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POWER CONTROL APPLIANCES AND ORS.

v.

SUMEET MACHINES PVT. LTD.

FEBRUARY 8, 1994

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[M.N. VENKATACHALIAH, CJ AND S. MOHAN, J.]

The Copy Right Act, 1957: Sections 17, 19, 30, 34 and 54—Copy right-infringement of—Interim injunction—Family business—One of family members who was also a Director in the company, earlier started his own C *manufacture of same commodity with same design and trade mark as registered by original company—The Company immediately filed suits for infringement of their copy right, violation of their registered trade marks and design registration—Interim injunction prayed—Held, pending suit, there will be an interim injunction in favour of plaintiffs as regards infringement of trade* D *mark, copy right and design.*

Trade and Merchandise Marks Act, 1958: Ss. 12(3), 30(1)(b)—Trade Mark-copy right—Infringement of—Plea of honest and concurrent user for securing concurrent registration is not a valid defence for infringement of copy right.

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Acquiescence—Meaning of—If aquiescence in infringement amounts to consent, it will be a complete defence—Acquiescence must be such as to lead to inference of a licence sufficient to create a new right in defendant.

The Designs Act, 1911: Section 47—Registered design—Copy right F *on—Infringement—Interim injunction—Grant of—Principles explained.*

The appellants filed three suits in the High Court, alleging infringement of their copy right, violation of their registered trade marks and claiming the design registration in the "Whipper Blade" of the power operated mixies. They also filed applications for interim injunctions. Their G **case was that they started manufacturing power operated kitchen mixies for domestic use since 1963 and were marketing the same since 1964 under the brand name of 'Sumeet', which was their registered trade mark. The respondent-Company, incorporated in 1984, started manufacturing domestic mixies exactly similar to appellants' mixer with identical** H **specifications except for power rating and affixed in each of the appliances**

the registered trade mark 'Sumeet', belonging to the apellants in the same artistic manner in which it was registered by the appellants, and thus committed infringement of the exclusive copy right of the appellants in the artistic material, trade literature displayed on the cardboard box, operating instructions, receipe book and the guarantee card issued by them. A

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The case of the defendant-respondents was that defendant No. 2 was the eldest son of the proprietrix of the first plaintiff. Production of kitchen appliances and mixer machines under the trade name of 'Sumeet' was their family business. The copy right trade mark and the copy right design were that of defendant No. 1 conceived by it. Defendant No. 2 was the Director of one of the companies owned by the family but because of *inter se* disputes he left the said company. The proprietrix of first plaintiff-company, and her husband were share holders of defendant-company which was incorporated with the knowledge and approval of the plaintiffs for manufacturing and marketing kitchen appliances under the trade name of 'Sumeet' and was registered on issuance of no objection from them. Therefore, the defendant-company was an honest and concurrent user. C D

The Single Judge of the High Court held that though the copy right with respect to operative instructions and receipe book, guarantee card and the outer carton of the Sumeet Kitchen Mixies vested in the design registration No. 148246 in relation to 'Whipper Blade' also belonged to the first plaintiff and the trade mark in the name of 'Sumeet' with the particular artistic design was registered in the name of second plaintiff, but in view of acquiescence by the plaintiffs in the honest and concurrent user of the first defendant, injunction could not be granted. The intra-court appeals filed by the plaintiffs were dismissed. The plaintiffs filed the appeals by special leave. E F

It was contended on behalf of the appellants that the High Court having held that there was an infringement of the trade mark, the copy right and the design, erred in dismissing the applications for injunction on the ground of honest and concurrent user and the plea of acquiescence; that there was no question of honest and concurrent user or acquiescence as the defendants never manufactured but were only marketing their product and it was only in September-Octorber 1991, that they started infringing trade mark copy right and design and immediately thereafter the appellants filed the suits. G H

A Allowing the appeals, this Court

HELD: 1.1. Pending suit there will be an injunction in favour of the plaintiff-appellants. On the material available on record once the infringement of the trade mark, the copy right and the design is established, injunction cannot be denied. [733-H; 734-A]

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1.2. There is no plea of assignment. The plea of honest and concurrent user as stated in s. 12(3) of the Trade and Merchandise Act, 1958 for securing the concurrent registration is not a valid defence for the infringement of copy right. [733-G]

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1.3. The law relating to trade mark is that, there can be only one mark, one source and one proprietor. It cannot have two origins. Where, therefore, the defendant-respondent has proclaimed himself as a rival of the plaintiffs as also a joint owner, it is impermissible in law. Even then, the joint proprietors must use the trade mark jointly for the benefit of all.
D It cannot be used in rivalry and in competition with each other. The plea of quasi partnership was never urged in the pleading. [733-E, F]

Power Control and Appliances Co. & Anr. v. *Sumeet Machines Pvt. Ltd. & Anr.*, A.I.R. (1993) Madras 120, overruled.

E *Rampal Singh* v. *Rias Ahmad Ansari*, [1990] Supp. S.C.C. 726, relied on.

K.E. Mohammed Aboobacker v. *Manikram Maherchand*, (1957) II Madras Law Journal (Vol. 113) 573;

F *American Dyanamid Co.* v. *Ethicon Ltd.*, (1975) 1 All E.R. 504 and *Aktiebolaget Manus* v. *R.J. Fullwood & Bland, L.D.*, (1948) R.P.C. Vol. XLV 329, referred to.

2.1. It there is an infringement of the copy right, acquiescence is one
G of the defences still available to a defendant. [717-D]

2.2. Acquiescence is sitting by when another is invading the rights and spending money on it. It is a course of conduct inconsistent with the claim for exclusive rights in a trade mark, trade name etc. It implies positive acts; not merely silence or inaction such as is involved in laches. Acquiescence is
H one facet of delay. If the plaintiff stood by knowingly and let the defendants

build up an important trade until it had become necessary to crush it, then the plaintiffs would be stopped by their acquiescence. If the acquiescence in the infringement amounts to consent, it will be a complete defence. The acquiescence must be such as to lead to the inference of a licence sufficient to create a new right in the defendant. [720-E, F] A

B **2.3. In the instant case, the defendant-company came to be incorporated in 1984. This was for the purpose of diversifying the industrial activity of the family group for manufacturing other technical appliances like washing machines, vacuum cleaners etc. But there is nothing on record to show that the defendant was manufacturing earlier than the alleged violation of trade mark, copy right and design, as stated in the plaint. [733-C]** C

Harcourt **v.** *White,* **28 Beav 303;** *Mouson & Co.* **v.** *Boehm,* **[1884] 26 Ch. D 406;** *Pro ter* **v.** *Bannis,* **[1887] 36 Ch. D 740;** *Electrolux L.D.* **v.** *Electrix,* **[1954] R.P.C. Vol. LXXI 23 and** *Amrithdara Pharmacy* **v.** *Satyadeo Gupta,* **[1963] 2 S.C.R. 484, referred to.** D

Halsbury's *Laws of England,* **4th Edn. 24 para 943, referred to.**

Ruston & Hornsby Ltd. **v.** *The Zamindara Engineering Co.,* **[1970] 2 S.C.R. 222;** *Amritdhara Pharmacy* **v.** *Satyadeo Gupta,* **[1963] 2 S.C.R. 484;** *Aktiebolaget Manus* **v.** *J. Fullwood & Bland, Ltd.,* **(1948) R.P.C. Vol. LXV 329;** *Electrolux L.D.* **v.** *Electric L.D.,* **R.P.C. 23 at 34 and** *M/s. Devidoss & Co.* **v.** *Atathur Abboyee Chetty,* **A.I.R. (1941) Madras 31, cited.** E

CIVIL APPELLATE JURISDICTION: Civil Appeal Nos. 2551-2552 of 1993.

F From the Judgment and Order dated 26.2.1993 of the Madras High Court in O.S.A. No. 144 & 146 of 1992.

WITH

Civil Appeal No. 2553 of 1993. G

From the Judgment and Order dated 26.2.1993 of the Madras High Court in O.S.A. No. 145 of 1992.

P. Chidambaram, U.A. Rana, Pallav Sisodhia, Ms. Jayanti Natarajan, M. Rupal for the Appellants. H

A Soli J. Sorabjee, Harish N. Salve Mrs. P.S. Shroff, Ms. Pratibha and S.S. Shroff for the Respondent.

The Judgment of the Court was delivered by

MOHAN, J. 1. All these appeals can be dealt with under a common B judgment. The civil appeal Nos. 2551-2552/1993 are by the first plaintiff while civil appeal No. 2553/1993 by the second plaintiff.

2. The plaintiffs filed three suits on the file of the High Court of Madras; (i) C.S. No. 343 of 1992 complaining of infringement of the copyright of the first plaintiff. (Power Control & Appliances Company); C

(ii) C.S. No. 431 of 1992 alleging the violation of the registered trade mark 'Sumeet' No. 263836 in Part-A in Class 7 for machines (electric) for kitchen use;

D (iii) C.S. No. 432 of 1992 claiming the design registeration in the 'Whipper Blade' of the power operated mixies.

3. Pending these suit, four applications Nos. 226, 227, 271 and 272 of 1992 were taken out, two in C.S. No. 343 of 1992 and one each in C.S. Nos. 431 and 432 of 1992 respectively.

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4. The facts are common to all the suits and the applications. In C.S. No. 343 of 1992 in the application Nos. 226 & 227/1992, the plaintiffs prayed for an interim injunction to restrain the respondents (defendants) from using, distributing, printing or causing to be printed the work as contained in Document Nos. (1) receipt and instruction manual, (2) F guarantee card and (3) outer carton and the work as found in Document Nos. 4, 5, and 6.

5. In C.S. No. 431 of 1992 in application No. 271/92 an interim injunction was sought to restrain the respondents from using the registered G trade mark.

6. In C.S. No. 432 of 1992 in application No. 272/1992 the injunction was sought to restrain the respondents from using the design registration in manufacturing the mixies.

H 7. Admittedly, Mrs. Madhuri Mathur is the sole propretrix of M/s

Power Control and Appliances Company. She started manufacturing power operated kitchen mixies for domestic use since 1963. They are marketed since 1964 under the brand name of 'Sumeet'. The mixy was packed in a cardboard box and at the top the pictorial and photograph display of the appliance in different colours showing the different purposes for which the mixy could be used was shown. A booklet was enclosed bearing the title 'Sumeet Domestic Mixer-Operating Instructions and Recipe Book'. That consisted of 80 pages bound spirally in hard art paper cover. A guarantee card was also issued. All these were devised, conceived and made by the 1st plaintiff in 1982 with the assistance of artists, photographers, printers and executives employed by the 1st plaintiff for valuable considerations fully paid. As such the 1st plaintiff is the owner of copyright with respect of all the above items in terms of Section 17 of the Copyright Act, 1957. 'Sumeet' mixy came to be in great demand in India and aborad. The business expanded. To cope up with the demand, the 1st plaintiff had to float three more concerns for the manufacturing of the same appliances. The companies are:

(i) Power Control and Appliances (Bombay) Ltd.

(ii) Mathur Micro Motors and Appliances Ltd.

(iii) Power Control Appliances (Kandla).

All these concerns except Power Control and Appliances (Bombay) Limited buy electric motors for their mixies from the second plaintiff plaintiff Sumeet Research and Holdings Limited. That is deemed to be public limited company. Mrs. Madhuri Mathur is the Chairman and Director. She holds 59.25% shares.

8. The artistic manner in which the word 'Sumeet' is written was conceived and published by the first plaintiff. It was registered trade mark with effect from 18.4.1970. This trade mark was assigned to the second plaintiff on 1.1.1981. The second appellant is the owner of the copyright.

9. The first defendant was incorporated in 1984. It has been manufacturing and selling mainly washing machines and vacuum clearners from September/October 1991. It has started manufacturing domestic mixies exactly similar to plaintiffs' mixer with identical specifications except for power rating. The package and the pictorial display are identical. Even the

booklet is pagewise reproduction including an error with respect to Design No. 146781, a design number not belonging to the plaintiffs. The contents of the guarantee card are also the identical. The first defendant is affixing in each of the appliances the registerd trade mark 'Sumeet' belonging to the second plaintiff in the same artistic manner in which it is registered. On these allegations, it was urged that the first defendant had committed infringement of the exclusive copyright of the first plaintiff in the artistic material and trade literature displayed on the card-board box. Similarly, the operating instructions and recipe book and the guarantee card issued by them.

10. With regard to the four components of the mixer, Mrs. Madhuri Mathur had obtained registration of their design under Part II of the Designs Act, 1911. Those components are:

(i) Dry grinding blade,

(ii) Whipper blade,

(iii) Polycarbonate dome

(iv) Stainless steel jar with rim.

11. Each one of them has a specific registration number. Though the statutory period of 15 years or the validity of the copyright had elapsed on 23.5.1992 concerning items (i), (iii) and (iv), as regards whipper blade the validity of registration is up to 5.4.1994. Therefore, it is not open to anyone to infringe the same. Thus, the applications on the grounds came to be preferred.

12. The first defendant did not file the written statement. However, he filed his counter-affidavit. The stand taken by him is that he (Ajay Parkash Mathur) is the eldest son of Mrs. Madhuri Mathur. On his return from United States, the family business, mainly kitchen appliances and mixer machiness under the trade name of 'Sumeet' had picked up by the innovative ideas and dynamic marketing strategies evolved by him. The family of Mathurs included the plaintiffs, the first defendant and others. The family was selling Sumeet mixies since 1963. It is true that three others companies were floated. In fact, he was the director of Power Control and Appliances Bombay Limited until recently. Because of *inter se* disputes, he was obliged to leave the said company.

13. The first defendant company was incorporated in 1984 as Sumeet Machines Private Limited for the purpose of manufacture of market kitchen appliances under the trade name of 'Sumeet' and other products such as washing machines. The said company itself was incorporated with the knowledge and approval of the plaintiffs-applicants. When Sumeet Machines Private Limited was sought to be registered before the Registrar of Companies, Maharashtra, a letter of no objection from the owners of the trade mark 'Sumeet' had to be produced. The first defendant obtained letters both from the first and second plaintiffs on 7.5.1984. It was only on this the company came to be registered on 5.9.1984. As a matter of fact, Mrs. Madhuri Mathur is a shareholder in first defendant, she having been allotted 5000 shares. Likewise, the father of first defendant also owns 5000 shares.

14. Since 1986, the first defendant has been manufacturing and marketing mixies under the trade name of 'Sumeet'. This was done with the knowledge and consent of the plaintiffs openly and concurrently. Further, Mrs. Madhuri Mathur and the father of first defendant have signed and given personal guarantees to the State Bank of Hyderabad on behalf of the first defendant. The loans were secured on that basis. In short, the reply of the first defendant is that the copy right trade mark and the copyright design is that of the first defendant who has conceived as a family concern. The word 'Sumeet' was given with the blessigns and consent of Madhuri Mathur and S.P. Mathur. Therefore, he has been an honest and concurrent user. In any event, the plaintiffs' applications were not entitled to the reliefs on the ground of acquiescence.

15. The learned Single Judge as seen from the report of desision in *Power Control and Appliances Co. & Anr.* v. *Sumeet Machines Private Ltd. & Anr.*, A.I.R. 1993 Madras 120, held that the copyright with respect to operative instructions and recipe book, guarantee card and the outer carton of the Sumeet Kitchen Mixies vested in the Power Control Appliances Company represented by the Sole Proprietrix Mrs. Madhuri Mathur. Equally, the copyright in the design registration No. 148246 in relation to 'whipper blade' was also accepted as belonging to the plaintiff. The trade mark in the name of 'Sumeet' with the particular artistic design is registered in the name of Sumeet Research and Holdings Limited was accepted as claimed by the plaintiffs. Notwithstanding, all these, the relief of *injunction* was not granted in view of acquiescence by the plaintiffs in

A the honest and concurrent user of the first defendant. Against this judgment, O.S.A. No. 144-146/1992 came to be preferred.

16. The Division Bench by the impugned judgment dated 26.2.1993 held that the learned Single Judge was not wrong in holding that the plaintiffs have acquiesced in the use of the trade literature and the trade B mark by the first defendant. The relief in equity of injunction, if granted, will affect the interest of not only Ajay Mathur but also other members of the family who are shareholders of the first defendant's company. Accordingly the appeals were dismissed. It is under these circumstances, these civil appeals have been preferred; Civil Appeal No. 2551/1993 against application C Nos. 226 & 227/1992 in C.S. No. 343/1992, Civil Appeal No. 2552/1993 against application No. 271/1992 in C.S. No. 432/1992 and Civil Appeal No. 2553/1993 against application No. 272/1992 in C.S. No. 431/1992.

17. Mr. P. Chidambaram, learned counsel for the appellants submits that both the courts below having held in favour of the appellants herein D that there is an infringement of the trade mark, the copyright and the design should not have dismissed the application for injunction solely on the ground of honest and concurrent user and on the plea of acquiescence. On the contrary the evidence in this case discloses that the first defendant was only marketing (but never manufacturing) from 1986. Therefore, mere- E ly because he was marketing, that cannot amount to honest and concurrent user. It was only in September-October, 1991 he started infringing the trade mark, copyright and the design. Therefore, when the suit came to be filed immediately, no question of acquiescence would ever arise. It is only on 28th of October, 1991 the first defendant invited applications for distribution.

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18. The conclusions of the High Court lead to strange results. Notwithstanding the finding of the court that the appellants' copyrights, registered trade mark and registered design having been occupied totally consciously and deliberately without any alteration and thereby infringed G by the defendant to deny injuction in equity cannot be supported. After all the plaintiff Mrs. Madhuri Mathur as an individual has 3.3. per cent of the shareholding in the first defendant-company.

To hold that the first defendant was using the registered trade mark from 1984 is wrong when admittedly the first defendant-company came into H existence only in 1984.

19. Under Sections 19 and 54 of the Copyright Act reproduction of the copyright itself is infringement unless there is specific assignment in writing by the proprietor. In this case, there is not even a plea that Mrs. Madhuri Mathur assigned the copyright in the outer carton handbook and guarantee card. The concept of honest and concurrent user found in Section 12 (3) of the 1958 Act for securing concurrent registration is totally irrelevant as defence in a suit for infringement and copyright arising out of a different Act, namely, 1957 Act. Therefore, there can be no honest and concurrent user of one's copyright by another. After 1958 Act, the plea of acquiescence is not available at all. Even assuming that the first defendant was manufacturing between June 1989 and October 1991 he cannot have the benefit of Section 30(1)(b) of the 1958 Act. This Act creates offences for such infringement under Sections 78 and 29. Section 96 also speaks of imply warrantee. These provisions were not found in the 1940 Act. In *Ruston & Hornsby Ltd* v. *The Zamindara Engineering Co.*, [1970] 2 S.C.R. 222, at page 224 this Court had occasion to point out the distinction between the infringement and passing off. On this basis it is submitted all that has to be proved by the plaintiff is that she is the registered owner of the trade mark. If there is an infringement, injunction must follow. Section 12(3) of the 1958 Act talks of special circumstances in relation to honest and concurrent user. In such a case the defences available are as laid down in Sections 30, 34 and 35 of that Act. Such defences are not available in the instant case. In this case, factually there is no acquiescence.

20. In support of these submissions; learned counsel relies on *Amritdhara Pharmacy* v. *Satyadeo Gupta*, [1963] 2 S.C.R. 484, and particularly the passage occurring at page 497 to show in what case the plea acquiescence could ever be made. Equally, in *Aktiebolaget Manus* v. *J. Fullwood and Bland, Ltd.*, (1948) R.P.C. Vol. LXV 329 at 338, it was held that the court is bound to grant an injuncion if the legal right is established. In the case on hand it has been so established. In *Electrolux L.D.* v. *Electrix L.D.*, R.P.C. 23 at 34, as to when the plea of acquiescence could be upheld, is stated. In *Bostitch Trade Mark*, 1963 R.P.C. 183 at 202, the plea of acquiescence has been dealt with. Judge in the light of these rulings, the finding relating acquiescence cannot at all be upheld.

21. Mrs. Soli J. Sorabjee, learend senior counsel for the respondent submits that it is a clear case in which there are various acts, collectively pointing out to implied consent to the use of plaintiff's trade mark. They

A establish, at least *prima facie,* the acquiescence on the part of the appellant. They would disentitle it to the interim relief of injunction. The acts are as under:

(1) The letter dated 7.5.1984 to the Registrar of Companies regarding the allocation of the name Sumeet.

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(2) The encouragement of production of new electronic food preparation machine.

(3) No. objection whatsoever by the plaintiff or any other related companies or even by Mr. or Mrs. Madhuri Mathur to the manufacture and sale by this respondent till the issue of notice dated 18.11.1991.

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There is also evidence in this case to show that the first respondent has been manufacturing mixing machines from July 1987. There is also a clear D admission on the part of the plaintiff that the first respondent was manufacturing his products under the trade name of Sumeet at least since June 1989. This is evident from the following: —

(i) Criminal complaint dated 6.4.1992 mentions the manufacture of washing vacuum clearners and industrial mixies from 1984 and the E manufacture of kitchen machines from 1989-90.

(ii) The affidavit filed on behalf of the appellants mentions about the manufacture since June 1989. There is a similar admission in paragraph 11 of the plaint. The export of these domestic mixies as Sumeet 842 INT is done by the first respondent. All these point out to acquiescence which F would be a good ground for denying the interim relief of injunction.

22. The appellant has disentitled itself from the grant of equitable relief of injunction by reason of unexplained delay and suppression of material facts. The balance of convenience is also overwhelmingly in favour G of this respondent in view of the facts stated above that the first respondent has been manufacturing and marketing productions with the trade name of Sumeet since 1989.

23. It is not correct to contend that once the trade mark is infringed the plaintiff would be entitled to injunction. Section 30(b) is still applicable H and it is open to this respondent to show that there had been an implied

consent to the use of the trade mark. In support of this submission learned counsel places reliance on *Messrs. Devidoss and Co.* v. *Alathur Abbovee Chetty* A.I.R. (1941) Madras 31. A

24. As regards the principles in relation to the grant of interim injunction the law has been laid down in *K.E. Mohammed Aboobacker* v. *Nanikram Maherchand,* (1957) II Madras Law Journal (Vol. 113) 573. Similar principles are stated in *American Cyanamid Co.* v. *Ethicon Ltd.,* (1975) 1 E.R. 504 at 511. B

25. In dealing with this case we would like to keep this in the back of our mind that we are concerned with an interim application for injunction in relation to the violation of copyright, trade mark and the design. The Division Bench observed in paragraph 8 as follows: C

> "The learned Single Judge, while disposing of the applications, has in the impugned judgment, accepted the copyright with respect to operating instructions and recipe book, guarantee card and the outer carton of the Sumeet Kitchen mixies in the Power Control and Appliances Company represented by the Sole Proprietirx Mrs. Madhuri Mathur, as well as the copyright in the Design Registration No. 148246 for 'whipper blade' for which there is validity till 5.4.1994. He has also accepted the plaintiffs' case that the trade mark in the name 'Sumeet' with the particular artistic design is registered in the name of Sumeet Research and Holdings Limited. He has, however, declined to grant any injunction, for in his opinion the doctrine of acquiescence and honest and concurrent user will be attracted." D E F

26. If there is an infringement of the same whether the appellant would be entitiled to interim injunction at this stage is the important question for determination. For such a determination, we refrain from going into the details relating to evidence as that will prejudice the parties in the suits. Section 30(1)(b) of the 1958 Act says: G

> "30. Acts not constituting infringement— (1) Notwithstanding anything contained in this Act, the following acts do not constitute an infringement of the right to the H

A use of a registered trade mark:

> (a) . . . .
>
> (b) the use by a person of a trade mark in relation to goods connected in the course of trade with the proprietor or a registerred user of the trade mark if, as to these goods or a bulk of which they form part, the registered proprietor or the registered user conforming to the permitted use has applied the trade mark and has not subsequently removed or obliterated it, or has at any time expressly or impliedly consented to the use of the trade mark."

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Therefore, acquiescence is one of the defences still available to the first respondent. Of course, it is a different issue whether the plea of acquiescence has been made out in this case. That will be examined for a limited purpose after setting out the law on this aspect.

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27. Acquiescence is sitting by, when another is invading the rights and spending money on it. It is a course of conduct inconsistent with the claim for exclusive right in a trade mark, trade name etc. It implies positive acts; not merely silence or inaction such as is involed in laches. In *Harcourt* v. *White,* 28 Beav 303, Sr. Johan Romilly said: "It is important to distinguish mere negligence and acquiescence. Therefore, acquiescence is one facet of delay. If the plaintiff stood by knowingly and let the defendants build up an important trade until it had become necessary to crush it, then the plaintiffs would be stopped by their acquiescence." If the acquiescence in the infringement amounts to consent, it will be complete defence as was laid down in *Mouson & Co.* v. *Boehm,* [1884] 26 Ch. D 406. The acquiescence must be such as to lead to the inference of a licence sufficient to create a new right in the defendant as was laid down in *Rodgers* v. *Nowill* [1847] 2 De G.M. & G. 614: 22 L.J. K. Ch. 404.

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28. The law of acquiescence is stated by Cotton, L.J. in *Pro tor* v. *Bannis,* [1887] 36 Ch. D 740 as under:

> "It is necessary that the person who alleges this lying by should have been acting in ignorance of the title of the other man, and that the other man should have known

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that ignorance and not mentioned his own title." A

In the same case Bowen, L.J. said:

"In order to make out such acquiescence it is necessary to establish that the plaintiff stood by and knowingly allowed the defendants to proceed and to expend money in ignorance of the fact that he had rights and means to assert such right." B

In *Messr. Devidoss and Co.* (supra) at pages 33 and 34 the law is stated thus: C

"To support a plea of acquiescence in a trade-mark case it must be shown that the plaintiff has stood by for a substantial period and thus encouraged the defendant to expend money in building up a business associated with the mark. In [1896] 13 R.P.C. 464, *Rowland* v. *Michell,* Romer J. observed: D

"If the plaintiff really does stand by and allow a man to carry on business in the manner complained of to acquire a reputation and to expend money he cannot then after along lapse of time, turn round and say that the business ought to be stopped. E

In the same case, but on appeal Lord Russel C.J. said (1877) 14 R.P.C. 37 at p. 43:

Is the plaintiff disentitled to relief under that head by injunction because of acquiescence? Of course it is involved in the consideration of that the plaintiff has a right against the defendant and that the defendant has done him a wrong and the question is whether the plaintiff has so acted as to disentitled him from asserting his right and from seeking redress from the wrong which has been done to him. Cases may occassionally lay down principles and so forth which are a guide to the Court, but each case depends upon its own circumstances. F G

Dealing with the question of standing by in [1923] 40 H

A R.P.C. 180 *Codes* v. *Addis and Son,* at p. 142, Eve J. said:

For the purpose of determining this issue I must assume that the plaintiffs are traders who have started in this more or less small way in this country, and have been continuously carrying on this business. But I must assume also that they have not, during that period, been adopting a sort of Rip Van Winkle policy of going to sleep and not watching what their rivals sand competitiors in the same line of business were doing. I accept the evidence of any gentleman who comes into the box and gives his evidence in a way which satisfies me that he is speaking the truth when he says that he individually did not know of the existence of a particular element or a particular factor in the goods marketed by his opponents. But the question is a wider question than that : ought not he to have known: is he entitiled to shut his eyes to everything that is going on around him, and then when his rivals have perhaps built a very important trade by the user of indicia which he might have prevented their using had he moved in time, come to the Court and say: 'Now stop them from doing it further, because a moment of time has arrived when I have awakened to the fact that this is calculated to infringe my rights'. Certainly not. He is bound, like everybody else who wishes to stop that which he says is an invasion of his rights, to adopt a position of aggression at once, and insist, as soon as the matter is brought to Court, it ought to have come to his attention, to take steps to prevent its continuance; it would be an insufferable injustice were the Court to allow a man to lie by while his competitionrs are building up an important industry and then to come forward, so soon as the importance of the industry has been brought home to his mind, and endeavour to take from them that of which they had legitimately made use; every day when they used it satisfying them more and more that there was no one who either could or would complain of their so doing. The position might be altogether altered had the user of the factor or the element in question been of a secretive or

surreptitious nature; but when a man is openly using, as part of his business, names and phrases, or other elements, which persons in the same trade would be entitled, if they took steps, to stop him from using, he gets in time a right to sue them which prevents those who could have stopped him at one time from asserting at a later stage their right to an injunciton.

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In [1960] 23 R.P.C. 1, Mc. Car Stevenson & Orr Ltd. v. *Lee Bros,* accquiescence for four years was held to be sufficient to preclude the plaintiff from succeeding. In 1897 the plaintiffs in that case registered the word 'glacier' as a trade mark in respect of transparent paper as a substitute for stained glass. As the result of user the word had become indentified with the plaintiffs' goods. In 1900 the defendants commenced to sell similar goods under the name "glazine." In 1905 the plaintiffs commenced an action for infringement. The defendants denied that the use of the word "glazine" was calculated to deceive and also pleaded acquiescence. A director of the plaintiff company admitted that he had known of the use of the word "galzine" by the defendants for four years-he would not say it was not five years. It was held that the plaintiffs failed on the merits and by reason of their delay in bringing the action.

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Delay simpliciter may be no defence to a suit for infringement of a trade mark, but the decisions to which I have referred to clearly indicate that where a trader allows a rival trader to expend money over a considerable period in the building up of a business with the aid of a mark similar to his own he will not be allowed to stop his rival's business. If he were permitted to do so great loss would be caused not only to the rival trader but to those who depend on his business for their livelihood. A village may develop into a large town as the result of the building up of a business and most of the inhabitants may be dependent on the business. No hard and fast rule can be laid down for deciding when a person has, as the result

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A of inaction, lost the right of stopping another using his mark. As pointed out in [1897] 14 R.P.C. 37 at p. 43, *Rowland* v. *Michell,* each case must depend on its own circumstances, but obviously a person cannot be allowed to stand by indefinitely without suffer the consequence."

B This is the legal position. Again in Halsbury's *Laws of England* Fourth Edition, 24 at paragraph 943 it is stated thus:

"943. Acquiescence. An injunction may be refused on the ground of the plaintiff's acquiescence in the defendant's infringement of his right. The principles on C which the court will refuse interlocutory or final relief on this ground are the same, but a stronger case is required to support a refusal to grant final relief at the hearing. *Patching* v. *Subbins,* (1843) Kay I; *Child* v. *Douglas,* [1854] 5 De GM & G 739; *Johnson* v. *Wyatt,* D [1863] 2 De GJ & Sm 18; *Turner* v. *Mirfield,* [1854] 5 De GM & G 739; *Johnson* v. *Wyatt,* [1863] 2 De GJ & Sm 18; *Turner* v. *Mirfield,* [1865] 34 Beav 390; *Hogg* v. *Scott,* [1874] LR 18 Eq 444; *Price* v. *Bala and Festiniog Rly Co.,* [1884] 50 LT 787. The reason is that at the hearing of the cause E it is the court's duty to decide upon the rights of the parties, and the dismissal of the action on the ground of acquiescence amounts to a decision that a right which once existed is absolutely and for ever lost: *Johnson* v. *Wyatt,* supra at 25; and see *Gordon* v. *Cheltenham and Great Western Union Rly Co.,* [1842] 5 Beav 229 at 223, F per Lord Langdale MR."

In *Aktiebolaget Manus* v. *R.J. Fullwood & Bland, L.D.,* [1948] R.P.C. Vol. XLV 329 at 338-339 it was held thus:

G "Apart from this point the case of *Fullwood* v. *Fullwood,* 9 Ch. D. 176, shows that the injunction in a passing-off case is an injunction sought in aid of a legal right, and that the Court is bound to grant it if the legal right be established unless the delay be such that the Statute of Limitations would be a bar. That case apparent-H ly concerned some predecessors of the Defendants. The

> delay was one of rather under two years and the relief sought was an injunction to restrain the use by the defendants of cards and wrappers calculated to induce the belief that his business was connected with the plaintiff. Fry, J., in the course of his judgment said this: "Now, assuming, as I will, for the purpose "of my decision, that in the early part of 1875 the Plaintiff knew of all the material facts "which have been brought before me to-day, he commenced his action in November, 1876. "In my opinion that delay, and it is simply delay, is not sufficient to deprive the plaintiff of "his rights. The right asserted by the Plaintiff in this action is a legal right. He is, in "effect, asserting that the Defendants are liable to an action for deceit." It is not suggested in the defence that the delay here involves a question under or analagous to the period under the Statute. The Defendants did suggest that there had been something more than mere delay on the part of the Plaintiffs, and that the Plaintiffs had lain by and allowed the goodwill which the Plaintiffs now propose to acquire, but this point was not seriously pressed. It was suggested that Mr. Evans Bajker, the Plaintiffs' Solicitor, knew from 1941 onwards what the Defendants were doing, but it is impossible to impute to a busiy solicitor a knowledge which he could only acquire by seeing advertisements in local or farming papers advertising the Defendants' activities. No direct information was afforded him; on the contrary it will be remembered that when in 1942 he made enquiries on behalf of his clients information was studiously withheld from him. I conclude therefore that there has been no acquiescence to disentitle the Plaintiff to relief."

In *Electrolux L.D.* v. *Electrix*, [1954] R.P.C. Vol. LXXI page 23 at 32 and 33 it was held thus:

> "I now pass to the second question, that of acquiescence, and I confess at once that upon this matter I have felt no little sympathy for the Defendants, and have been not a little envious of the good fortune which has attended the Plaintiffs, though no doubt they may justly attribute it

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A to the astuteness of their advisers; but, as has already been said, the Defendants have traded openly and (as the Judge found) honestly, beyond any question, in the ordinary course and substantially under this name "Electrix" for a very long period of time, since early 1930's. During that
B time, they have built up (I doubt not) a valuable goodwiss associated with that name. If the possibility that the mark "Electrolux" was infringed is out of the way, and if I disregard for the moment (as I do) the point taken by Mr. Kenneth Johnstone that in any event the use of "Electrolux" was a sufficient use for the purpose of Sec.
C 26(1) of "Electrux" (seeing that the two marks were associated). I have no doubt that if the Plaintiff had challenged in the courts the right of the Defendants to use "Electrix" before they have effect to their decision to apply the word "Electrux" to their cheaper model in lieu of
D "Electrux", they would in all probability have failed, because the Defendants' motion to strike the word "Electrux" off the Register would have succeeded, but the fact is that when the battle was joined, "Electrux" was no longer vulnerable on that account, unless the Defendants can establish that the use was no *bona fide*, a matter to which
E I shall come presently. It is, however, said that by the Defendants that the Plaintiffs have deprived themselves of their legal right or, at lest, or any right to the equitable remedy of injunction.

F Upon this matter, a great deal of learning has been referred to, and we have also had our attention drawn to a number of cases. The latter include the well-known statement in *Willmott* v. *Barber,* (1880), 15 Ch. D. 96, by Fry, J. (as he then was) at p. 105. He said this: "It has been said that the acquiescence which will deprive a man of his
G legal rights must "amount to fraud, and in my view that is an abbreviated statement of a very true proposition. "A man is not to be deprived of his legal rights unless he has acted in such a way as would "make it fraudulent for him to set up those rights". Let me pause here to say that I do
H not understand that, by the word "fraudulent", the learned

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> Judge was thereby indicating conduct which would amount to a common law tort of deceit. "What, then, are the elements or requisites necessary to constitute fraud of that description? In the first place "the plaintiff must have made a mistake as to his legal rights. Secondly, the plaintiff must "have expended some money or must have done some act (not necessarily upon the defendant's land) on the faith of his mistaken belief. Thirdly, the defendant, the possessor of "the legal right, must know of the existence of his own right which is inconsistent with "the legal right, must know of the existence of his own right which is inconsistent with "the right claimed by the plaintiff. If he does not know of it he is in the same position "as the plaintiff, and the doctrine of acquiescence is founded upon conduct with a knowledge "of your legal rights. Fourthly, the defendant, the possessor of the legal right, must know "of the plaintiff's mistaken belief of his rights. If he does not, there is nothing which "calls upon him to assert his own rights. Lastly, the defendant, the possessor of the legal "right, must have encouraged the plaintiff in his expenditure of money or in the other "acts which he has done, either directly or by abstaining from asserting his legal right." In reading that passage, it is perhaps necessary to note (because it makes it at first sight a little more difficult to follow) that the positions of plaintiff and defendant as they are usually met with are there transposed, and that one of the parties who is there spoken of as the plaintiff corresponds with the present case with the Defendants, and *vice versa*."

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29. *Amrithdara Pharmacy* v. *Satyadeo Gupta,* [1963] 2 S.C.R. 484, is a case where Halsbury was quoted with approval. However, on the facts of that case it was held that the plea of acquiesence had not been made out.

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30. Now, we come to the principles in relation to the grant of interim injunction. The case in *K.E. Mohammed Aboobacker* v. *Nanikram Maherchand and Another,* [1957] II Madras Law Journal 573 makes a reference to the case law and holds at page 574-75 as under:

> "The principles which should govern the Court in

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A granting or withholding a temporary injunction in trade-mark infringement actions are well-settled : See recent decision *Henry Hemmings, Ltd.* v. *George Hemmings, Ltd.,* (1951) 68 R.P.C. 47. As a temporary injunction is merely of a provisional nature and does not conclude the rights

B of the parties in any way, the Court will exercise its discretion in favour of the applicant only in srong cases. The plaintiff must make out a *prima facie* case in support of his application for the ad interim injunction and must satisfy the Court that his legal right has been infringed and

C in all probablity will succeed ultimately in the action. This does not mean, however, that the Court should examine in detail the facts of the case and anticipiate or prejudice the verdict which might be pronounced after the hearing of the suit or that the plaintiff should make out a case which would entitled him at all events to relief at the

D hearing. *Colman* v. *Farrow & Co.,* (1898) 15 R.P.C. 198, *Hoover, Ltd.* v. *Air-way Ltd.,* [1936] 53 R.P.C. 399, *The Upper Assam Tea Company* v. *Herbert and Co.,* [1890] 7 R.P.C. 183, *Star Cycle Company, Ltd.* v. *Frankenburgs,* [1906] 23 R.P.C. 337. In fact the Court will not ordinarily

E grant an interlocutory injunction if a large amount of evidence is necessary to support the plaintiff's case. The proper course in such a case is to ask for the trial of the action. The injury must be actual or imminent. *Pinel & Cie* v. *Maison Pinet, Ltd.* [1895] 14 R.P.C. 933. Where the

F defendant disputes the plaintiff's title to the mark or contends that the plaintiff is not entitled to a relief by a reason of the acquiescence or delay or other estoppel or of the defendant's concurrent rights, the Court will be guided by the balance of inconvenience which may arise from granting or withholding the injunction as well as the

G justice of the cause after considering all the circumstances in the suit. In other words, where the plaintiff's title is disputed or the fact of infringement or misrepresentation amounting to a bar to the action or some other defence is plausibly alleged upon the interlocutory motion, the

H Court in granting or refusing the interim injunction is

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guided principally by the balance of convenience that is by the relative amount of damage which seems likely to result if the injunction is granted and plaintiff ultimately fails or if it is refused and he ultimately succeeds; *Read Brothers* v. *Richardson and Co.,* [1981] 45 L.T. 54, *Hommel* v. *Bauer & Co.,* [1903] 20 R.P.C. 801.

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......It is necessary that an application for interlocutory injunction should be made immediately after the plaintiff becomes aware of the infringement of the mark. Improper and unexplained delay is fatal to an application for interlocutory injunction. The interim injuction will not be granted if the plaintiff has delayed interfering until the defendant has built up a large trade in which he has notoriously used the mark. *North British Rubber Company, Ltd.* v. *Gormully and Jeffery Manufacturing Company,* [1894] 12 R.P.C. 17, *Army and Navy Co-operative Society, Ltd.* v. *Army Navy and Civil Service Co-operative Society of South Africa Ltd.,* [1902] 19 R.P.C. 574, *Hayward Bros. Ltd.* v. *Peakall,* [1909] 26 R.P.C. 89, *Yost Tyipewriter Company Ltd.* v. *Typrewriter Exchange Company,* [1902] 19 R.P.C. 422, *Royal Warrant Holders' Association* v. *Slade & Co., Ltd.,* [1908] 25 R.P.C. 245."

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In *American Cyanamid Co.* (Supra) it is held at page 511 as under:

"Where other factors appear to be evenly balanced it is a counsel of producence to take such measures as are calculated to preserve the *status quo.* If the defendant is enjoined tomporarily from doing something that he has not done before, the only effect of the interlocutory injunction in the event of his succeeding at the trial is to postpone the date at which he is able to embark on a course of action which he has not previously found it necessary to undertake; whereas to interrupt him in the conduct of an established enterprise would cause much greater inconvenience to him since he would have to start again to establish it in the event of his succeeding at the trial.

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A The factors which he took into consideration, and in my view properly, were that Ethicon's sutures XLG were not yet on the market; so that had no business which would be brought to a stop by the injunction; no factories would be closed and no workpeople would be thrown out of work. They held a dominant position in the United B Kingdom market foir absorbable surgical sutures and adopted an aggressive sales policy."

31. Again in *Rampal Singh* v. *Rias Ahmad Ansari,* (1990) Supp. 727 at page 731 to which decision one of us (M.N. Venkatachaliah, J., as he C then was) was a party it was stated thus:

"Usually, the prayer for grant of an interlocutory injunction is at a stage when the existence of the legal right asserted by the plaintiff and its alleged violation are both contensted and uncertain and remain uncertain till they D are established at the trial on evidence. The court, at this stage, acts on certain well settled principles of administration of this form of interlocutory remedy which is both temporary and discretionary. The object of the interlocutory injunction, it is stated.

E "...is to protect the plaintiff against injury by violation of his rights for which he could not adequately be compensated in damages recoverable in the action if the uncertainty were resolved in his favour at the trial. The need for such protection must be weighed against the F corresponding need of the defendant to be protected against injury resulting from his having been prevented from exercising his own legal rights for which he could not be adequately compensated. The court must weigh one need against another and determine where the G 'balance of convenience' lies."

The interlocutory remedy is intended to preserve in *status quo,* the rights of parties which may appear on a *prima facie* case. The court also, in restraining a defendant from exercising what he considers his legal right but what the H plaintiff would like to be prevented, puts into the scales,

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> as a relevant consideration whether the defendant has yet to commence his enterprise or whether he has already been doing so in which latter case considerations somewhat different from those that apply to a case where the defendant is yet to commence his enterprise, are attracted."

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32. In this case we will briefly analyse the materials on record *as they now exist* to decide the plea of honest and concurrent user of acquiescence. The learned Single Judge in paragraph 18 of his judgment reported in A.I.R. 1993 Madras 120 at 127 observes:

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> "A careful perusal of the abovereferred documents in particular along with the other voluminous documents, clinch the fact that Smt. Madhuri Mathur, mother of the deponents in the affidavits filed in support of the applications, as well as the counter affidavit, get the trade mark 'SUMEET' registered long back as early as 1964 and that by the very strenuous efforts, hard work, skill, exertion, devised so many designs and improved the appliances on par with the modern technology and along with other members of the family, *viz.,* husband, sons and daughters were able to start different business concerns as specifically pleaded in the affidavit and reply affidavit and by entering into various agreements among themselves and by remaining as share-holders and directors in the companies engaged in manufacturing the various domestic power operated machines like mixies, washing machines and so on by using the trade name and marketed SUMEET mixies in various categories and numbers. It has to be seen that during the said sojour, Thiru Ajay Prakash Mathur, the present Managing Director of the first respondent was also the director of the plaintiff's company previously and still continuing as shareholder and that during 1984, the first defendant company was incorporated as private limited company under the Companies Act and in adopting the name 'SUMEET', his mother Smt. Madhuri Mathur as well as his father gave written consent to the authority constituted under the

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A Companies Act and that the several number of documents produced on behalf of the applicant as well as the respondents, clearly demonstrate the fact that Smt. Madhuri Mathur family including her husband, daughter, two sons and the other family members were directly concerned B and involvled in all of their sister concern including the first respondent company and have been engaged in manufacturing the various types of Sumeet home appliances and power operation machines and being marketed through a common distributor, *viz.,* M/s. Reprographers and Engineers, Madras and all of their accounts were C being audited by one and the same auditors concerned and that even to provide the working capital to the first respondent company being run by Thiru Ajay Prakash Mathur it appears that in the company of the first respondent, both the mother and the father stood guarantee for D a sum of Rs. 2,00,00,000 in the Bank of Hyderabad. All virtually go to show that each and everyone in the family of Tmt. Madhuri Mathur having involved in almost all the companies incorporated in the Companies Act by entering into agreement or otherwise and having the directorship and shares in almost all the companies and deeply in- E volved in manufacturing either the components, motors and other accessories for their companies' products under the registered trade name and mark, SUMEET and that accordinly, they are being marketed the same through the company distributor."

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33. In paragraphs 19 & 20 of the impugned judgment the learned Judge refers to the documents filed by the Respondent. None of these documents throw any light as to the *manufacture.* It might be that the first respondent was marketing, having regard to the close relationship as mother and son G between the plaintiff and the first defendant. This was why the Division Bench remarked "There is some evidence showing that the first defendant has been at least *marketing* domestic mixers allegedly manufactured by Power Control and Applicances (Bombay), Limited since its incorporation. *Whether it actually manufactured before September 1991, however, is not possible to answer without proper evidence as to the actual manufacturing of* H *the kitchen mixers by the first defendant.*" (emphasis supplied)

34. So, as such there is no evidence of manufacture. As rightly contended by Mr. Chidambaram, learned counsel, marketing may not advance the case of the first defendant-respondent. We do not think, as is urged by Mr. Soli J. Sorabjee, learned counsel, either the criminal complaint or the averment in the plaint would amount to implied consent, more so, when no oral evidence has been let in, the parties having chosen to proceed on affidavit and counter affidavit.

35. In 1984 the first defendant-company came to be incorporated. This was for the purpose of diversifying the industrial activity of the family group for manfacturing other technical appliances like washing machines, vacuum cleaners etc. But there is nothing on record to show that the first defendant was manufacturing earlier than the allged violation of trade mark, copyright and design, as stated in the plaint.

36. We find considerable difficulty in appreciating the conclusion of the Division Bench which had failed to note that the proprietor of the trade mark is Sumeet Research and Holdings Ltd. Again, the complaint of infringement of trade mark is not against Ajay Mathur but against Sumeet Machines Private Limited and M/s Sekar and Sagar.

37. It is a settled principle of law relating to trade mark that there can be only one mark, one source and one proprietor. It cannot have two origins. Where, therefore, the first defendant- respondent has proclaimed himself as a rival of the plaintiffs and as joint owner it is impermissible in law. Even then, the joint proprietors must use the trade mark jointly for the benefit of all. It cannot be used in rivalry and in competition with each other.

38. The plea of quasi-partnership was never urged in the pleading. As regards copyright there is no plea of assignment. The High Court has failed to note the plea of honest and concurrent user as stated in Section 12(3) of 1958 Act for securig the concurrent registration is not a valid defence for the infringement of copyright. For all these reasons we are unable to support the judgments of the High Court under appeal. We reiterate that on the material on record as is available at present the denial of injunction, once the infringement of trade mark, copyright and design is established, cannot be supported. Pending suit, there will be an injunction

A in favour of the appellants (the plaintiffs). All the civil appeals will stand allowed. No cost.

We request the High Court to try the suits with utmost expedition.

39. We make it clear that whatever we have observed herein will have B absolutely no bearing in the trial of the suits which have to be decided independently on their respective merits.

R.P. Appeals allowed.