

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 30.11.2012

CORAM:

THE HONOURABLE MRS. JUSTICE R. BANUMATHI

AND

THE HONOURABLE MR. JUSTICE K.K.SASIDHARAN

O.S.A.Nos.211 of 213 of 2012  
& M.P.No.1 of 2012 (3 Nos.) & M.P.No.2 of 2012

M/s. United Spirits Limited  
'Rosy Tower'  
No.7, Nungambakkam High Road  
Nungambakkam  
Chennai-600 034  
Rep. by its Manger - Secretarial  
J. Swaminathan

..Appellant in all appeals

-Vs.-

1. Henkel India Limited  
TPL House, 1<sup>st</sup> Floor  
No.3, Cenotaph Road  
Teynampet  
Chennai-600 018.

2. M/s. V.V.F. (India) Limited  
109, Opp Sion Fort Garden  
Sion (East)  
Mumbai-400 022.

3. Wipro Ltd.

Unit - Wipro Consumer Care & Lighting  
C-Block, Doddakannelli, Sarjapur Road  
Bangalore - 560 035.

..Respondents in all appeals

Prayer:- Original Side Appeals filed under Order XXXVI Rule 9 of the Original Side Rules read with clause 15 of the Letters Patent against the order dated 13 December 2011 in O.A.Nos.764 to 766 of 2011 in C.S.No.617 of 2011.

For Appellant : Mr.Sathish Parasaran

For Respondents : Mrs. Nalini Chidambaram  
Senior Counsel  
for M/s.C. Daniel & Gladys Daniel for R.2

Mr. P.S.Raman  
Senior Counsel  
for M/s. C. Daniel & Gladys Daniel for  
RR 1 and 3

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COMMON JUDGMENT

K.K.SASIDHARAN, J

These two intra-court appeals are directed against the order and decretal order dated 13 December 2011 in O.A.Nos.764 to 766 of 2011 in C.S.No.617 of 2011 dismissing the applications for interlocutory injunction during the pendency of the original suit.

The Background to the Appeals:

2. The appellant is the successor-in-interest of M/s. Shaw Wallace & Company Limited. M/s. Shaw Wallace & Company Limited was merged with the appellant on the basis of a scheme sanctioned by the Honourable High Court of Calcutta vide its order dated 16 January 2009 and the order dated 29 May 2008 on the file of the Hon'ble High Court of Karnataka. By virtue of the said merger, the appellant claims to have acquired the right, title and interest possessed by M/s. Shaw Wallace & Company in respect of the trade mark "ARAMUSK". It so transpired that Shaw Wallace & Company had entered into an agreement in the name and style of "Business of Consumer Products Agreement" with Henkel Spic India Limited on 22 January 1999, inter alia for sale of the Business of Consumer Products Division. The first respondent agreed to acquire all the rights, title and interest of the predecessor-in-interest of appellant in the "ARAMUSK" trade mark with the goodwill and all other benefits for a total consideration of Rs.17,00,000/- (Rupees seventeen lakhs only) subject to certain conditions.

3. The Business of Consumer Products Agreement (hereinafter referred to as "BCP Agreement") provides that M/s. Shaw Wallace and Company Limited (hereinafter referred to as "the Seller"), shall for a period of six months grant licence to M/s. Henkel India Limited (hereinafter referred to as "the Purchaser") to use the "ARAMUSK" trademark (hereinafter referred to as "trademark") through a Registered User License Agreement and Trademark License Agreement

in respect of unregistered trademark, which agreements shall be executed by the Seller in favour of the Purchaser simultaneous with the execution of the principal agreement on the terms and conditions stipulated therein. The Purchaser was given an option to renew the license for a further period of six months. The Seller within the prescribed period or any extension thereof, was expected to take all necessary steps to obtain clarification from the High Court of Calcutta with respect to the orders of injunction passed on 21 November 1995 in BDA case as well as the order dated 11 December 1997 in Hota Hoti case, to ensure that the Seller has the right to assign and transfer the trademark to the Purchaser. The Purchaser, in turn, was required to deposit a sum of Rs.17,00,000/- (Rupees seventeen lakhs) in an Escrow Account with an Escrow agent. The agreement further provided that, in the event, the Seller is able to obtain clarification within the prescribed period, the Seller, shall, with the consent of the Purchaser, execute a Deed of Assignment in favour of the Purchaser, thereby assigning and transferring the right, title and interest in the trademark to the Purchaser. It was further stipulated that, upon execution of the Deed of Assignment, the Purchaser and Seller shall jointly address a letter to the Escrow agent informing the execution of the Deed of Assignment and upon such intimation, the License Agreements shall stand terminated automatically. The Escrow agent shall, upon receipt of the joint letter executed by the Seller and Purchaser release the Escrow amount to the Seller towards consideration for assignment and transfer of trademark.

4. The Seller and the Purchaser had entered into two agreements for a period of six months on 22 January 1999 with respect to the unregistered trademark viz., label mark and carton and another agreement called as Registered User Agreement in respect of the registered "ARAMUSK" trademark viz., Word Mark. The Purchaser was given option to renew both the agreements for a further period of six months. The Seller obtained clarification from the High Court of Calcutta during the year 2006 and thereafter, approached the Purchaser to execute the agreements for the purpose of withdrawing the money from the Escrow Account. The Purchaser wanted certain clarifications to be given, before making a joint application to M/s. Cerawford Bailey and Company for release of the Escrow amount. The Seller has clarified the position and in spite of series of correspondences, the Purchaser has not signed the joint letter. The Purchaser made certain fresh set of demands as a pre-condition for release of the amount from the Escrow Account.

5. While so, M/s. Shaw Wallace & Company underwent a merger with the appellant. The appellant became aware of the expired agreements and contacted the Purchaser to prepare and sign a joint application for the purpose of releasing the Escrow amount. The

Purchaser made fresh conditions which was not accepted by the appellant. The appellant in the meantime found a newspaper advertisement disclosing the acquisition of trademark by the third respondent from the second respondent. The appellant thereafter made enquiries and came to know that the Purchaser had without any semblance of right transferred the interest to the second respondent, who in turn, transferred the rights in respect of the trademark to the third respondent. This made the appellant to file the suit in C.S.No.617 of 2011 praying for a decree of injunction restraining the respondents, their agents and men from in any manner infringing the trademark.

6. The appellant along with the Civil Suit filed interlocutory applications in O.A.Nos.764 to 766 of 2011 praying for interlocutory injunctions during the pendency of the substantial proceedings.

Defence:

7. The Purchaser though entered appearance through counsel, failed to file counter affidavit in the interlocutory applications.

8. The second respondent filed a counter affidavit with the following contentions:

(i) M/s. Shaw Wallace and Company - the predecessor-in-interest of the appellant secured the trademark registration of "ARAMUSK" during the year 1985. Neither the predecessor-in-interest nor the appellant had used the trademark ever since the year 1999. The predecessor-in-interest of the appellant entered into an Agreement with M/s. Henkel Spic India Limited on 22 January 1999 inter alia for sale of its business of Consumer products and for transfer of all interests and rights in the trademark along with other rights in favour of the Company. However, the formal assignment of the trademark was kept in abeyance, in view of the order of injunction passed by the High Court of Calcutta on 21 November 1995 in BDA case and the subsequent order of injunction on 11 December 1997 in Hota-Hoti case. Therefore, the sale consideration of Rs.17,00,000/- was kept in Escrow Account to be released to the Seller after the injunction is vacated. The agreement provided that the Seller should disassociate from the trademark and as such, the Seller ceased to have any right with respect to the trademark.

(ii) M/s. Henkal Spic India Limited thereafter merged with M/s. Henkel India Limited and as per document dated 21 December 2009, assigned the trademark in favour of the second respondent. The second respondent in turn assigned the said trademark in favour of the third respondent on 3 June 2011. By virtue of the said assignment, the third respondent is now the proprietor of the



trademark. The appellant without disclosing the actual facts, filed the Civil Suit with ulterior motives.

9. The third respondent filed a separate counter affidavit disputing the claim made by the appellant. According to the third respondent, after the closing date prescribed in the BCP agreement dated 21 January 1999, the Seller shall have no right, title or interest in or to or upon the trademark or to any benefit, advantage or right associated with the same and the Purchaser shall have the full and sole right and title to deal with the said trademark. Therefore, the predecessor-in-interest of the appellant divested themselves of the right and interest of the trademark and as such, the appellant was not justified in filing the Civil Suit at a later point of time by making use of the order of amalgamation.

The Judge's finding:

10. The learned Single Judge was of the view that the only requirement on the part of the Purchaser was to pay the sale consideration of Rs.17,00,000/- and the said amount having been deposited, there was no further act to be done by the Purchaser. The learned Single Judge observed that the conduct of the appellant in not signing the Assignment Deed in spite of the payment of sale consideration by the first respondent would deny them the equitable relief of injunction. Accordingly, interlocutory applications were dismissed. Feeling aggrieved by the said common order, the appellant is before us.

Summary of Submissions:

11. The learned counsel for the appellant, Sri Sathish Parasaran took us through the material provisions of the agreement and argued at length. The following are the substantial contentions raised by the learned counsel in support of the appeals.

(i) The Purchaser has entered into an agreement with the Seller, whereby and whereunder, the Company was given the right to use the trademark for a period of six months through a Registered User Agreement. The purchase amount was not paid to the Seller. It was deposited in Escrow Account. The Seller took earnest efforts to get the required clarification from the High Court of Calcutta, which was a condition precedent for releasing the amount from the Escrow Account. The clarification was obtained in the year 2006 and immediately, the Purchaser was contacted to execute a joint application as per the agreement, so as to enable M/s.Crawford Bailey and Company to release the amount from the Escrow Account. However, the Purchaser has come up with fresh conditions and deliberately delayed the process.

(ii) There is nothing like part performance akin to that of Section 53-A of the Transfer of Property Act in the sphere of trademarks.

(iii) There is nothing on record to show that the Seller has assigned the trade mark right to the Purchaser. Therefore, the Purchaser was not entitled to assign the trade mark right to the second respondent and thereafter, to the third respondent.

(iv) The agreement in question wanted further agreements to be entered into for the purpose of completing the sale.

(v) The amount deposited in Escrow Account would not amount to actual payment of sale consideration, unless it is appropriated. The Purchaser having not signed the joint application was not justified in treating the memorandum of Agreement as an assignment, thereby enabling to assign the trade mark rights in favour of the second respondent.

(vi) The renewal of trade mark license by the Purchaser would not amount to creation of a right. The renewal application was made in the name of the Seller and therefore, the fact that it was a renewal at the instance of the Purchaser does not matter much.

(vii) The subsequent conduct of parties should also be taken into account for the purpose of arriving at a decision as to whether the memorandum of agreement would partake the character of an Assignment Deed.

(viii) The Purchaser in its letter dated 31 July 2002 wanted the Seller to forward certain documents for the purpose of signing a joint application for releasing the sale consideration. This would prove that clause No.10.2.8.9.2 dealing with the right of the Purchaser to deal with the trademark, was not intended to be acted upon and in fact, it was not acted upon.

12. The learned Senior Counsel for the second respondent Mrs. Nalini Chidambaram contended that the very suit is not maintainable. According to the learned Senior Counsel, the appellant purchased only the consumer division and the same is evident from the recitals in the deed of merger. That being the case, it was not open to the appellant to claim right in respect of the trademark which is essentially in relation to a consumer item. The appellant was in the know of things at least from the year 2006 and as such this is a case of acquiescence. The appellant failed to produce the list attached to the order of merger before the learned

Single Judge with a view to suppress the details of merger. Since, the appellant has not approached the Court with clean hands, they are not entitled for a discretionary remedy.

13. The learned Senior Counsel for respondents 1 and 3 Mr. P.S. Raman made the following submissions:

(i) The Purchaser has deposited the entire sale consideration in Escrow Account. The difficulty faced by the Seller to obtain orders from the High Court of Calcutta alone contributed for such deposit, as otherwise, the Purchaser would have paid the amount simultaneous with the execution of agreement. Since the Purchaser has performed its part of the contract, there was nothing to be done thereafter. Therefore, the learned Single Judge was correct in his finding with respect to the payment of amount and the right given to the purchaser to use the trademark.

(ii) The Purchaser agreed that the Seller shall have no right, title or interest in or to or upon the trademark after the closing date. The Purchaser was given the full and sole right and title to deal with trademark and to avail and claim all and any benefit or advantage arising from the said trademark or the use of the said mark. This would prove that the assignment has become final.

(iii) There was a self restraint clause in the said agreement whereby and whereunder the Seller was restrained from disputing the validity or absolute right of the Purchaser upon the trademark. The Seller was further restrained from contesting the application for registration by the Purchaser to register the trademark. This pertinent clause in the agreement would make the position very clear that the Seller had divested its right in relation to the trademark and the Purchaser has become the owner of the trademark, Therefore, the Purchaser was perfectly within its right to assign the trademark in favour of the second respondent.

(iv) The Seller was not using the trademark ever since the BCP agreement dated 21 January 1999. The registration expired on account of non renewal and it was renewed subsequently by the Purchaser. Such being the case, the appellant had no right to institute a suit of this nature.

(v) The appellant purchased only the liquor business of the Seller. Therefore it was not open to the appellant to claim the right in respect of consumer division.

Factual Analysis:

14. The limited question for our consideration is whether the learned Single Judge was correct in denying the relief of



interlocutory injunction.

15. The Seller - M/s.Shaw Wallace & Company, issued a notification inviting offers by way of bids for purchasing the business of consumer products. The Purchaser - M/s. Henkel India Limited submitted its bid, which was ultimately accepted. This resulted in executing an agreement on 22 January 1999 between the Seller and the Purchaser. By virtue of the said agreement, the Seller has assigned the following assets to the Purchaser.

"1.6.1. The Seller's right, title and interest in the ARAMUSK Trademarks;

1.6.2. CCCo Distribution Rights;

1.6.3. DIL Distribution Rights;

1.6.4. the Distribution Network of the Seller;

1.6.5.the Seller's Employees in respect of the CPD.

1.6.6. the Net Current Assets of the CPD"

16. In view of the interlocutory order passed by the Calcutta High Court dated 21 November 1995 in Civil Suit No.360 of 1995 (referred to in the agreement as "BDA case") and the subsequent order dated 11 December 1997 in the suit (referred to in the agreement as "Hota-Hoti case"), the parties have agreed to deposit the sale consideration of Rs.17,00,000/- in Escrow Account with an Escrow agent. The Seller has agreed to obtain clarification from the Calcutta High Court with respect to the order of injunction, to ensure that the Seller had the absolute right to assign and transfer the trademark to the Purchaser. The parties have entered into an Escrow agreement with M/s. Crawford Bayley & Company on 22 January 1999 whereby and whereunder a sum of Rs.17,00,000/- was deposited in Escrow Account opened by the Escrow agent. The parties have further agreed that in case the Seller is able to obtain the required clarification to the satisfaction of the Purchaser within the period agreed, the Seller shall execute a Deed of Assignment, assigning and transferring the right, title and interest in the trademark to the Purchaser. Upon execution of the said Deed of Assignment, the parties have agreed to address a letter jointly to the Escrow agent, so as to enable the Seller to withdraw the money from the Escrow Account. The Purchaser was given an option to purchase the trademark right even in the absence of obtaining such clarification. The agreement conferred a right on the Purchaser to deal with the trademark and to avail all and any other benefit or advantage relating to the said mark.

17. Though the agreement was executed on 22 January 1999, the Civil Suit was disposed of by the High Court of Calcutta only on



23 March 2005. The Seller has forwarded a copy of the order passed by the High Court of Calcutta to the Purchaser on 10 May 2006. The correspondence exchanged between the parties thereafter shows that the Purchaser wanted certain terms to be incorporated in the final agreement to protect their interest. However, the fact remains that the final Assignment Deed made mentioned in the memorandum of agreement, was not executed. The Seller was, therefore, not in a position to withdraw the money from the Escrow Account.

18. The Purchaser M/s. Henkel Spic India Limited merged with M/s. Henkel India Limited on 26 April 2005. The Seller M/s. Shaw Wallace & Company Limited merged with M/s. United Spirits Limited, the appellant herein, pursuant to the order of amalgamation passed by the High Court of Karnataka and Calcutta dated 29 May 2008 and 16 January 2009 respectively.

19. The successor-in-interest of the Purchaser assigned the trademark in favour of M/s.VVF (India) Limited - the second respondent herein by a Deed of Assignment dated 21 December 2009. The second respondent, in turn, assigned the said right to the third respondent by an agreement dated 3 June 2011.

20. The appellant, after amalgamation, took up the matter with the Purchaser to complete the transaction and to withdraw the money from the Escrow Account. However, the Purchaser dragged the matter under one pretext or the other. In the meantime, the Company Secretary of the appellant, came to know of the acquisition of trademark by the third respondent from the second respondent. This belated knowledge was projected as the reason for filing the suit for injunction.

21. Since the learned Single Judge was pleased to dismiss the applications for interlocutory injunctions by exercising the discretion, we are bound to consider as to whether there are grounds made out to upset the findings recorded, regarding prima facie, balance of convenience and irreparable injury.

22. The legal position is clear that the appellate Court in the normal course, will not interfere with the exercise of discretion by the trial Court, unless it is demonstrated that such discretion has been exercised perversely or in total disregard of the settled principles of law, governing grant or refusal of interlocutory injunction. In case the trial court has exercised the discretion by considering the prima facie case, balance of convenience and irreparable injury and the order is supported by reasons, the Appellate Court would not normally interfere with such discretionary orders. It is also true that the arbitrary exercise of discretionary jurisdiction would confer jurisdiction on the

Appellate Court to upset such orders. Refusal to grant injunction in spite of availability of relevant facts and material evidence on record, would give jurisdiction to the Appellate Court to interfere in the matter, as otherwise, it would result in failure of justice.

The Precedents on Appellate Court Jurisdiction:

23. The Supreme Court in *Wander Ltd. v. Antox India (P) Ltd.*, (1990 (Supp) SCC 727) summarised the legal position with regard to the power of the Appellate Court to interfere with the exercise of discretion by the trial Court.

"14. .... An appeal against exercise of discretion is said to be an appeal on principle. Appellate court will not reassess the material and seek to reach a conclusion different from the one reached by the court below if the one reached by that court was reasonably possible on the material. The appellate court would normally not be justified in interfering with the exercise of discretion under appeal solely on the ground that if it had considered the matter at the trial stage it would have come to a contrary conclusion. If the discretion has been exercised by the trial court reasonably and in a judicial manner the fact that the appellate court would have taken a different view may not justify interference with the trial court's exercise of discretion."

24. The Supreme Court in *RAMDEV FOOD PRODUCTS v. ARVINDBHAI RAMBHAI PATEL* (2006 (8) scale 631) indicated that the Appellate Court would be slow to interfere with the discretionary order of the trial Court. The relevant observation reads thus:

"128. The grant of an interlocutory injunction is in exercise of discretionary power and hence, the appellate courts will usually not interfere with it. However appellate courts will substitute their discretion if they find that discretion has been exercised arbitrarily, capriciously, perversely, or where the court has ignored settled principles of law regulating the grant or refusal of interlocutory injunctions."

25. The controversy in the subject case revolves round the terms and conditions of the BCP agreement. Therefore, it is necessary to

refer the essential terms of the said agreement to decide as to whether the appellant has established a prima facie case to obtain an order of interlocutory injunction.

26. The appellant has placed reliance on the following clauses to contend that in addition to the BCP agreement, it was intended to execute a separate deed to conclude the transaction.

"2.1.1 The Seller shall, for a period of six months (hereinafter referred to as the "said period"), grant a license to the Purchaser to use the ARAMUSK Trademarks through a registered user licence agreement in respect of the registered ARAMUSK Trademarks and a trademark licence agreement in respect of the unregistered ARAMUSK Trademark (hereinafter referred to as the "RUL Agreement" and "TL Agreement" respectively, collectively referred to as the 'said License Agreements'), which agreements shall be executed by the Seller in favour of the Purchaser simultaneously with the execution of this Agreement on the terms and conditions therein contained. The Purchaser shall have an option to renew the said License Agreements for a further period of six months in accordance with the terms and conditions contained therein (the extended period).

2.1.6. In the event the Seller is able to obtain the said clarification, to the satisfaction of the Purchaser, within the said period, the Seller shall, with the consent of the Purchaser, execute a Deed of Assignment in favour of the Purchaser thereby assigning and transferring the right, title and interest in the ARAMUSK Trademarks to the Purchaser. Upon execution of the said Deed of Assignment, the Purchaser and the Seller shall jointly address a letter to the Escrow agent informing it of the execution of the Deed of Assignment. Upon execution of the Deed of Assignment as aforesaid, the said License Agreements shall stand automatically terminated. "

27. It is true that the memorandum of agreement contemplates execution of a further agreement to assign the trademark, after obtaining clarification from the High Court of Calcutta, and a joint letter to the Escrow agent to release the amount. However,



there are provisions in the agreement which would go to show that not withstanding such stipulation, the Seller has assigned the trademark to the Purchaser without any reservation.

28. There is a mandate that after the closing date viz., 21 January 1999 the Seller shall disassociate with the "ARAMUSK" trademark. Clause 10.2.8.7 reads as follows:

"10.2.8.7. The Seller shall, after the Closing Date completely disassociate with the ARAMUSK Trademarks and shall not do and make any act, deed, writing or notice at the cost of the Purchaser, to indicate or establish to the public at large or to any section of it or to any one or more specified persons or authorities that the ARAMUSK Trademarks and the Goodwill belong to the Seller.

The Seller shall remove from its premises and its assets, the ARAMUSK Trademarks and wherever practicable deliver all material (including the Promotional Material) bearing the ARAMUSK Trade Marks to the Purchaser or dispose of the same in accordance with the directions of the Purchaser. "

29. The Purchaser was given full and sole right and title to deal with the trademark vide clause 10.2.8.9.2.

"10.2.8.9.2. The Purchaser shall have the full and sole right and title to deal with the ARAMUSK Trademarks and to avail and claim all and any benefit or advantage, financial or otherwise relating to the ARAMUSK Trademarks or generally arising from dealing with or the use of the same. "

30. There is a self restraint clause in the said agreement vide clause 10.2.8.11.

"10.2.8.11 The Seller shall not after the Closing Date challenge, contest or dispute the validity or absolute right of the Purchaser in, to or upon the ARAMUSK Trademarks, nor shall the Seller challenge, contest or dispute the application for registration by the Purchaser (or by any person upon whom the Purchaser confers such rights) of the ARAMUSK Trademarks anywhere in the world."

31. The Purchaser has performed its part of the contract by depositing the sale amount in an Escrow Account with the Escrow agent. The payment of the said amount to the Seller was delayed only on Account of the orders of injunction passed by the High Court of Calcutta. The Seller taking into account the performance of the contractual obligations undertaken, permitted the Purchaser to use the trademark . This is further explained by clauses 10.2.8.12 and 10.2.8.13.

"10.2.8.12 The Seller shall not do or cause or permit to be done anything in any manner whatsoever that may jeopardize the significance, distinctiveness or validity of or the goodwill associated with the ARAMUSK Trademarks.

10.2.8.13 The Seller agrees that within 5 days of the Closing Date, the Seller shall join with the Purchasers in any application that may be required in addition to the application referred to in article 2.1.2 for recordal of the assignment contemplated hereunder with appropriate authorities as directed by the Purchaser. "

32. The learned counsel for the appellant contended that the conduct of parties should also be looked into in a case of this nature on Account of the contradictory nature of certain terms of contract.

33. There is no dispute that the contractual terms should be looked into in its entirety to decide the real intention of the parties, while making the contract. In case there are supplemental agreements executed in connection with the principal agreement, such deeds should also be taken into account.

34. The Seller and the Purchaser simultaneously executed three agreements viz., Trademark Licence Agreement (ARAMUSK); Registered User Agreement and the Escrow Agreement on 22 January 1999. The execution of Escrow agreement and deposit of sale consideration in Escrow Account made the Seller to permit the Purchaser to use the trademark. The Seller having declared in categorical terms that the Purchaser was given the right and title to deal with the trademark and would not dispute the said right, is estopped from contending that the Purchaser has no right to use the "ARAMUSK" trademark during the currency of the suit. The legal effect of the assignment of trademark right without actually receiving the amount from the Escrow Account and in the absence of

a further deed of assignment, are essentially matters to be considered in the Civil Suit.

35. Even though Section 53-A of the Transfer of Property Act has no application on account of the nature of right involved, still, rationale of the equitable doctrine of part performance could be made applicable to a case of this nature. There is a contract in writing to transfer the trademark. The agreement of transfer was made on consideration. The terms of contract can be ascertained with reasonable certainty. The Purchaser has taken over the trademark in part performance of the contract. The Purchaser has substantially performed its part of the contract by depositing the sale consideration in Escrow Account. Therefore, the transaction in question would prima facie satisfy the ingredients of the equitable doctrine of part performance.

36. The amount is in Escrow Account even now. In fact, the learned Senior Counsel for respondents 1 and 3 during the course of his submissions made a statement that the respondents have no objection to permit the appellant to withdraw the amount from the Escrow Account. Since the offer was given during the currency of the suit, the learned counsel for the appellant is right in his submission that the legality of the action taken by the purchaser should be decided on the basis of the materials available on record and for taking such a decision, the offer now made has no relevance.

37. The Seller has even permitted the Purchaser to apply for registration of trademark and very clearly stated that there would be no opposition to such application. In case, the Purchaser has made an application for registration earlier, there would not have been any defence for the appellant.

38. The learned Senior Counsel for respondents 1 and 3 submitted that the third respondent has now obtained registration of trademark and as such, no injunction could be granted in view of Sections 29 and 31 of the Trade Marks Act, 1999. We are not inclined to consider the said issue in the present appeals for the simple reason that the subsequent registration was not an issue before the trial court.

39. While considering the question of interlocutory injunction, the Court is concerned only with the prima facie case. The merits or otherwise of the contentions taken by the parties would be decided only at a later point of time. The fact that the interlocutory injunction was given on the basis of available materials would not preclude the Court from dismissing the suit later on merits.



40. We have been referred to a number of authorities by the learned counsel for the appellant.

(i) The judgment of the Supreme Court in Radha Sundar Dutta v. Mohd. Jahadur Rahim (AIR 1959 SC 24) was referred to in support of the contention that in case of ambiguity, earlier clause in contract would prevail over the later clause.

(ii) The judgment of the Supreme Court in Godhra Electricity Co. Ltd. v. State of Gujarat (1975 (1) SCC 199) was cited to canvass the point that subsequent conduct is relevant while interpreting the terms of contract and to resolve ambiguity.

(iii) The decision in Jai Narain Parasrampur v. Pushpa Devi Saraf (2006(7) SCC 756) was referred to set up a case of estoppel on the basis of the earlier contract, acknowledging the right of the appellant.

(iv) The judgment in I.C.S. Ltd., v. West Bromwich B.S. (1998 (1) Writ Law Reporter 896) was cited to justify the contention that the terms of contract and commercial contracts must be consistent with business common sense.

(v) In Hardie Trading Ltd. v. Addisons Paint & Chemicals Ltd. (2003 (11) SCC 92) was relied on in support of the contention that non-use of a trademark under special circumstances will not render the trademark liable for rectification.

(vi) The judgments in Lowenbrau AG and Anr. v. Jagpin Breweries Ltd., and Anr. MIPR 2009 (1) 0356 and Marico Limited v. Agro Tech Foods Ltd. MIPR 2010(3) 0226 were referred to in support of the proposition that it is open to the Court to consider the validity of the registration in an infringement proceedings under Section 29 of the Trademarks Act in view of Section 28 of the Trademarks Act which uses the word "if valid".

41. We are now concerned only with the discretionary order passed by the learned Single Judge, refusing to grant interlocutory injunction. The above referred judgments would be of no help to decide the trinity of prima facie case, balance of convenience and irreparable injury.

Binding legal precedent:

42. The Supreme Court in Seema Arshad Zaheer & Ors. v. Municipal Corporation of Greater Mumbai & Ors. (2006) 5 Scale 263 indicated the salient features of prima facie case thus:

"The discretion of the court is exercised to grant a temporary injunction only when the following requirements are made out by the plaintiff: (i) existence of a prima facie case as pleaded, necessitating protection of plaintiff's rights by issue of a temporary injunction; (ii) when the need for protection of plaintiff's right is compared with or weighed against the need for protection of defendant's right or likely infringement of defendant's rights, the balance of convenience tilting in favour of plaintiff; and (iii) clear possibility of irreparable injury being caused to plaintiff if the temporary injunction is not granted. In addition, temporary injunction being an equitable relief, the discretion to grant such relief will be exercised only when the plaintiff's conduct is free from blame and he approaches the court with clean hands."

43. The Supreme Court in *Dalpat Kumar v. Prahlad Singh* (1992) 1 SCC 719 observed that prima facie case alone is not sufficient to grant injunction.

"5. ....Satisfaction that there is a prima facie case by itself is not sufficient to grant injunction. The Court further has to satisfy that non-interference by the Court would result in "irreparable injury" to the party seeking relief and that there is no other remedy available to the party except one to grant injunction and he needs protection from the consequences of apprehended injury or dispossession. Irreparable injury, however, does not mean that there must be no physical possibility of repairing the injury, but means only that the injury must be a material one, namely one that cannot be adequately compensated by way of damages....."

44. Most recently, the Supreme Court in *Best Sellers Retail (India) (P) Ltd. v. Aditya Nirla Nuvo Ltd.* (2012) 6 SCC 792, reiterated the legal position regarding injunction:

"29. Yet, the settled principle of law is that even where prima facie case is in favour of the plaintiff, the Court will refuse temporary injunction if the injury suffered by the plaintiff on Account of refusal of

temporary injunction if the injury suffered by the plaintiff on Account of refusal of temporary injunction was not irreparable."

45. The Supreme Court in S.M. Dvechem Ltd.v. Cadbury (India) Ltd. 2000(5) SCC 573) evolved the theory of "comparable strength" in trademark matters.

"....Therefore, in trademark matters, it is now necessary to go into the question of "comparable strength" of the cases of either party, apart from balance of convenience.

46. Let us now consider as to whether the appellant satisfied the three ingredients relating to grant/refusal of injunction.

Prima facie case:

47. The Seller has assigned the trademark to the Purchaser as per agreement dated 22 January 1999. The Purchaser has deposited the sale consideration in Escrow Account. The appellant has no case that either the Seller or thereafter the appellant at any point of time used the trademark. The available materials would show that the registration was renewed only by the Purchaser, of course, in the name of the Seller. The BCP agreement proves the assignment of trademark to the Purchaser. In such circumstances, it could safely be concluded that the appellant has not made out a prima facie case for grant of interlocutory injunction.

Balance of convenience:

48. The appellant has not been using the "ARAMUSK" trademark. In fact the appellant is engaged only in the business of liquor. Even according to the appellant, the third respondent has purchased the trademark from the second respondent for valuable consideration. The materials on record indicates atleast prima facie that the third respondent has been using the trade mark. Therefore, balance of convenience is also surely not in favour of the appellant.

Irreparable injury:

49. Since the appellant is not using the trademark in question, there would be no irreparable injury, in case injunction is refused. On the other hand, the grant of injunction would cause irreparable injury to the third respondent. In short, no prejudice would be caused to the appellant in view of the disuse of trademark.



Conclusion:

50. We are, therefore, of the considered view that the learned Single Judge was fully correct in denying the equitable relief to the appellant. However, we make it clear that the prima facie findings given by the learned Single Judge or our observation in this judgment would not stand in the way of deciding the suit on merits and as per law. It is open to the trial Court to decide the suit uninfluenced by any such observation.

51. In the result, the Original Side Appeals are dismissed. Consequently, the connected Mps are closed. No costs.

Tr/

Sd/-

Deputy Registrar(J)

//True Copy//

Sub Asst. Registrar

To

The Sub Assistant Registrar  
Original Side  
High Court, Madras.

+ 3 ccs to Mr. C. Daniel, Advocate SR No.72906

+ 1 cc to Mr. Satish Parasaran, Advocate SR No.72870

NG(CO)  
SR/12.12.2012

सत्यमेव जयते

JUDGMENT  
IN OSA.NOs.211 TO 213 OF 2012

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