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AFR

Reserved on 10.07.2023

Delivered on 07.08.2023

Court No. - 10

Case :- FIRST APPEAL FROM ORDER No. - 77 of 2023

Appellant :- Iftikhar Alam
Respondent :- M/S M.M.I. Tobacco Pvt. Ltd. And Another
Counsel for Appellant :- Santosh Kumar Tripathi
Counsel for Respondent :- Mohammad Waseem,Arvind Srivastava,Brijesh Chandra Naik

Hon'ble Kshitij Shailendra,J.

1. The instant appeal has been filed challenging the order dated 10.10.2022 whereby the District Judge, Varanasi has allowed Application 6-C filed by the plaintiff-respondents in Original Suit No.20 of 2022 granting a temporary injunction pending suit restraining the defendant-appellant from producing, selling or conducting any business in relation to tooth powder, namely, Musa Ka Gul which was alleged as a registered trademark of the plaintiff-respondents. Other injunction was also sought on the same lines.

2. The aforesaid suit was filed by M/s M.M.I. Tobacco Pvt. Ltd through its Director Mohd. Nazish as plaintiff no.1 and Mohd. Nazish in his personal capacity, as plaintiff no.2, against the defendant-appellant Iftikar Alam under Sections 29, 134, 135 of the Trademarks Act, 1999 and Section 62 of the Copyrights Act, 1956 with the averments that the plaintiff no.1 is a private limited company well established in India and is

engaged in the production and sale of tooth power, namely, Musa Ka Gul by wholesale and retail activity. It was further alleged that the plaintiff no.1 company and its predecessors had been selling the said product in accordance with law since 04.03.1974 and that copyright office at New Delhi had issued registered No.A0131294/2010 on 04.10.2019, Lebel and Registered No.140586/2021 dated 21.11.2021, Musa Gul and Registered No.140586/2021 dated 21.11.2021 and GST No. 19AAHCM7286L1ZN. It was further alleged that the plaintiff no.1 company was registered on 16.12.2011 and its trademark was registered on 15.01.1994 as Registration No.616611, Certificate No.733679, which is valid upto 15.01.2024. In paragraph no.14 of the plaint, it was pleaded as follows:-

> *"यह कि मो० खालिक ने मूसा एण्ड सन्स का अपना सारा अधिकार जरिए एसाइनमेन्ट डीड 19.07.2012 मेसर्स एम०एम० इन्डस्ट्रीज को अन्तरित कर दिया जिसके पार्टनर मो० दानिश व मो० नाजिश मो० खालिक थे तथा मेसर्स एम०एम० इन्डस्ट्रीज जरिए पार्टनर मो० खालिक व मो० दानिश व मो० नाजिश ने ट्रेडमार्क नंबर-616611 का अपना सारा अधिकार जरिए एसाइनमेन्ट डीड दिनांक 28.03.2019 मेसर्स एम०एम०आई० टुबैको प्रा०लि० वादी संख्या-1 कम्पनी को अन्तरित कर दिया इस तरह ट्रेडमार्क नंबर-616611 मूसा का गुल (नाम) का प्रयोग करने का वादी कम्पनी को पूर्ण अधिकार प्राप्त है। प्रतिवादी को (असली मूसा का गुल) नाम व कम्पनी का नाम (मो० मूसा एण्ड सन) डिबिया पर लिखने का कोई अधिकार नहीं है। प्रतिवादी का न तो कम्पनी एक्ट में रजिस्ट्रेशन है तथा न तो ट्रेडमार्क का रजिस्ट्रेशन है तथा न तो कापी राईट एक्ट में रजिस्ट्रेशन है तथा न तो एम०एम०आई० एण्ड कं० द्वारा लाइसेन्स प्रतिवादी को दिया गया है।"*

3. The cause of action for filing the suit was alleged to have accrued on 16.08.2022 when the plaintiffs came to know that the defendant was selling the same product by the same name and, therefore, suit was instituted claiming a decree on the same lines on which the temporary injunction was claimed as aforesaid.

4. Along with the plaint, the plaintiff-respondents also claimed temporary injunction and affidavits were exchanged in the injunction matter. The defendant-appellant filed objections against the injunction application and apart from other documents, also filed following documents along with the list 42-C.

क्रम सं.	विवरण दस्तावेज बतारीख	अगर मिसिल में शामिल किया गया तो प्रदर्श	अगर नामंजूर हुआ तो ता. या वापसी दस्तखत फरीक	वाद के सील कागज लिफाफा में बन्द करने की ता.	कैफियत
1.	Examination Report with Reply Application No.3475920	4 work	Page No.14	43 ग/4	नाम अदालत..... नंबर मुकदमा..... नाम फरीकैन.....बनाम.....
2.	Examination Report Application No.616611 with Reply	3 work	Page No.5-7	44 ग/3	
3.	Rectification Application for Application No.616611	22 work	Page No.8-29	45 ग/22	
4.	Declaration Certificate 1.4.1983 and assignment certificate	5 work	Page No.29-33	46 ग/5	
5.	Trade Mark Application 616611	21 work	Page 34-54	47 ग/21	
6.	Deed of Resolution	24 work		48 ग/04	
7.	Review Application on Application No.585128	53 work	Page 59-111	49 ग/57	

5. After exchange of affidavits, the trial court has granted temporary injunction to the aforesaid effect.

6. I have heard Shri Shashi Nandan, learned Senior Counsel, assisted by Shri Santosh Kumar Tripathi, learned counsel for the defendant appellant and Shri Arvind Srivastava along with Shri Anil Kumar Pandey, learned counsel for the plaintiffs-respondent Nos. 1 and 2 and perused the record.

7. The submission of Sri Shashi Nandan, learned Senior Counsel for the appellant, is that the basis of the claim of the plaintiff-respondents was the assignment deed dated 19.07.2012, as pleaded in paragraph no.14 of the plaint. He has referred to an application (paper No.47-C/10) dated 16.03.2016 whereby one of the partners had requested the Deputy Registrar of Trademarks to withdraw and cancel the trademarks-24 application filed by the plaintiffs along with deed of assignment dated 19.07.2012 on the ground that the plaintiffs were not interested to take the proprietary rights of the said trademark ‘Musa Ka Gul’ with bust photograph of late Mohd. Musa under registered trademark No.616611 in Class-3. There are other applications dated 16.03.2016 (paper nos.47-C/6 and 47-C/8) addressed to the Deputy Registrar of Trademarks in the nature of withdrawal applications whereby the rights flowing from deed of assignment dated 19.07.2012 were abandoned by the partners of plaintiff-respondents.

8. By placing reliance upon the aforesaid documents, it has been argued that since applications dated 16.03.2016 (paper Nos.47-C/6, 47-C/8 and 47-C/10) were in the nature of withdrawal applications, the cause of action to file and maintain the suit or even the injunction application stood vanished in view of the pleadings contained in paragraph no.14 of the plaint. It has also been argued that the trial

court, while granting injunction has not considered the aforesaid documents and their effect and, hence, the order impugned is unsustainable.

9. Sri Shashi Nandan has further argued that though it is true that there was a registered trademark of the plaintiff respondents, merely because of this, injunction could not be granted, as the defendant was the **prior user** of the product. In this regard, he has referred to Section 34 of the Trademarks Act, 1999, which reads as follows:-

> *"**34. Saving for vested rights.**—Nothing in this Act shall entitle the proprietor or a registered user of registered trade mark to interfere with or restrain the use by any person of a trade mark identical with or nearly resembling it in relation to goods or services in relation to which that person or a predecessor in title of his has continuously used that trade mark from a date prior—*
>
> *(a) to the use of the first-mentioned trade mark in relation to those goods or services be the proprietor or a predecessor in title of his; or*
>
> *(b) to the date of registration of the first-mentioned trade mark in respect of those goods or services in the name of the proprietor of a predecessor in title of his; whichever is the earlier, and the Registrar shall not refuse (on such use being proved), to register the second mentioned trade mark by reason only of the registration of the first mentioned trade mark."*

10. The submission is that prior user becomes a **vested right** in the said user and, as per the language used under Section 34, even the proprietor of a registered trade mark has no right to interfere with or restrain the use of the prior user. He has further argued that insofar as the three ingredients necessary for grant of temporary injunction, i.e. *prima facie* case, balance of convenience and irreparable loss are concerned, the finding on *prima facie* case is based upon only certificate of registered trade mark and no other aspect has been considered by the court below. As regards remaining two ingredients, the submission is that even findings qua them are based upon the mere

fact that there was a registered trade mark with the plaintiff-respondents.

11. Sri Shashi Nandan, learned Senior Counsel, in support of his submissions, has placed reliance upon the following authorities:-

> "**(i) Goenka Institute of Education & Research Vs. Anjani Kumar Goenka & Anr.: AIR 2009 Delhi 139;**
>
> **(ii) Khoday India Ltd. Vs. Scotch Whisky Association & Ors: AIR 2008 SC 2737;**
>
> **(iii) M/s. Hulas Rai Baij Nath Vs. Firm K.B. Bass and Co.: AIR 1968 SC 111 (V 55 C 30);**
>
> **(iv) Sheikh Khalikuzzama and others Vs. Sheik Akhtaruzzama and others: 2004 (2) AWC 1636 All;**
>
> **(v) Manager Prasad Verma Vs. State of U.P. and others, decided on 02.03.2023 in Writ-B No.511 of 2023;**
>
> **(vi) Neon Laboratories Limited Vs. Medical Technologies Limited and others: (2016) 2 SCC 672;**
>
> **(vii) S. Syed Mohideen Vs. P. Sulochana Bai: (2016) 2 SCC 683**."

12. By referring to the aforesaid authorities, it has been argued that the court below has failed to analyse the aspects of prior user which would prevail over registration of trade mark as per the provisions of the Act of 1999; the delay in approaching the court of law even by a registered proprietor of a registered trade mark would defeat the claim of injunction; merely because no order was passed by the trade mark authorities on the withdrawal applications dated 16.03.2016, the same would not *ipso facto* nullify the effect of moving such applications as the partners had relinquished their rights on the basis of assignment deed dated 19.07.2012.

13. **Per contra**, Sri Arvind Srivastava, learned counsel for the plaintiff-respondents has vehemently argued that the photo of the plaintiffs' product shows photo of "Musa" and colour with address "MMI Tobacco Ltd." and the defendant uses same photo with same colour combination using the name of Musa and his photo and address MMI Tobacco company; that the plaintiffs are using this trademark and copyright since 04.03.1974 through their predecessor which is registered with them whereas the defendant is riding on the good will of the plaintiffs; that the defendant did not plead any prior user or press any such pleas or the plea of rectification or abandonment and he does not belong to the family of Musa. It has further been argued that the reliance placed upon para no.8 of the objections against the injunction application to show prior user is also misconceived as para no.8 of the objections does not even use the words that the defendant was using the trademark 616611 prior to the plaintiffs nor was any such plea pressed or evidence led. He further submits that the para no.8 of the objection mentions the Trademark No.354633 No.616611 and this trademark was of the firm Mohd. Musa & Sons run by Subedar and Khaliq and Islam. The firm sold this trademark to the firm Musa and Company on 01.11.1991 which again sold it to MMI Industries having Khaliq, Danish, Nazish and daughter in law as partners. He further submits that the firm Mohd. Musa and sons was dissolved on 01.09.1997.

14. Sri Srivastava has also argued that at no point of time the applications dated 16.03.2016 were pressed before the authorities and, therefore, merely because the same form part of the record of the trial court, it has rightly ignored the same as there was no order passed on the said withdrawal applications. However, Sri Srivastava has not

disputed that the said applications dated 16.3.2016 (paper Nos.47-C/6, 47-C/8 and 47-C/10) were filed before the Trademarks Authorities.

15. Sri Srivastava has also argued that the defendant does not have any Trademark registered with him in the name of "Musa Ka Gul" with the human bust with photograph of Moosa or Subedar, nor does he have the copyright of the design of the product which is being sold by the plaintiffs. He submits that Smt. Shahena Mukhtar is the wife of Shri Mukhtar Alam. When Shri Mukhtar Alam who is the partner of the firm M/s. Musa & Company started damaging the interest of the firm by entering into separate agreements with the trademark of the firm for selling the products of the firm, proceedings under Section 9 of the Arbitration Act were initiated by the other partners of the firm against Shri Mukhtar Alam. A detailed order was passed on 03.10.2018 by the High Court, Calcutta injuncting and restraining Shri Mukhtar Alam and his agents or assignees or nominees from running a parallel business of manufacturing or dealing with or selling "Musa Ka Gul" or "Tobaco Gul", by the name of M/S M. S. Industries or in any manner whatsoever, until the publication of the arbitral award. The High Court, Calcutta also held that Shri Mukhtar Alam was misappropriating the funds of the firm.

16. Sri Srivastava has further argued that the main defence set up by the respondent is that M/s. M.S. Industries is the business of his wife Shaheena Muktar and at the strength of the said licence agreement dated April 01, 2017 entered into between the petitioner no. 3 firm and Shaheena Muktar, the latter is carrying on the business of manufacture and sell of Tobacco Gul under the brand name of 'Musa Ka Gul Super'.

17. In support of his submission, Sri Srivastava has placed reliance upon the following authorities:-

> "**(i) Rajendra Prasad Gupta Vs. Prakash Chandra Mishra & Others: (2011) 2 SCC 705;**
>
> **(ii) Aman Lohia Vs. Kiran Lohia: (2021) 5 SCC 489;**
>
> **(iii) Sadar Laboratories Pvt. Ltd. Vs. Hamdard National Foundation (India) & Anr., in FAO (OS) (Comm) 67/2022 and CM No.13491/2022, decided on 21.12.2022;**
>
> **(iv) Renaissance Hotel Holdings Inc. Vs. B. Vijaya Sai and Others: (2022) 5 SCC 1;**
>
> **(v) Ramdev Food Products (P) Ltd. Vs. Arvindbhai Rambhai Patel and others: (2006) 8 SCC 726;**
>
> **(vi) M/s Pandit Kulfi and Cafe Vs. M/s. Pandit Kulfi: 2015 AIR (Rajasthan) 218;**
>
> **(vii) Mohit Kumar Varshney and Anr. Vs. Girraj Food Products, Hathras: 2009 (5) ADJ 455, equivalent to 2009 (4) ALF 394;**
>
> **(viii) Midas Hygiene Industries P. Ltd. vs Sudhir Bhatia And Ors.: (2004) 3 SCC 90;**
>
> **(ix) Parle Products (P) Ltd. Vs. J.P. and Co.: (1972) 1 SCC 618.**

18. Placing reliance upon the aforesaid authorities, it has been argued that there is no express bar in filing the application for withdrawal of application and mere filing of the withdrawal application would not *ipso facto* result in withdrawal of the proceedings unless specific order is passed thereon.

19. It has further been argued that essentials of a passing off action with those in respect of an action complaining of an infringement of a registered trade mark, cannot be equated and though an action for

passing off is a common law remedy being an action for deceit, that is, a passing off by a person of his own goods as those of another; the action for infringement is a statutory right conferred on the registered proprietor of a registered trade mark for the vindication of the exclusive rights to the use of the trade mark in relation to those goods. The use by the defendant of the trade mark of the plaintiff is a sine qua non in the case of an action for infringement.

20. It has further been argued by Sri Srivastava that in an infringement action, an injunction would be issued as soon as it is proved that the defendant is improperly using the plaintiff's mark and that no case of actual deception or any actual damage needs to be proved in such cases.

21. Various other submissions have been made by Sri Arvind Srivastava and numerous documents annexed to the counter affidavit have been referred to during the course of arguments to demonstrate that it is the registered trademark of plaintiff-respondents alone which the defendant-appellant is maliciously and illegally using and, therefore, he has been rightly injuncted under the order impugned.

22. Meeting the arguments of Sri Shashi Nandan, based upon the interpretation of Section 34 of the Trademarks Act, 1999, Sri Srivastava has placed reliance upon Section 31 of the Act which reads as follows:-

> *"**31. Registration to be prima facie evidence of validity***
>
> *(1) In all legal proceedings relating to a trade mark registered under this Act (including applications under section 57), the original registration of the trade mark and of all subsequent assignments and transmissions of the trade mark shall be prima facie evidence of the validity thereof;*

> *(2) In all legal proceedings as aforesaid a registered trade mark shall not be held to be invalid on the ground that it was not a registrable trade mark under section 9 except upon evidence of distinctiveness and that such evidence was not submitted to the Registrar before registration, if it is proved that the trade mark had been so used by the registered proprietor or his predecessor in title as to have become distinctive at the date of registration."*

23. It has, therefore, been argued that **registration of trademark is a prima facie evidence** of its validity in all legal proceedings and, hence, once there is no dispute that it is the plaintiffs' registered trademark, the defendant appellant has no case.

24. Having heard the learned counsel for the parties, I notice following things on the record:-

(i) The trial court, while passing the order impugned dated 10.10.2022, has based its decision only and only on the registered trademark which is in favour of the plaintiff-respondents.

(ii) There is no discussion in the order impugned regarding prior user of the product.

(iii) There is no discussion regarding paper Nos.47-C/6, 47-C/8 and 47-C/10 and many other documents contained in the list 42-C, although I find that only few of the documents have been referred to at internal page 3 of the order.

(iv) The documents annexed to the counter and rejoinder affidavits do not appear to either form part of the record of the court below or, in case they form part of the record, there is absolutely no discussion in the order impugned as regards the said documents.

(v) There is also a dispute regarding number of registered trademark allotted to the parties or even the application moved either seeking registration or cancellation of the same.

(vi) The order impugned contains a very cryptic analysis of the material placed before the trial court and even the three basic ingredients necessary for grant of temporary injunction, i.e. prima facie case, balance of convenience and irreparable loss have not been elaborately discussed.

(vii) There is no discussion of the provisions of Sections 31 and 34 of the Trademarks Act, 1999, which, on the one hand, attach sanctity to a registered trademark but, at the same time, restrain proprietor of such a trademark from injuncting the prior user of the product from making its use.

25. I may emphasize here that an appeal against an order granting or refusing injunction is provided under Order 43 Rule 1 (r) of the Code of Civil Procedure, 1908 that reads as follows:-

*"1. **Appeal from orders.** - An appeal shall lie from the following orders under the provisions of section 104, namely:-*

(a) to (q) ……..

(r) an order under rule 1, rule 2 [rule 2A], rule 4 or rule 10 of Order XXXIX"

26. In so far as rules applicable for appeals from order are concerned, reference to Order 43 Rule 2, CPC can be made which reads as under:-

> *"**2. Procedure.**- The rules of Order XLI shall apply, so far as may be, to appeals from orders."*

27. In view of the above, Rules of Order 41 (appeals from original decrees) have been made applicable to the appeals from orders also. Therefore, the Court finds that provisions of Order 41 Rule 27 CPC permitting the parties to lead additional evidence would also apply to the appeals from orders. Further, the provisions of remand to be made by the appellate court, as contained under Order 41 Rules 23, 23-A,

24 and 25 would also, insofar as they may be, apply to appeals from orders.

28. Though this Court seldom appreciates the practice of remanding a matter to the court below, particularly, when it is hearing either an appeal from a decree or from an order, in the present case, the Court feels that since there is a serious dispute of trademark, its registration, its number, its withdrawal, if any, prior user, family history etc. etc, and there are certain documents which, apparently, do not form part of the record of the trial court but may be relevant for deciding the controversy as regards temporary injunction pending suit, while exercising the powers of remand, as discussed herein above, this Court feels it proper to permit the parties to lead additional evidence in support of their respective cases and defence. This view is being taken for the reason that the trial court's order does not deal with the issue involved in the case in detail and certain documents did not even form part of the record of the court below. Though it is true that at the time of entertaining and deciding an application for temporary injunction, mini trial is not justified, this proposition would not clothe a trial judge hearing an injunction application to avoid his duty to analyse the necessary ingredients pertaining to grant or refusal of injunction, particularly, in the present case arising out of Trademarks Act, 1999, after considering the various provisions of the Act and nature of these proceedings being different from a regular civil suit.

29. During the course of arguments, it was submitted by the learned counsel for the respondents that the impugned injunction order was passed on 10.10.2022 and this Court did not grant any interim relief to the defendant-appellant in the instant appeal which was filed in

January, 2023. It was further contended that almost 9 months have passed since when the interim injunction order was made operative and, therefore, in case the Court finds it proper to remand the case to the trial court for fresh consideration, the defendant appellant be restrained from using the product as injuncted by the trial court during the period in which the trial court would reconsider and re-decide the injunction application.

30. This Court is not in a position to accept such submission for the simple reason that once the appeal is being allowed setting aside the injunction order, a contrary order granting injunction on the same lines cannot be passed, irrespective of the fact that the order impugned was passed 9 months ago. It is well settled that long pendency of any case would not hamper the rights of the parties who were litigating in all bona fides and, in the present case, I find from perusal of the order sheet that the matter was being diligently prosecuted by both the parties and huge and bulky affidavits were exchanged in between them. Therefore, prayer to grant injunction, as requested by Sri Srivastava, is hereby refused.

31. In view of the above discussion, the appeal is **allowed**. The order impugned dated 10.10.2022 passed by the District Judge, Varanasi is hereby **set aside**.

32. The matter is **remanded** to the trial court for fresh consideration of the injunction application in the light of factors enumerated in paragraph no.24 of this judgment.

33. The parties are permitted to file additional documents, if any, before the court below **within three weeks** from the date of this decision.

34. The trial court shall decide the injunction application afresh after recording findings on all the above noted aspects after providing full opportunity of hearing to all the parties, positively **on or before 15.11.2023**.

35. **Allowed** in aforesaid terms.

Order Date :- 7.8.2023
AKShukla/-

Digitally signed by :-
ANIL KUMAR SHUKLA
High Court of Judicature at Allahabad