except Capsola group of products'. The above aspect also needs close scrutiny at the stage of evidence by the Courts concerned. The above approach on the part of the parties needs to be deprecated and condemned but for pending suits before the concerned Courts, namely, the Delhi High Court and the Civil Court at Gandhinagar, and Special Leave Petition before the Hon'ble Supreme Court, this Court avoids any further observation in this regard.

23.1 In view of the judgment of the Apex Court in the case of S.P. Chengalvaraya Naidu vs. Jagannath, [AIR 1994 SC 853] [supra], this Court is of the opinion that, by not bringing the important documents, namely, agreements dated 1.11.2001 and 1.11.2005 before the trial court at the stage of filing of the plaint and the application for interim injunction, prima-facie, the appellants have made an attempt to suppress material facts and, therefore, on this ground also, discretionary relief cannot be granted in favour of the appellants/plaintiffs.

24 While considering Clause 15 of the product purchase agreements of 2005 and 2006, this Court has found a provision for arbitration in case of dispute arising between the parties and the parties can take such recourse to resolve dispute in accordance with ICC Rules of Arbitration at Delhi. The common provision contained in both the agreements of 2005 and 2006 reads as under:

15. ARBITRATION & Governing law 15.1 In the event of any dispute, controversy or claim arising out of or relating to this Agreement or the breach, termination or invalidity thereof, the parties shall endeavour to resolve the same in an amicable manner in consonance with the spirit of the transaction recorded in this Agreement. If, however, parties fail to resolve such dispute through discussion as above, the same shall at the request of either party be referred to and settled by Arbitration in accordance with the Rules of Arbitration of the International Chamber of Commerce (ICC) within 7 days of a Party making a demand for arbitration, each Party shall select one Arbitrator of its own choice and a third arbitrator shall be selected by the Arbitrators appointed by the Parties within 30 days of the demand of Arbitration.

In the event, either Party fails to appoint its Arbitrator or the two Arbitrators selected by the Parties failed to appoint the third Arbitrator in either case within the prescribed time period, then any Party may apply to ICC for appointment of such Arbitrator. The place of Arbitration shall be Delhi India and language to be used in such Arbitration proceedings shall be English. Any judgment, decision or award of the arbitrators shall be final and binding and shall be enforceable in any court of competent jurisdiction. The governing law is Indian Law.

Though the statutory remedy under TM Act of 1999 is available to the parties, but, at the same time, till January 2010, the parties have continued to negotiate in respect of the subject matter of the suits and it is so reflected in the minutes of meeting dated 17.1.2010 held at Delhi, but have not taken recourse to arbitration.

24.1 The pendulum of settlement of the dispute in the meeting and parleys between the parties swing on the basis of outcome of litigation undertaken by the parties against each other. Instead of playing the game like 'Tom & Jerry' caricatured by famous Walt Disney, it is advisable and also in the interest of the parties to settle the dispute amicably by entering into a dialogue on their own or by taking assistance of arbitrator/mediator.

25 Thus, on the facts and circumstances of the case, it cannot be said that the trial court has either erred in exercising jurisdiction or there is failure to notice vital and relevant aspects of law on the subject or findings are perverse and, therefore, I deem it just and proper not to interfere with the conclusion of the trial court arrived at for refusal to grant of injunction.

26. In the result, the appeal stands dismissed. There shall be no order as to costs. Consequently, Civil Application also stands dismissed.

27 The findings and observations made by this Court in this appeal are prima-facie in nature and the same shall have no bearing on any proceedings either before the Intellectual Property Appellate Board or in the suits filed between the parties. Considering the facts and circumstances of the case, the trial court is directed to expedite the hearing of suit proceeding and dispose off the suit at an early date preferably within six months from today.

(ANANT S. DAVE, J.) (swamy)