



**IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION**

**NOTICE OF MOTION NO. 993 OF 2009
IN
SUIT NO. 632 OF 2009**

1. UTO Nederland B.V.
A Company incorporated & existing under
the laws of the Kingdom of The Netherlands
having its Corporate Office at Zijlstraat 2,
Schiedam, The Netherlands
 2. Distilleerderji en Likeurstokerji Herman Jansen B.V.
A Company incorporated & existing under
the laws of the Kingdom of The Netherlands
having its Corporate Office at Zijlstraat 2,
Schiedam, The Netherlands
- ... Plaintiffs

Vs

Tilaknagar Industries Ltd.
A Company incorporated under the
Companies Act, 1956, having its Corporate
Office at, Industrial Assurance Building,
3rd Floor, Churcgate, Mumbai-400 002.

... Defendants

Dr. Veerendra V. Tulzapurkar, senior counsel with Mr. S.U. Kamdar,
senior counsel, Mr. Amit Jamsandekar, Mr. Darius Dalal, Ms. Hemlata
Marathe, Ms. Rashmi Thakur – Iyer and Ms. Reshma Ranadive i/b
M/s. Jehangir Gulabbhai & Billimoria & Daruwalla for the Plaintiffs.

Mr. Ravi Kadam, Advocate General with Mr. V.R. Dhond, senior
counsel, Mr. H.W. Kane, Mr. Ashutosh Kane and Ms. Aditi Kukarni
i/b Mr. H.W. Kane for the Defendant.

CORAM : S.J. VAZIFDAR, J.

Date of Reserving **MONDAY, 21ST NOVEMBER, 2011**

Date of Pronouncement **THURSDAY, 22ND DECEMBER, 2011**

ORAL JUDGMENT :

1. This is an action for infringement of copyright and passing off. The plaintiffs contend that the defendant has by printing and publishing the labels at Exhibits X-1 to X-4 of the plaint, infringed their copyright in the original artistic works annexed at Exhibits D1, D3, F, M1, M2 and M4 to M6 of the plaint. The plaintiffs claim to be the registered proprietors of the trademarks “MANSION HOUSE”, “MH”, “MHB” and “SAVOY CLUB” and contend that the defendant has, by using the said trademarks, passed off their products viz. alcoholic beverages, spirits and liquors as and those of the plaintiffs or as emanating from or being associated with the plaintiffs.

2. The plaintiffs are companies organized and existing under the Dutch laws and are producers, importers, exporters, sellers and distributors of various spirits and liquors, including scotch whiskey, gin, vodka, rum, liqueurs and cognac. The plaintiffs are fully owned

subsidiaries of of UTO Holding D.V. (formerly known as D.V. Utomij). The plaintiffs and their holding companies are, in turn, a part of the UTO group of companies engaged in similar business. The group has permitted plaintiff No.1, the right to register trademarks in certain countries, including India.

3. It is not necessary to set out the history of the plaintiffs as there is no dispute about the fact that the plaintiffs were, at the material time, proprietors of several trademarks, including the said trademarks in respect of which this suit has been filed.

(A) The trademarks MANSION HOUSE and SAVOY CLUB were registered on 7th November, and 12th January, 1967, respectively in the Netherlands by plaintiff No.2. Thereafter, the marks have been registered in various other countries.

(B) As of 5th April, 1983 and 20th November, 1983, plaintiff No.1 is the registered proprietor in India of the marks, “MANSION HOUSE” and “SAVOY CLUB” in class 33 respectively. The registrations are valid and subsisting. The defendant has filed an application for renewal of the mark with the Registrar of Trademarks, Kolkata. The

rectification proceedings in respect of the mark MANSION HOUSE are pending. I will refer to the artistic work on the labels placed on the bottles in which the plaintiffs products are sold while dealing with the question of infringement of copyright.

The first plaintiff has also used the monogram “MH” on the neck/collar label on the bottle in which its products are sold.

4. It is necessary first to determine the nature of the contractual relationship between the parties which is seriously contested. The dispute centres predominantly around a document dated 7th July, 1983, three documents dated 23rd February, 1987 and a document dated 21st October, 1997.

By the letter dated 7th July, 1983, the plaintiffs conferred a licence upon the defendant to use the trademarks on the terms and conditions stipulated therein.

By the three documents dated 23rd February, 1987, the plaintiffs ceded the said marks to the defendant. The plaintiffs, however, contend that in these documents, the term “ceded” connotes only a licence and not an assignment or transfer of the trademarks to the defendant. The plaintiffs, therefore, contend in the first instance that

the defendant was, at all material times, granted only a licence to use the trademarks, whereas the defendant contends that by the arrangement contained in the three documents, all dated 23rd February, 1987, the plaintiffs had transferred and assigned the trademarks to it. The plaintiffs further contend that even assuming that letters dated 23rd February, 1987, assigned or transferred the marks to the defendant, the same reverted to the plaintiffs on account of the breaches of the terms and conditions thereof committed by the defendant.

The plaintiffs submit that by virtue of the document dated 21st October, 1997, the licence agreement contained in the letter dated 7th July, 1987, revived.

Both the counsel also addressed me as to the consequences that flow in both eventualities viz. if the contractual relationship is one of a transfer or assignment of the marks by the plaintiffs to the defendant and if, on the other hand, the plaintiffs only granted a licence to the defendant to use the said marks.

ARRANGEMENT BETWEEN THE PARTIES :

5. The document dated 7th July, 1983, addressed by the plaintiff

No.1 to the defendant reads as under : -

“Dear Sirs,

*Re: Trade Marks Labels, Brands
Mansion House and Savoy Club*

With reference to the personal discussion we had with you in regard to the above, we hereby reiterate and confirm as under:

- 1. UTO Nederland B.V. is the registered user and owner of the trade marks Mansion House and Savoy Club for the alcoholic beverage products Whisky, Gin, Brandy and Rum.*
- 2. Tilaknagar Distilleries & Industries Ltd., a company manufacturing and marketing in India liquor products, is licensed and permitted to use and said brands and labels and affix the said labels on the Whisky, Gin, Rum and Brandy products manufactured by them in India.*
- 3. This licence and authority is given to Tilaknagar Distilleries & Industries Ltd. exclusively in India and/or its associate group companies on an irrevocable basis based on the procurement of specified minimum quantities and subject to the condition that the said Tilaknagar Distilleries & Industries Ltd., shall procure through UTO Nederland B.V. all required concentrates for producing and selling Whisky, Brandy, Gin and Rum under the brand names Mansion House and Savoy Club in India.*
- 4. This is also subject to compliance of prevailing laws and rules governing imports of alcoholic concentrates into India and such other statutory regulations.”*

The defendant signed this letter at the foot thereof.

6. It was contended by the defendant that the letter constituted merely a purchase agreement under which the defendant had agreed to purchase the plaintiffs products viz. the concentrates required for producing and selling whiskey, brandy, gin and rum under the brand names “MANSION HOUSE” and “SAVOY CLUB” in India.

7. This contention is incorrect as is clear from a plain reading of the letter. Paragraph 2 refers to the licence and permission granted by the plaintiffs to the defendant to use the brands and labels and to affix the labels on the products manufactured by the defendant in India. This licence is based on and subject to the condition that the defendant would procure through the plaintiffs, the concentrates required for producing and selling the products under the said brand names. That the licence was based on and subject to the said condition does not render the arrangement contained in the letter merely one of sale and purchase by the plaintiffs to the defendant of their products. The purchase of concentrates by the defendant is one of the terms of the licence. The document creates a licence in favour of the defendant in

the absence of which the defendant would not have been entitled to use the said trademarks.

8. I will refer to the arrangement between the parties entitling the defendant to use the plaintiffs' artistic work comprised in its labels while dealing with the question of infringement of copyright. The labels included the statement "under technical advise of B.V. Utomi Holding". This, according to the plaintiffs, was with a view to associating the products in the minds of the consuming public and to convey to the members of the trade and consumers that the said products conformed to the strict standards of quality and excellence maintained by the UTO group of companies.

9. The facts that preceded the three documents dated 23rd February, 1987, are important for they suggest the reasons for the parties executing them.

10. In the year 1986, disputes arose between the Scotch Whiskey Association and the plaintiffs and a subsidiary of the second plaintiff - Dew Hill Blending Company (Glasgow) Limited, leading to the

former filing an action in the Netherlands to restrain the latter from indicating their products which did not fulfill the requirements of the Scotch Whiskey Association as scotch whiskey. I have been furnished a translated copy of a judgment of the President of the Rotterdam District Court dated 15th January, 1987, in this law suit. It is necessary to refer to this judgment as it is of some assistance in ascertaining the circumstances in and the reason why the parties arrived at the arrangement contained in the said letters dated 23rd February, 1987.

The judgment noted the 7th July, 1983 agreement and observed that the products were sold under labels and in packaging indicating them to be scotch whiskey and, in any event, without indicating in an unmistakably clear manner that the products were not pure scotch whiskey. It was held that the defendants therein, which included the plaintiffs in this suit, also sold under the said trademarks, pure real scotch whiskey as well as whiskey consisting of scotch whiskey diluted with neutral alcohol and that the danger existed that when buying a Mansion House bottle, the buying public may and most times will believe that they were buying real scotch whiskey. Confusion could only be prevented when the labels are made out in such a way that it is unmistakably clear that there is a difference between the two

products viz. the real scotch whiskey and the diluted scotch whiskey which were sold under the same trademark. This, it was held, resulted in the threat to the turnover of the merchants and producers of real scotch whiskey.

It is important to note that the plaintiffs herein contended that they have no control over the defendant herein qua the products manufactured and sold by the defendant under the said marks. From the following extract, it appears also to have been contended that the plaintiffs ought not to be blamed for a tort that they were not responsible for in view of the business relations between them and their partners including the defendant.

“Bearing in mind also what the defendants have advanced themselves with respect to the relativity of their influence of the doings of their business relations in these countries there are no guarantees that the premises which the defendants have made for the two aforementioned countries will have a real effective value.”

The Court rejected this contention. The Court came to the conclusion that the plaintiffs herein would be able to control the acts/ conduct of the defendants herein. The Court held as under :-

“A further question is whether the defendants may be blamed for a tort now that they argue not to be responsible for the way in which their business relations

in India and Indonesia present the products they have prepared in these countries.

This view cannot be accepted.

The defendants have licensed their business relations for the Mansion House trademark and in doing so put this trademark at their free disposal.

Hence the defendants have full power to prevent their business relations to continue their unlawful acts under the Mansion House trademark.

For the time being it is unacceptable that these business relations, after all the costs they have spent for the introduction of the Mansion House trademark in their countries, will continue their unlawful activity under another trademark when the defendants withdraw the licence which they had granted. It is just as improbable that these business relations will immediately find another supplier for the raw materials they now buy from the defendants and that such new suppliers can also put a fairly wellknown trademark in their disposal, apart from the fact that the argument that the business relations can and will continue their unlawful activity even if the defendants will no longer supply them with raw materials, is ill-founded. It has to be concluded that the defendants are the ones who supply their business relations in India and Indonesia with the materials they need for the continuation of their unlawful activity and that the defendants, knowing that the materials so supplied will be used for this unlawful activity, nevertheless enjoy the financial advantage thereof.

As long as the defendants to not impose on their supplies and licence for the use of their trademark the condition that these may not be used for the continuation of their unfair competition towards the plaintiffs they themselves are just as much acting unlawfully towards the plaintiffs.

.....

Taking into account that as a consequence of the order to be pronounced the defendants will have to consult with their business partners in India and Indonesia they will be allowed sufficient time for this purpose in that the date on which the penalty will become effective will be fixed at the term as to be defined hereafter.”

The Court passed the following order :-

“PASSING JUDGMENT IN SUMMARY PROCEEDINGS

ORDER the defendants under 1, 2 and 3 to refrain, also outside of the Netherlands, in those countries where the mark Mansion House is being used for Scotch whisky from using this mark or allowing such use for whisky which is not pure Scotch whisky.

ORDER the defendants under 1, 2 and 3 to refrain in India and Indonesia from direct or indirect supply of whisky and raw materials, labels and packaging materials therefor as well as from licensing or continuation of licensing the use of trademarks and tradenames for whisky, to clients, who do not properly bind themselves in writing to the defendants:

a) to refrain from any misleading that the product for which they use the whisky, raw materials, labels, packaging materials, trademarks and tradenames supplied by the defendants under 1, 2 and 3 is Scotch whisky, this in conformity with the instructions as specified in this judgment under 5;

b) to require in cases of resale a similar perpetual clause.

CONDEMN each of the defendants who violates any of these orders to pay to the plaintiffs as penalty an amount of NLG 100,000.-- for each violation committed after eight weeks have passed after this judgment will have

been served upon the defendants x) or – and this at the option of the plaintiffs – of NLG 1,000.-- for each bottle sold or put on the market after eight weeks have passed after this judgment will have been served upon the defendants x), with respect to which the violation has taken place.

DECLARE this judgment to be immediately enforceable.”

11. The plaintiffs, therefore, found themselves in a predicament for they were to be held responsible not only for their own acts, but also for the acts of their licensee, including the defendant. It is not either important or even possible to consider whether the judgment is correct or not or whether it was acceptable to the plaintiffs or not. What is important is the effect it had on the plaintiffs' rights and their perception as to the effect of the judgment and as regards its future course of action.

12. In paragraph 23 of the plaint it is alleged that on being informed about the judgment, the defendant stated that it would not be possible for it to fulfill the conditions viz. not indicating on its products which did not fulfill the requirements of the Scotch Whiskey Association the fact that they were blended with Indian whiskey as the labels had already been registered with the Central/State Government and other

authorities in India and that it would take considerable time before those labels were amended.

13. This contention, *prima facie*, is incorrect. The proceedings, as stated in paragraph 23 of the plaint itself were instituted by the Scotch Whiskey Association in the year 1986. The possible consequences appear to have been discussed between the parties even before the final judgment of 15th January, 1987.

Thus, in a Memorandum dated 17th February, 1986, prepared by the defendant titled “The following decisions have been taken between TDI and UTO”, it was stated that certain changes in the mansion house whiskey label had been suggested to the plaintiffs, including the addition of the word “with” in lettering of the same size as the words “blended” and “scotch”. The Memorandum further stated that on approval of the changes by the plaintiffs, the defendant would implement the necessary changes “within one month after the receipt of the approval”.

Under cover of a letter dated 17th February, 1986, the defendant enclosed a mock up of a new whiskey label and stated that the same

could be made effective within one month of being modified by the plaintiffs.

What is important to note is that the defendant never represented that it would be difficult to change the labels for the reasons stated in paragraph 23 of the plaint.

14(A) In paragraph 23 of the plaint, it is stated that the defendant then suggested that there were only two alternatives available to the plaintiffs viz. to discontinue the use of the trademarks in India until the requisite labels were amended and approved by the appropriate Government authorities or the said trademarks being transferred to the defendant so that the plaintiffs would not be liable for the use of the same. It is important to note that it is not even the plaintiffs' case that the first option allegedly suggested by the defendant was implemented viz. discontinuing the use of the trademarks Mansion House and Savoy Club in India until the requisite labels were amended and approved by the appropriate Government authorities. The products manufactured by the defendant continued to be sold under the said trademarks. Paragraph 23 of the plaint concludes in the following manner:



“Under the facts and circumstances and in order to fulfill their obligations with the Scotch Whisky Association and at the same time not discontinue use of the trade marks, Plaintiff No. 1 and the Defendant entered into two Agreements, dated 23rd February, 1987. These agreements were entered into without in effect giving up the Plaintiff No. 1’s rights to the Trade Marks.”

(B) Thus, on the basis of this pleading in paragraph 23 itself, it appears that the plaintiffs accepted the second suggestion viz. that the trademarks be transferred to the defendant. The last sentence does not militate against the case of a transfer of the trademarks as it is qualified with the words “without in effect giving up”. It is necessary to read the last sentence along with the document itself. The same suggests that what the plaintiffs meant was that they, in fact, controlled the right to regain the marks in the event of the defendant committing a breach of its obligations contained in the said documents dated 23rd February, 1987. This is also clear from the subsequent paragraphs in the plaint which I will deal with after setting out the three documents dated 23rd February, 1987.

15. It is necessary to set them out in extenso as almost every part thereof was relied upon and construed by Dr. Tulzapurkar and the

learned Advocate General. The same read as under :-

(A) The first 23rd February, 1987 document :-

*“Dear Mr. Dahanukar,
We herewith cede our brandnames MANSION HOUSE
and SAVOY CLUB to Tilaknagar Distilleries.*

*The above mentioned brands must go back to UTO
(NED) B.V. if due to Dutch, Indian or International Law
UTO (NED) B.V. can no longer supply the concentrates
to Tilaknagar Distilleries and Industries Ltd. to which
Tilaknagar agrees.*

UTO NEDERLAND B.V.”

The defendant signed the letter at the foot thereof.

(B) The second 23rd February, 1987 document :-

“TO: UTO NEDERLAND B.V., HOLLAND.

From: Tilaknagar Distilleries and Industries Ltd., India.

Dear Sirs,

*In order to obtain in our possession the brandnames
‘MANSION HOUSE’ and ‘SAVOY CLUB’ in India it is
understood that we :*

- 1. Promise to take from UTO NEDERLAND
B.V. or from by UTO designated companies
for 1987 50,000 liters of concentrates with
an increase of 10% for every consecutive
year until eventually a quantity of 150,000*

liters has been reached per year or until the Indian market has reached saturation point.

- 2. Promise not to use the Mansion House and/or Savoy Club label for export outside of India unless with the explicit approval of UTO NEDERLAND B.V.*
- 3. Promise not to buy Whisky, Gin, Brandy, Rum or concentrates thereof or flavours thereof from any other company than UTO NEDERLAND B.V. for the brandnames MansionHouse, Savoy Club and Classic.*
- 4. Promise not to transfer the ownership of Mansion House and Savoy Club labels to another party.*
- 5. Promise that if Tilaknagar runs short of bottling capacity for production of 'Mansion House' and 'Savoy Club' then Tilaknagar shall bottle these products with another party under the complete supervision and ownership of Tilaknagar. It is understood that bottling with another party does not mean transfer of ownership of these brands from Tilaknagar to the other party.*
- 6. Promise that in the event that Tilaknagar joint-ventures with another company or government body and in the event that in that case Tilaknagar is no longer the majority shareholder, we will first give back the brandnames Mansion House and Savoy Club to UTO NEDERLAND B.V.*
- 7. Mansion House and Savoy Club in India may always only consist of : in the case of M. House
UTO CONC. & Indian alc.*

*In the case of Savoy Club
UTO CONC. & Indian alc. + Indian Malt
and in no lesser proportion than was used
on 1st April, 1986.*

8. *Tilaknagar promises not to bring Mansion House and Savoy Club on the market being fully a Scotch Whisky.*

If we do not comply with the above, UTO'S letter of the 23rd February, 1987 ceding the brandnames Mansion House and Savoy Club to Tilaknagar will become invalid immediately.

UTO (NED) B.V. – on condition that Tilaknagar follows points 1 through 8 of this Agreement – promises not to supply their concentrates directly or indirectly to any other parties for India other than Tilaknagar.

This agreement is absolutely binding to both the parties and goes into effect on 23rd February, 1987.”

The plaintiffs signed the letter at the foot thereof.

- (C) The third 23rd February, 1987 document :-

“Tilaknagar Distilleries and Industries Ltd. of India pledges:

1. *To refrain from any misleading that the product they make from UTO concentrate is pure Scotch Whisky.*
2. *To change the present labels:*
 - a) *regarding Mansion House from blended with Scotch Whisky to a blend of Scotch Whisky and Natural alcohol.*

- b) regarding Savoy Club
from blended with Scotch Whisky to a blend of
Scotch Whisky and Natural alcohol.
- a) and b) in letters of equal size and clarity.
- c) in the case of Savoy Club also to remove the
controversial 'Scotch Tartan' strip.

The above mentioned changed labels will be used for production on 15th March 1987 after Local Indian Government approval. After 15th March, 1987 no Wholesaler or Retailer will be supplied anymore with Mansion House or Savoy Club with the old label.

Tilaknagar realises that UTO (NED) B.V. can no longer supply Whisky concentrates until such time that Tilaknagar informs UTO that the change of label has taken effect and until such time that the actual changed labels are used for production.

3. *To refrain from selling UTO concentrates to any other parties in-or outside India unless with the explicit approval of UTO (NED) B.V.*

4. *To refrain from advertising with Mansion House and Savoy Club in such a way that it can mislead the public in thinking that the products are pure Scotch.*

5. *To refrain from bringing on the Indian market a Mansion House or Savoy Club which is fully Scotch.*

Penalty for not complying with points 1-2-3-4-5 above means for Tilaknagar in India a penalty of U.S. \$ 100.000 per occasion to pay to UTO (NED) B.V. to which Tilaknagar agrees."

16. That the products sold by the plaintiffs under the said marks

abroad have an enormous reputation and goodwill is clear. Dr. Tulzapurkar rightly submitted that the said marks have a transborder reputation in India. It is not even necessary to refer to any documents other than the agreements between the parties to establish the same. The nature of the documents dated 7th July, 1983 and 23rd February, 1987 establish, between the parties thereto, that the products sold under the said marks even in this country have developed a goodwill and reputation sufficient to maintain successfully an action for passing off. These documents obviously would not affect the rights of the other parties. The defendant however, can hardly deny the reputation and goodwill in respect of these marks.

The defendant accepted by the document dated 7th July, 1983, a licence to use the said marks on products to be sold only in India. This was not a bare licence as contended by the defendant itself. There was adequate consideration to support it viz. the defendant's obligation to procure specified minimum quantities to concentrate and all required concentrate for producing and selling the products under the said marks. It is reasonable to presume that parties who seek and obtain a licence use a trademark, acknowledge the reputation and



goodwill attached thereto. If the products sold under the said mark had no goodwill and reputation in India, a party would not negotiate a licence to use the same on such onerous terms and conditions.

I would readily infer therefore, that the defendant was aware of the reputation and goodwill attached to the said trademarks and therefore, sought and obtained a licence to use the same in India. This presumption is enhanced by the fact that the licence was accepted on the condition that the products would be sold under the said marks only in India. If the trademarks had no goodwill or reputations in this country, there is no explanation why the defendant obtained the licence to use them in respect of the products to be sold only in India.

17. The learned Advocate General submitted that this presumption is not justified. He stated that a party may obtain a licence for a variety of reasons including a so called general craze in this country for foreign brands. The defendant however, has not contended that it accepted the licence for this reason or for that matter for any other reason. I cannot and would not speculate in its favour the reasons for it obtaining the licence. Absent anything else, it must be presumed



that the defendant accepted a licence on such terms and conditions, as it was aware that the said marks had a transborder reputation and goodwill.

18. I will presume, as suggested by Dr. Tulzapurkar, that the term “cede” can, in certain circumstances, mean not an absolute grant, but the mere creation of a licence. I have proceeded on the basis that the term “cede” is ambiguous in this respect and that the judgments of the Supreme Court relied upon by Dr. Tulzapurkar support his submission that the parties are, therefore, entitled to rely upon the surrounding circumstances to ascertain the meaning ascribed to it by the parties in the document dated 23rd February, 1987. However, considering the terms and conditions of the documents dated 23rd February, 1987, and the surrounding circumstances, I am of the view that the term “cede” in the said letters dated 23rd February, 1987, was used to transfer the said trademarks by the plaintiffs to the defendant and it was not used only to constitute a licence in respect of the trademarks in favour of the defendant. It is, therefore, not necessary to consider the material relied upon by Dr. Tulzapurkar to the effect that the term “cede” has different meanings and does not only mean a relinquishment of title.

Nor is it necessary therefore to refer to the material relied upon by the learned Advocate General who contended to the contrary.

19. The first letter itself makes this clear. It states that the brands “must go back to” the plaintiffs if due to Dutch, Indian or International law, plaintiff No.1 could no longer supply the concentrates to the defendant. The words “must go back to” the plaintiffs predicates that the brands first went, to wit were assigned or transferred, to the defendant. It is only in the contingency mentioned therein that the brands were to go back to the plaintiffs. If the defendant was merely granted a licence to use the said trademarks, the title thereto would remain with the plaintiffs during the subsistence of the licence and there would be no question of the trademarks going back to the plaintiffs on the termination of the licence upon the contingency arising. Where a trademark is licensed, it continues to be owned by the proprietor and the question of its going back to the proprietor upon the termination of the licence would not arise.

20. The second letter also establishes an assignment or transfer of the marks and not a licence thereof in favour of the defendant. Clause

4 of the second letter records the defendant's promise not to transfer the ownership of the Mansion House and Savoy Club labels to another party. This predicates the defendant's ownership of the labels for if it was not the owner thereof, there would be no question of it promising not to transfer the ownership to another party.

Clause 6 of the second letter dated 23rd February, 1987, also establishes an assignment of the trademarks by the plaintiffs to the defendant. The defendant had agreed that in the event of it entering into a joint venture with another company as a result whereof it was no longer the majority shareholder, it would first give back the brand names to the plaintiff No.1. If the brand names had not been transferred / assigned in the first place, there would be no question of the defendant giving back the same to the defendant. Had the intention been only to grant a licence to the defendant to use the marks, the language of clause 6 would have been entirely different. It would have provided for a termination of the licence and not for the defendant giving back the brand names to plaintiff No.1.

21. On the other hand, there is nothing in the plain language of either of the documents dated 23rd February, 1987, that supports the

creation of a mere licence entitling the defendants to use the marks.

22. By the letter dated 7th July, 1983, the parties had entered into an agreement whereby the plaintiffs licenced and permitted the use of the said brands by the defendant. They acted on the agreement. There is nothing to indicate why the term “cede” was used in the letters dated 23rd February, 1987, instead of the words “licence” and “permission”. Even assuming that the word “cede” is also consistent with a licence, considering this fact and also the effect of the judgment dated 15th January, 1987, of the Rotterdam District Court, it is clear that the parties intended to transfer and assign the mark by the plaintiffs to the defendant. If the intention of the parties was merely to continue the licence, but on different terms and conditions and by specifying the quantities of the concentrate to be purchased, it would not have been necessary to use the term “cede” in respect of the brand names at all. The parties would only have provided for the modifications without changing the words constituting the nature of the right created viz. from “licence” to “cede”.

23. Dr. Tulzapurkar contended that there was no reason for the

plaintiffs to transfer or assign the trademarks to the defendant for no consideration at all. The submission is not well founded. Firstly, the arrangement was obviously to protect the plaintiffs against any consequences arising from the judgment of the Rotterdam District Court dated 15th January, 1987. Secondly, as rightly contended by the learned Advocate General, an important part of the arrangement between the parties was the purchase by the defendant of the concentrates from the plaintiffs. The defendant had promised to take from the plaintiffs, large quantities of concentrates with a ten per cent increase every consecutive year until eventually a quantity of 1,50,000 litres had reached per year or until the Indian market had reached a saturation point. It cannot, therefore, be said that there was no consideration for transferring the marks to the defendant.

24. By a letter dated 21st February, 1989, addressed to the defendant, the plaintiffs modified the quantity of concentrates to be purchased by the defendant as stipulated in the letter dated 23rd February, 1987 and stated that if the defendant purchased the modified quantities, the plaintiffs “will not take the Mansion House and Savoy Club brands away” from the defendant. The expression “take away”

is consistent with an assignment of the marks and not the creation of a licence. I do not suggest that the letter ought to be read strictly. It could, in certain circumstances, also refer to taking away the privilege of a licence granted by the proprietor for the use of its mark. However, considering all the facts and circumstances I have referred to earlier, the expression “take away” in the letter dated 21st February, 1989, suggests that the trademarks were earlier transferred to the defendant. In any event, it does not militate against the transfer or the assignment of the trademarks as suggested by Dr. Tulzapurkar.

25. The learned Advocate General contended that the submission that by the letters dated 23rd February, 1987, the plaintiffs merely granted the defendant a licence to use the marks is an after-thought. He submitted that such a case had never been pleaded or even raised during the course of the correspondence. According to him, the plaintiffs had, in fact, proceeded on the basis that the marks had been assigned. The submission is well founded.

26. In paragraph 24, it was averred that by the first letter dated 23rd February, 1987, it was agreed that plaintiff No.1 ceded the said marks

to the defendant on condition that the said marks “must revert” to plaintiff No.1 in the event of the contingency referred to therein arising. The expression “must revert” is not used in the letter.

In paragraph 27 it is contended that as the defendant did not comply with the terms and conditions of the letter dated 23rd February, 1987, ceding the said marks to the defendant, the arrangement contained in the said letter stood terminated and the trademarks “reverted back” to the plaintiff No.1. The term “revert” and the expression “revert back” are also consistent with an assignment of the marks in the first instance, for if there was no transfer or assignment of the marks, there would be no question of the same reverting to the plaintiffs. To reiterate, in the case of a licence, the licensor remains the owner of the mark and upon the termination of the licence, there is no question of the title therein reverting to the licensor.

27. Dr.Tulzapurkar, however, placed strong reliance upon paragraph 48 of the plaint in support of his submission that in the plaint it is contended that the word “cede” had been used in the letters dated 23rd February, 1987, not to mean a transfer or assignment of the trademarks

in the defendant's favour, but only the creation of a licence in the defendant's favour to use the same. I do not agree.

28. Paragraph 48, read as a whole, indicates that the plaintiffs understood the provisions of the two letters dated 23rd February, 1987, as assigning the marks in favour of the defendant, but conditional upon the defendant complying with its obligations stipulated therein. It is indeed averred in the second sentence of paragraph 48 that the defendant had all along been the licensee of the plaintiff No.1 and, therefore, cannot claim to be the owner of the trademarks or the copyright in the labels and that the defendant's conduct always has been that of a licensee. It is, however, necessary to note that these were only submissions and did not constitute the plaintiffs construction of the contents of the letters dated 23rd February, 1987. This contention was based upon the subsequent averments in the paragraph to the effect that the arrangement regarding the ceding of the marks was conditional upon the defendant's complying with its obligations stipulated in the letters. It is averred :-

“The arrangement regarding the ceding of the marks to the defendant was conditional and upon the defendant's

failing to comply with the conditions, the said arrangement stood terminated. The conditions were not fulfilled and the defendants did not and could not acquire any proprietor's rights in the said Marks and Label marks”.

It was, therefore, not the plaintiffs case that the term “cede” in the said letters meant only a licence and not an assignment of the trademarks. For the present purpose, it need only be noted that in the plaint it was not the plaintiffs case that the letters dated 23rd February, 1987 constituted only a licence. In fact, and as rightly pointed out by the learned Advocate General, read as a whole, the case in the plaint was that the letters dated 23rd February, 1987, constituted an assignment of the trademarks, but that on account of the breach of the terms and conditions thereof by the defendant, the defendant did not acquire title to the marks. Whether the contention that on account of the alleged breaches of the terms and conditions of the letters dated 23rd February, 1987, the defendant never became a proprietor of the marks is another matter altogether which I will deal with later.

29. Dr.Tulzapurkar relied upon Salmond on Jurisprudence, 12th Edition to contend that the letters dated 23rd February, 1987, did not constitute an assignment of the trademarks. At page 246 the author

deals with “The idea of ownership”. The author lists five incidents of ownership. Firstly, the owners would have a right to possess the thing which he owns. Secondly, the owner “normally” has the right to use and enjoy the thing owned. Thirdly, the owner has the right to consume, destroy or alienate the thing. This principle itself is subject to certain assumptions. Fourthly, ownership has the characteristics of being indeterminate in duration. Fifthly, the ownership has a residuary character.

Dr.Tulzapurkar co-related the terms and conditions of the second letter dated 23rd February, 1987, with the above incidents of ownership and contended that some of the incidents were absent in the letter.

30. It is necessary to note that the reference to the five incidents is prefaced with the qualification that in certain situations some of these incidents may be absent and it is only the normal case of ownership that can be expected to exhibit the incidents. Dr.Tulzapurkar himself did not contend that the absence of one or more incidents would negate the transfer of title *per se*. In other words, he did not contend that the absence of one or more incidents would render the transfer of

title void even if the parties had intended to assign the title. He merely submitted that the absence of the incidents indicated an intention on the part of the parties not to transfer the title.

I have already construed the letters and the surrounding circumstances and come to the conclusion that the parties intended to and the plaintiffs in fact did transfer the title in the trademarks to the defendant by the said letters dated 23rd February, 1987. It is, therefore, not necessary to consider the learned Advocate General's further submissions regarding the commentary in Salmond's Jurisprudence. Nor is it necessary to consider the effect of the letters dated 23rd February, 1987, placing restrictions on the defendant in the enjoyment of the trademarks despite the fact that the title thereto had passed to the defendant. It is, therefore, also not necessary to consider the Advocate General's submission that the commentary deals with corporeal property and that the same does not apply in respect of incorporeal rights such as intellectual property rights.

31. Having come to the conclusion that the letters dated 23rd February, 1987, constituted an assignment or transfer of the trademarks by the plaintiffs to the defendant it follows that the licence

created by the letter dated 7th July, 1983 came to an end. The defendant cannot be the proprietor and the licensee of the mark.

32. Dr.Tulzapurkar also relied upon certain facts subsequent to the letters dated 23rd February, 1987 in support of his submissions.

33(A) The defendant in its telex dated 9th February, 1989, stated that under the agreement dated 23rd February, 1987, plaintiff No.1 permitted the defendant to use its marks. Dr.Tulzapurkar emphasized the word “permits” to contend that the defendant itself construed the letter dated 23rd February, 1987 as a mere licence and not as an assignment of the trademarks.

(B) The error in this submission arises on account of reading only a part of the letter. The letter goes on to state that as the agreement had already been with the Government for some time, they were asking the defendant to register the said trademarks in the defendant’s name since such an agreement already existed between the parties. The defendant, therefore, actually contended that by virtue of the said letter dated 23rd February, 1987, it was entitled to have the marks registered in its name. The telex does not constitute an admission of

the 23rd February, 1987 letters constituting only a licence of the trademarks. If anything, it asserts the defendant's title to the marks

34. Dr.Tulzapurkar relied upon a communication from the defendant dated 4th February, 2002, which set out the details of UTO products since 1997. The products mentioned were those sold under the said trademarks.

35. This communication does not, by any stretch of imagination, constitute an admission by the defendant that it was not an assignee of the trademarks. The use of the terms UTO product by itself does not establish the same. It is perfectly consistent with the arrangement being of a licence or of an assignment of the trademarks.

Nor does the communication dated 8th July, 2002, contain any such admission merely by virtue of the fact that the defendant has used the expression UTO brands. The same is not determinative of the issue in any event. The reference is to the products and not to the trademarks.

As rightly pointed out by the learned Advocate General, in

various other places the plaintiffs have, referred to the products sold under the said trademarks as the defendant's brand.

For instance, by an e-mail dated 14th July, 2002, the plaintiffs stated that premium whiskey sold under the mark Mansion House was the defendant's brand. By an e-mail dated 26th July, 2002, the plaintiffs stated that Mansion House brandy was the defendant's brand. The use of the phrases "UTO products", "UTO brands" or defendants products in such correspondence are, therefore, not determinative of the nature of the rights created by the said letters dated 23rd February, 1987.

36. Dr.Tulzapurkar submitted in the alternative that the defendant having stopped importing the concentrates as contemplated under the letters dated 23rd February, 1987, the arrangement came to an end. Thereafter, the parties entered into a fresh agreement dated 21st October, 1997, which revived the 7th July, 1983 licence agreement. As of then, according to him, the parties were governed by the terms and conditions contained in the agreement dated 7th July, 1983 rather than the letter dated 21st October, 1997. The letter dated 21st October 1997 reads as under :

*“Tilaknagar Distilleries & Industries Ltd.
Industrial Assurance Bldg.
Churchgate
BOMBAY
India*

Dear Sirs,

*Re: Trade Marks, Labels, Brands
Mansion House and Savoy Club.*

*With reference to our contract dated 7th July 1983, we
herewith specify minimum quantities in addition to point
3 of same contract.*

*Target 1998 Procurement of the equivalent of
concentrate for*

*2,000 cartons Whisky per month
500 cartons Brandy per month
500 cartons Gin per month
500 cartons Rum per month*

*These amounts are in future subject to a yearly growth of
10%.*

*Without this letter the contract of 7 July 1983 is no
longer valid*

Schiedam, 21st October 1997 Bombay, 21st October 1997”

37. It is significant to note the manner in which this letter is introduced in the plaint. In paragraph 28, it is stated that in 1997, there was a change in the ownership of the plaintiffs and the other

UTO group of companies after which several meetings and discussions were held between the parties and an agreement dated 21st October, 1997 was executed between them. The plaintiffs did not contend that the 23rd February, 1987 agreement had come to an end and stood novated by virtue of the letter dated 21st October, 1997. The plaintiff offers no explanation for the introduction of the document dated 21st October, 1997. Dr.Tulzapurkar did not contend and it is not stated in the plaint that prior to the letter dated 21st October, 1997, the parties had agreed that the 23rd February, 1987 agreement would stand annulled and be substituted by a fresh agreement on the terms and conditions contained in the letter dated 21st October, 1997, read with the letter dated 7th July, 1983. In fact, Dr.Tulzapurkar primarily contended that the letter dated 21st October, 1997 establishes that the arrangement between the parties throughout was one of a licence and not a transfer of the trademarks.

38. It is also important to note that the document merely specified the quantities of the concentrates to be purchased. Neither the 7th July, 1983, nor the 23rd February, 1987 documents specified the quantities. Thus, the stipulation of the quantities of concentrates to be purchased

by the defendant would be necessary and, therefore, consistent with both, the licence agreement of 7th July, 1983 and the ceding agreement of 23rd February, 1987. The importance of this is that if I am correct in my conclusion that the arrangement contained in the letters dated 23rd February, 1987, constituted a transfer of the trademarks to the defendant, the letter dated 21st October, 1997, would be a mistake. For if the letters dated 23rd February, 1987, constituted a transfer of the trademarks and the parties had not put an end to the arrangement contained therein *prima facie*, the parties signed the letter dated 21st October, 1997 under a mutually mistaken perception of their rights arising probably on account of their having at that time overlooked the existence and effect of the 23rd February, 1987, arrangement. I am unable, therefore, in these circumstances and on these pleadings to reject the defendant's contention in the affidavit in reply that the letter dated 21st October, 1997, was signed by the parties under a mutual mistake. The contents of the letter dated 21st October, 1997, are consistent with and can be read into or in conjunction with the letter dated 7th July, 1983, as well as the letters dated 23rd February, 1987, for it merely specified the quantities of the concentrates to be purchased by the defendant. At the cost of repetition neither the letter

dated 7th July, 1983 nor the letters dated 23rd February, 1987, specified the quantities to be purchased.

39. Dr.Tulzapurkar submitted that the defendant's case of the letter dated 21st October, 1997, having been signed by the parties under a mutual mistake is unsustainable in view of the subsequent conduct of the parties.

He relied upon the subsequent correspondence, including a letter dated 30th October, 2002, which referred only to the documents dated 7th July, 1983 and 21st October, 1997 and not to the document dated 23rd February, 1987.

40. Firstly, the letter was marked "without prejudice" and was, in fact, one in a series of letters in the course of negotiations between the parties in respect of the disputes which had already arisen between them. The letter was written in response to a proposal contained in the plaintiffs letter dated 21st October, 1997. The proposal suggested the price at which the concentrates would be sold and the manner in which the same would be used. Clause 4 also provided that the

defendant would start immediately to restore the original formulas within two years, but only after mutual agreement. Clause 7 provided that if the first four points of the proposal were not fulfilled by the defendant, the defendant would give full cooperation to the plaintiffs to start a relationship with another party in other parts of India. Secondly, *prima facie*, at least, it appears that the mistake with respect to the 21st October, 1997, document only persisted between the parties. The suggestions/proposals in these letters were also germane to the 23rd February, 1987 arrangement.

41. Dr.Tulzapurkar also relied upon the plaintiffs advocate's letter dated 7th August, 2003, terminating the contract and the defendant's advocate's letter dated 15th December, 2003, in reply thereto. He placed considerable reliance upon the fact that even in these letters, the documents dated 23rd February, 1987 were not referred to and only the letters dated 7th July, 1983 and 21st October, 1997 were referred to.

42. I do not suggest that the matter is free from doubt. Indeed, the absence of any mention of the letters dated 23rd February, 1987, is important. The fact, however, remains that the documents dated 23rd

February, 1987, were admittedly executed between the parties and the plaintiffs have not contended that the arrangement contained therein was brought to an end and it was only consequent thereto that the letter dated 21st October, 1997 was executed by the parties. If I am correct in my interpretation of the documents dated 23rd February, 1987, viz. that the arrangement contained therein constituted a transfer of the trademarks in favour of the defendant, an extremely important right was created by the plaintiffs in favour of the defendant. If the arrangement was to be brought to an end, I would have expected there to be some documentation to evidence the same. There, admittedly, is nothing on record to even remotely suggest that the parties had agreed to annul the 23rd February, 19987 arrangement ceding the trademarks. The defendant, in it's affidavit-in-reply expressly contended that there was a mutual mistake. Despite the same, in the affidavit in rejoinder, there is no explanation why the documents dated 23rd February, 1987 were not referred to, except to state that the absence of any reference thereto in the subsequent correspondence supports the plaintiffs contention that the parties had always contemplated that the plaintiffs had only conferred a licence upon the defendant to use the trademarks. In these circumstances, without oral evidence, it is difficult to reject

the plaintiffs' case of a mutual mistake.

43. Dr.Tulzapurkar's reliance on a letter dated 2nd/3rd April 2007 which purports to record what transpired at a meeting between the parties is of no assistance either. These meetings were also held in the course of negotiations between the parties. Thus, the mere fact that it is recorded that at the meeting the defendant came up with a proposal to buy the brands for a fair compensation cannot be considered an admission on the defendant's part that it was not the proprietor of the marks. It is important to note that in the said letter dated 15th December, 2003, and another letter dated 9th June, 2005, the defendant had expressly asserted its title to the said marks. In the communication dated 9th June, 2005, the defendant stated that it was the proprietor of the said marks in India and had generated goodwill therein. The defendant had also made an application for registration of the marks in its name by this time. The suggestion to buy the brands was, therefore, obviously only for the purpose of arriving at a settlement and cannot be considered to be an admission that the defendant had no title to the marks.

44. In the circumstances, it must be held that the letters dated 23rd December, 1987, constituted an assignment and a transfer of the said trademarks by the plaintiffs to the defendant.

45. Dr.Tulzapurkar then submitted that assuming that the letters dated 23rd February, 1987, had assigned or transferred the said trademarks to the defendant, the same was void being contrary to the provisions of sections 38 and 41 of the Trade and Merchandise Marks Act, 1958.

46. As on 23rd February, 1987, the said trademarks were not registered in the plaintiffs name. The word mark “Mansion House” was registered with effect from 5th April, 1983, but the registration certificate was issued only on 3rd December, 2004. Although the registration relates back to the date of the application viz. 5th April, 1983, I will presume that as on 23rd February, 1987, when the marks were assigned or transferred to the defendant, the provisions of sections 38 and 41 of the 1958 Act applied. Sections 38 and 41 read as under :-

38. Assignability and transmissibility of unregistered trade marks.—(1) An unregistered

trade mark shall not be assignable or transmissible except along with the goodwill of the business concerned.

(2) Notwithstanding anything contained in sub-section (1), an unregistered trade mark may be assigned or transmitted otherwise than along with the goodwill of the business concerned if—

(a) at the time of assignment or transmission of the unregistered trade mark, it is used in the same business as a registered trade mark; and

(b) the registered trade mark is assigned or transmitted at the same time and to the same person as the unregistered trade mark; and

(c) the unregistered trade mark relates to goods in respect of which the registered trade mark is assigned or transmitted.

41. Conditions for assignment otherwise than in connection with the goodwill of a business.—Where an assignment of a trade mark, whether registered or unregistered, is made otherwise than in connection with the goodwill of the business in which the mark has been or is used, the assignment shall not take effect unless the assignee, not later than the expiration of six months from the date on which the assignment is made or within such extended period, if any, not exceeding three months in the aggregate, as the Registrar may allow, applies to the Registrar for directions with respect to the advertisement of the assignment, and advertises it in such form and manner and within such period as the Registrar may direct.

Explanation.—For the purposes of this section an assignment of a trade mark of the following description shall not be deemed to be an assignment made otherwise than in connection with the goodwill

of the business in which the mark is used, namely :—

(a) an assignment of a trade mark in respect only of some of the goods for which the trade mark is registered accompanied by the transfer of the goodwill of the business concerned in those goods only; or

(b) an assignment of a trade mark which is used in relation to goods exported from India if the assignment is accompanied by the transfer of the goodwill of the export business only.”

Dr.Tulzapurkar submitted that the provisions of sections 38 and 41 had admittedly not been complied with and, therefore, the assignment or transfer, if any, was void.

47. The learned Advocate General justifiably objected to this argument on the ground that the point had not been raised in the plaint. To this, Dr.Tulzapurkar contended that it was the plaintiffs case that throughout the period, the plaintiffs had only conferred a licence upon the defendant to use the said trademarks. In other words, according to him, the plaintiffs never contended that the trademarks had been assigned or transferred to the defendant. The defendant contended in defence to this action that it was the transferee or the assignee of the trademarks. It was not necessary, for the plaintiffs to preempt and deal with, in the plaint, a defence, even if the contention

had been raised in the correspondence prior to the filing of the suit. Dr.Tulzapurkar submitted further that it was, therefore, for the defendant not merely to plead that the marks had been assigned and transferred to it, but also to aver and plead all facts necessary to establish a valid defence. The defendant had not pleaded that the trademarks had been assigned and transmitted along with the good will of the business concerned.

48. Dr.Tulzapurkar's submission would have been valid had I come to the conclusion that in the plaint, the only case was that the plaintiffs had conferred a licence upon the defendant to use the said trademarks and the plaintiffs had not contended that the said trademarks had been assigned or transferred to the defendant. I have, however, come to the conclusion that in the plaint the case is that the marks had, by virtue of the letters dated 23rd February, 1987, been transferred and assigned by the plaintiffs to the defendant. The only contention was that the assignment or transfer had not taken effect on account of the conditions subsequent not having been complied with by the defendant. That, however, is another matter which is not relevant to the present question. The plaintiffs having admitted an assignment or

transfer of the trademarks to the defendant and not having contended that the same was void on account of the provisions of the 1958 Act, it was not necessary for the defendant to establish the validity of the assignment. In paragraphs 8 and 40 of the affidavit in reply, the defendant expressly stated that plaintiff No.1 had absolutely ceded the trademarks to it; that since then, plaintiff No.1 ceased to be the proprietor of the said trademarks; that thereafter, the defendant had been using the said trademarks as the owner thereof to the knowledge of the plaintiffs; that plaintiff No.1 neither re-claimed ownership of the said trademarks nor had the said trademarks been ceded back to plaintiff No.1; that the defendant had, during all these years, asserted its ownership and the plaintiff never disputed the same and that plaintiff No.1 had given up all its right, title and interest in the trademarks in favour of the defendant.

Paragraphs 11 and 52 of the affidavit in rejoinder deal with paragraphs 8 and 40 of the affidavit in reply. Even in the rejoinder, the plaintiffs did not contend that the assignment or transfer was void in view of the provisions of sections 38 and 41 of the 1958 Act. They only contended that as a matter of fact and on an interpretation of the documents, there was no assignment or transfer. In other words, the

plaintiffs did not contend that assuming that the marks had been transferred or assigned, the same was not in accordance with law.

49. The learned Advocate General's contention in this regard is not merely technical. It is a matter of substance. Whether the goodwill of the business concerned was also transferred along with the trademarks is a question of fact and, in any event, a mixed question of law and of fact. It was necessary, therefore, for the plaintiff to have raised these contentions. Considering it in the abstract and without pleadings would be unfair to the defendant who would then be denied an opportunity of meeting the same.

50. In any event, at least at the interlocutory stage, the plaintiffs would not be entitled to succeed on this plea. The documents dated 23rd February, 1987, do not indicate that the goodwill of the business concerned was not transferred. There is, in fact, an indication to the contrary. The second document, after clause 8 of the second letter dated 23rd February, 1987, records that plaintiff No.1, on the condition that the defendant followed what was contained in the earlier part of the letter, promised not to supply the concentrates for India directly or

indirectly to any party other than the defendant. *Prima facie*, at least, this would indicate that the goodwill of the business concerned in India was transferred to the defendant.

It is not necessary, therefore, to deal with the learned Advocate General's submission that a plea not taken in the plaint cannot be taken in rejoinder or to the judgments relied upon by him in this regard.

51. The learned Advocate General submitted that even assuming that a transfer or assignment of an unregistered trademark is contrary to the provisions of sections 38 and 41 of the 1958 Act, it would not affect the rights between the transferor/assignor and the transferee/assignee. The contention is that the invalidity of the transfer or assignment can only be raised by a third party if the transferee or assignee files an action against the third party as a proprietor of the marks. For as against a third party, it would be necessary for the plaintiff to establish that its business carried on under the said mark has a goodwill or reputation which will not be possible if the goodwill in the concerned business has not been assigned. He relied upon

Halsbury's Law of England, Fourth Edition, Vol.48 paragraph 172, footnote 7. The commentary in paragraph 7 reads :-

“However, it follows from this that a mere right to use a name or mark cannot be validly assigned so as to confer rights against the public [7] without the goodwill of the business concerned or, at least, of a severed or severable part of it.”

Footnote 7 states :-

“A purported assignment may be effective between the parties to it.”

Although the question has not been discussed in any detail, it is an aspect which requires consideration. To say the least, the matter is not free from doubt. However, in view of what I have stated earlier, it is not necessary for me to express a final view on this point.

52. Even assuming that the transfer or assignment of the trademark effected by the documents dated 23rd February, 1987, was void as contended by Dr.Tulzapurkar, it would not carry the plaintiffs case further in the facts and circumstances of the case.

53. The defendant has taken the defence of delay, abandonment, relinquishment and acquiescence. Many of the facts pertaining to these defences are common. It would be convenient, therefore, to refer to the facts pertaining to all these defences before dealing with them.

54. Even assuming that the assignment or transfer is void as contended by Dr.Tulzapurkar, the conduct of the plaintiffs after 23rd February, 1987 indicates that the plaintiffs considered the said marks having been assigned and transferred to the defendant. This is relevant and important to each of these defences. For even if the transfer or assignment was void, it is possible to establish that the plaintiffs considering it to be valid, albeit mistakenly, abandoned their rights in the trademarks or relinquished their rights therein in favour of the defendant or acquiesced in the defendant using the same as the owner thereof. If the same is established the consequences thereof on the plaintiffs action would be unaffected by the transfer or assignment being void.

55. I observed earlier that the telex dated 9th February, 1989, from

the defendant to the plaintiffs, in fact, indicated that the defendant had contended that the agreement dated 23rd February, 1987, constituted a transfer or assignment of the trademarks. The defendant had stated that the agreements had been with the Government for some time and that the Government had asked the defendant to register the trademarks in the defendant's name since such an agreement already existed between the parties. I had also referred to the letter dated 21st February, 1989, from the plaintiffs to the defendant and observed that the same indicated that the plaintiffs considered their having transferred or assigned the trademarks to the defendant. The plaintiffs stated that they would not "take the Mansion House and Savoy Club brands away" from the defendant if the defendant imported the quantities of the concentrates mentioned therein.

The two letters, therefore, indicate, *prima facie*, at least, that both the parties proceeded on the basis that the marks had been transferred or assigned to the defendant.

56. The defendant's conduct thereafter was also consistent with this conclusion. Between 22nd November, 1993 and 1st July, 1994, the defendant filed applications for registration of the trademarks in each

of which, the words “Mansion House” or “Savoy Club” formed a dominant and significant part.

57. The reliance upon the letter dated 21st October, 1997, by Dr.Tulzapurkar is of no assistance to the plaintiffs in view of my having held that the same, *prima facie*, at least, appears to have been the result of a mutual mistake of the parties. Further, as rightly pointed out by the learned Advocate General, the letter dated 21st October, 1997, was essentially in respect of the quantities of the concentrates to be purchased by the defendant from the plaintiffs and did not deal with the other contractual obligations or the contractual relationship between the parties.

58. It is true that in the defendant’s brochure published in the year 2001, it was stated that Mansion House brand of whiskey, gin and brandy was manufactured in collaboration with plaintiff No.1 which was a renowned international company. That, however, can be of no assistance to the plaintiffs in answer to the defences of abandonment, acquiescence, relinquishment and waiver.



59. A renowned company may own marks which are unknown or not well known. Merely because a company is well known, it does not necessarily follow that all the trademarks owned by it are well known and the products it sells or the services it renders under the marks have acquired goodwill or reputation. If the mark is physically in the course of trade associated with the well known company, it may be a different matter.

60. Once it is held that the letters dated 23rd February 1987 constituted an assignment or transfer of the marks, the mere fact that the defendant stated that its products sold under the marks were manufactured in collaboration with the plaintiffs would make no difference whatsoever. A technical collaboration is one thing. An assignment or transfer of the trademarks is another. A proprietor of a mark can always sell or assign the same and yet render technical assistance as regards the manufacture of the products to be sold or services to be rendered under such marks. That the defendant's representation that the products were manufactured by it in collaboration with the plaintiffs may be incorrect is another matter altogether. Moreover, a mere representation that the products sold

under a mark are manufactured in collaboration with a company which happened to be the erstwhile proprietors of the mark would not constitute even an admission of a trade connection between the erstwhile proprietor and the business carried on under the mark.

For the same reason, the article published in the 8th March, 2001, edition of the Financial Express is of no assistance to the plaintiffs.

61. By a fax message dated 29th January, 2002, the plaintiffs referred to certain discussions between the parties, *inter-alia*, regarding their continued business relations. The plaintiffs sought certain information regarding the sales of the products under the said marks. They also sought the recipe/formulae of such products and the change therein. The defendant's letter dated 4th February, 2002, also used the expression "UTO products" and furnished details of the sales of the products sold under the said marks.

As I indicated earlier, the reference to "UTO products" was not an admission by the defendant as to the title to the marks. For instance, in the e-mails dated 14th July, 2002 and 26th July, 2002, plaintiff No.1 referred to the products sold under the said marks as the

defendant's products. These communications, therefore, do not militate against the defendant's contention which I have accepted viz. that the plaintiffs themselves considered their having transferred and assigned the marks to the defendant.

For the same reason, the reference to "UTO" brands in the defendant's letter dated 8th July, 2002 and 1st October, 2002, are of no assistance to the plaintiffs.

62. Further correspondence ensued between the parties, including the plaintiffs' proposal dated 21st October, 2002, and the defendant's representation thereto dated 30th October, 2002, which I have referred to and dealt with earlier. *Prima facie*, the reference in the letter dated 30th October, 2002, that the defendant would order the concentrates from the plaintiffs within the understanding and parameters laid down in the documents dated 21st October, 1997, was a reference to the quantities and does not militate against the case that by the letters dated 23rd February, 1987, the plaintiffs had assigned and transferred the marks to the defendant.

63. In the fax message dated 14th November, 2002, addressed to the

defendant, the plaintiffs did state that they had been very tolerant of the defendant's breaches and on account of the defendant still selling the products "under our well known brand Mansion House". The letter, read as a whole, does not indicate an assertion of title to the trademarks. In fact, the question of title was not really dealt with in this letter. The letter referred to the negotiations between the parties relating to their contractual relationship stating that the same was based on trust and understanding and was under heavy pressure. As I noted earlier, the reference to the marks as their brands was not in relation to the question of title. The title to the marks was not the purpose of the letter. The expression "our brand" was not an assertion of title as is evident from the fact that in the said e-mail messages dated 14th July, 2002 and 26th July, 2002, the plaintiff No.1 had, in fact, referred to the same brands as the defendant's brands.

64. The defendant's stand continued to be consistent with an assertion of title to the marks as is evident from the fact that on 13th December, 2002, it filed an application for registration of the trademark Mansion House in class 33; obtained an approval dated 27th March, 2003, of the Mansion House labels from the Commissioner of

Prohibition & Excise, Hyderabad for French brandy; obtained a certificate from the Registrar of Trademarks in respect of the mark Mansion House Chocolate Mint Liqueur and obtained an approval of the Mansion House labels from the Commissioner of Prohibition for gin.

65. Thus, from 23rd February, 1987, till at least 13th November, 2002, the plaintiffs themselves proceeded on the basis that the defendant was the owner and proprietor of the marks the same having been transferred and assigned by them to the defendant by the letters dated 23rd February, 1987. During this period of fourteen years, the plaintiffs' conduct was consistent with their having transferred and assigned the marks to the defendant. They permitted the defendant unrestricted use of the mark, unhindered by any form control. They exercised no quality control. I do not suggest that the supply of concentrates/raw material is never adequate to constitute quality control by a licensor and that the same is never sufficient to establish a connection in the course of trade between the licensor and the products sold or services rendered by the licensee under the said marks. That will depend upon the facts of the case. In the present

case, the mere supply of concentrates after 23rd February, 1987 by itself does not militate against the case of a transfer or assignment of the trademarks. The supply of concentrates was in consideration of such transfer or assignment and not in consideration of a licence by the plaintiffs to the defendant to use the said marks. The plaintiffs did not assert their title in respect of the said trademarks in any manner whatsoever during these fourteen years. Their conduct, in fact, was consistent with an assignment or transfer of the marks.

It is important to remember that in the year 1997, there was a change in the ownership and company structure of the UTO group of companies as stated in paragraph 28 of the plaint. The new management appears to have taken a different stand in the matter contrary to the pre-existing arrangement between the parties, which they were not entitled to.

66. It was only on 7th August, 2003, that the plaintiffs, for the first time, asserted their rights in respect of the trademarks. Before dealing with the plaintiffs advocate's letter dated 7th August, 2003, it is necessary to note that the plaintiffs were obviously conscious of the

difficulty in sustaining this action on account, not merely of their inaction, but their actions, at least from the period 1994 onwards when they admittedly were aware of the alleged breaches by the defendant. It seems to me that it is for this reason that in paragraph 27 of the plaint, it is alleged that from the year 1994, the defendant stopped purchasing concentrates from the plaintiffs and that upon enquiring with the defendant, the plaintiff No.1 was informed by the defendant that due to prohibition being imposed by certain states in India and higher excise duties and state import fees being levied by other states, the demand for the products had reduced drastically. It is important to note that it is then averred in paragraph 27 that the defendant assured plaintiff No.1 that they continued to use concentrates purchased from UTO of which they had a large stock and that the plaintiff No.1 bona fide and in good faith believed the defendant's representation and did not object to the defendant's continuing to use the said marks and/or labels which the defendant was entitled to use because of their not purchasing concentrates from the plaintiff No.1.

67. It is, to say the least, difficult to accept this case. The record militates against it. It is difficult to accept that for eight years from

1994 to 2002, the plaintiffs believed that the defendant was using the concentrates purchased prior to 1994 and, therefore, did nothing to assert their rights in respect of the said marks. This case is, in fact, belied by the record itself. At no stage in the correspondence did the plaintiffs ever make such an allegation. Even in the correspondence between the advocates which I will now refer to, no such case was advanced.

68. Once this case is discarded, the defence of acquiescence, relinquishment and abandonment in favour of the defendant is fortified considerably.

69(A)(i). The plaintiffs, by their advocate's letter dated 7th August, 2003, referred to the 1983 licence agreement and stated that the same had been implemented and performed until the year 1994 when the defendant suddenly ceased to order the minimum quantities of concentrates needed to produce the beverages. It is important to note that in paragraph 2, the plaintiffs stated that the reasons given to them for the same was that at that time, there was strict enforcement of an official prohibition of the sale of alcoholic beverages in a number of Indian states, resulting in substantial loss of turnover for the

defendant.

(ii). The allegations in paragraph 27 of the plaint were not mentioned in this letter i.e. it was not alleged that the defendant had represented that it had adequate concentrates supplied by the plaintiffs in stock which was used for the products sold under the said marks. In fact, in paragraph 2 of the letter, it is stated that it was clear to the plaintiffs that although the defendant failed to order any quantities of concentrates, it nonetheless continued to be active in the Indian market using the plaintiffs trademarks for alcoholic beverages produced by applying the plaintiffs technology, but without using the plaintiffs concentrates. These allegations were prefaced by the statement that in the year 1995, discussions took place between the parties.

Thus, even in the year 1994, the plaintiffs were aware that the products sold by the defendant under the said marks were manufactured from the concentrates supplied by them. This further belies the case in paragraph 27 of the plaint.

(B). The letter then refers to the letter dated 21st October, 1997. There is not a word about what the plaintiffs did between the years 1995 and 1997 despite their knowledge that the defendant had not purchased concentrates from them and had sold products under the

mark in respect whereof, the plaintiffs concentrates were not used. In paragraph 3 of the letter, it is alleged that the defendant continued to fail to order any quantities of concentrates and that the actual situation between the parties remained much as it was before.

(C). The letter then proceeds to refer to the negotiations between the parties in the year 2002.

It is pertinent to note that the letter does not even refer to the 23rd February, 1987 letters. There is no satisfactory explanation for the same. The letter stated that the plaintiffs would prefer to terminate the relationship with the defendant and suggested a solution. The letter concluded stating that if the compromise was not reached on the lines indicated within one month, legal proceedings would be adopted against the defendant.

70. The letter dated 7th August, 2003 therefore belies the averments in paragraph 27 of the plaint.

71. It is necessary to note an important aspect assuming the case pleaded in paragraph 27 of the plaint is correct. The defendant stopped purchasing concentrates from the year 1993/1994. If the

plaintiffs had blindly believed the defendant's alleged representation that that it had been using the stock purchased in the year 1993 till the year 2003 it must mean that the plaintiffs had not only not exercised any quality control in respect of the products for seven years, but had done nothing whatever in connection with the products sold by the defendant under the said marks. This leads to an important consequence. It would indicate a total absence of connection in the course of trade between the plaintiffs and the products sold by the defendant under the said marks. For had they exercised any control whatever, they would have known that their concentrates were not being used for products sold by the said marks.

72. Between the period 27th August, 2003 and 13th December, 2003, the defendant applied for registration of various marks, a significant and dominant part whereof consisted of the words Mansion House and Savoy Club and also obtained registration of marks, a significant and dominant part whereof also contained the said words.

73. The defendant, by its advocate's letter dated 15th December, 2003, sent a detailed reply to the plaintiffs' advocate's letter dated 7th

August, 2003. For some inexplicable reason, even the defendant's advocate did not refer to the letters dated 23rd February, 1987, despite the plaintiffs' advocate's letter dated 7th August, 2003, referring to the trademarks as belonging to the plaintiffs. The defendant's advocate's letter also referred only to the letters dated 7th July, 1983 and 21st October, 1997. The letter admitted that the defendant had not imported the concentrates and attributed the same to the economic situation and current Government policies. The defendant, however, contended that the same was in compliance with the terms and conditions of the letter dated 7th July, 1983 as the same provided that the agreement was subject to the compliance of prevailing laws and rules governing imports of alcoholic concentrates into India and such other statutory regulations. It was stated that in the light of such circumstances, the plaintiffs lost interest in the Indian market and did not act upon the letter dated 7th July, 1983; that the plaintiffs, by their own conduct, discontinued and/or abandoned the contract; that the plaintiffs even gave up the registration of the marks Mansion House and Savoy Club by not renewing the same; that the registration of the word mark Mansion House lapsed in the year 1990 and was not renewed. The letter then states that the defendant continued

manufacturing and selling products under its own formulae and recipe and marketed the same under the original label marks for Mansion House and Savoy Club; that the plaintiffs were aware of the same; that there were relentless efforts and investment of huge sums of money by the defendant in brand building as a result whereof the business under the said marks continued to grow and had become very popular and acquired an enviable reputation in the market and that the members of the public associated the marks only with the defendant and that it was only in the year 1997, after seeing the popularity acquired by the marks, that the plaintiffs once again started correspondence in an attempt to sell the concentrates to the defendant, which resulted in the execution of the letter dated 21st October, 1997 “to supply concentrates to our clients (i.e. the defendant)”. It was contended that the letter dated 21st October, 1997, was never implemented as import was uneconomical and not cost effective.

74. I see that the defendant’s advocates letter also does not refer to the documents dated 23rd February, 1987. It is, however, not possible to ignore them only for that reason. To reiterate, the documents are admitted and the plaintiffs have not stated that they were consciously

withdrawn. The letter dated 21st October, 1997, I have held to be a mistake. Nor have the plaintiffs contended that the parties had agreed to supersede the 23rd February, 1987 arrangement by reviving the 7th July, 1983 agreement read with the 21st October, 1997 agreement.

75. On 30th December, 2003, the defendant filed applications for registration of copyright in respect of the trademark labels for gin, whiskey and french brandy bearing the Mansion House mark. It is important to note that in the letter and in particular paragraph (g) thereof, the defendant expressly asserted that the plaintiffs had abandoned the marks and that the said marks had been freely and openly used by the defendant for its products and that the said marks had been registered in the defendant's favour and that the defendant was the registered proprietor of both the marks in India. The defendant, thus expressly asserted title to the marks.

76. Even thereafter, the plaintiffs took no action against the defendant. They, in fact, took no action whatever qua the trademarks or even the manner of the use thereof They exercised no rights either as the owners or the licensors thereof. The correspondence that

ensued between the parties in the month of January 2004 indicates that there were attempts at settling the matter. The defendant, for instance, reiterated and confirmed that it was ready and willing to import the concentrates of such quantities as was required by it from time to time at reasonable prices. Pausing here, it is important to note that in the letters dated 7th July, 1983, 23rd February, 1983 and 21st October, 1997, the price had not been determined. It is difficult then to state at this stage that there was a breach even as regards buying concentrates on the part of the defendant. The effect of the price not being stipulated is another matter altogether.

77. On the other hand, on 15th May, 2004, and 24th June, 2004, the defendant obtained the approval of the Mansion House labels from the Excise Commissioner of J & K Commissionerate and Excise Directorate of West Bengal.

78. Dr.Tulzapurkar relied upon an e-mail dated 17th May, 2005, addressed by the plaintiffs to the defendant along with the attachments. He relied upon one of the attachments which was a draft of a supply and trademark licence agreement. Trademark was defined

in Article 1(f) therein to include the said marks to be licenced by the plaintiffs to the defendant on the terms and conditions mentioned therein. Dr.Tulzapurkar relied upon this only to indicate that the plaintiffs had not abandoned their title to the marks.

79(A) Firstly, all this was in the course of negotiations. Secondly, this was a suggestion by the plaintiffs. It was merely a draft. Nothing contained therein can obviously be held against the defendant. Thirdly, it cannot dilute the effect of the plaintiffs conduct between the period 23rd February, 1987 to 7th August, 2003.

(B) Further, this proposal was expressly rejected by the defendant's fax dated 9th June, 2005, where the defendant expressly stated that the question of the plaintiffs licencing it the use of the marks does not arise as the defendant was the proprietor of the said marks in India and had generated goodwill therein all on its own and solely at its expense over the last several years. The defendant, therefore, called upon the plaintiffs to forward a supply agreement for concentrates. This letter was not controverted by the plaintiffs.

80(A). Between the period 18th June, 2005 and 26th July, 2006,

the defendant obtained approvals to the labels from the Excise Departments. Curiously, the plaintiffs, by their advocate's three letters dated 21st June, 2005, withdrew the opposition proceedings filed by them in respect of the defendant's application for registration of the said marks. Subsequently, by three letters dated 29th September, 2005, the plaintiffs' advocate stated that the withdrawal of the opposition proceedings was on account of a communication gap between the plaintiffs and their attorneys and withdrew the letters dated 21st June, 2005 for withdrawal of the opposition proceedings.

(B). On 22nd January, 2007, the defendant addressed two letters to the Registrar of Trademarks stating that as the opposition to its application for registration of the marks had been withdrawn by the said letters dated 21st June, 2005, the Registrar ought to proceed with the defendant's application. Apparently, the defendant was not aware of the letters dated 29th September, 2005, addressed by the attorneys of plaintiff No.1 withdrawing the applications for withdrawal of the opposition.

(C). I would not consider the initial withdrawal of the opposition by

itself to be a factor against the plaintiffs at this stage although the advocates who addressed the letter have not explained why they did so. The defendant does not contend that the withdrawal was pursuant to an understanding between the parties.

81. Dr.Tulzapurkar relied upon an e-mail dated 24th August, 2006, in which the plaintiffs stated that they could not grant the defendant's request of selling the brands to the defendant but were willing to set up a new contract for licencing the same for India. The e-mail stated that the plaintiffs first priority was in selling its concentrates.

This e-mail was also in the course of negotiations between the parties. The letter cannot possibly be construed as the defendant's admission of the title to the marks vesting in the plaintiffs. It would be necessary for the Court to have the entire correspondence and facts before it even assuming that the same can be taken into consideration. It is not possible to decide the matter on stray letters and stray sentences therein out of context.

82. In the correspondence that ensued thereafter, drafts were exchanged with a view to settling the disputes between the parties in

favour of the defendant was complete Dr.Tulzapurkar's reliance upon some of the clauses in the drafts were in support of his contention that the plaintiffs had not abandoned their rights in respect of the said marks. Even assuming that these documents can be relied upon they would, at the highest, show an assertion by the plaintiffs of their title to the marks on the date of such letters/negotiations.

83. The crucial question, however, is the conduct of the plaintiffs between the period 23rd February, 1987 to 7th July, 2003. Any subsequent assertion of title would make no difference if it is found that during that period, the plaintiffs had abandoned and/or relinquished their right in respect of the marks to or in favour of the defendant or even otherwise or acquiesced in the defendants using the marks.

84. Ultimately, by a letter dated 11th June, 2008, the plaintiffs purported to terminate the agreements between the parties. This letter, however, also did not refer to the letters dated 23rd February, 1987. It is necessary only to note that the letter stated that between the years 1997 and 2002, the plaintiffs paid regular visits to the defendant in

India to revive the commercial relationship. In other words, the visits were not in connection with the implementation of the agreements between the parties, including to ensure quality control. Further, this letter also does not purport to terminate the agreement dated 23rd February, 1987. It further states that since 7th September, 2003, there had been no contractual relationship between the parties. It was not even suggested that the plaintiffs did anything in respect of or pursuant to the said agreements at least thereafter. The plaintiffs, *inter-alia*, called upon the defendant to cease and desist from using the plaintiffs know-how and recipe and the said marks.

85. The documents dated dated 23rd February, 1987, transferred or assigned the marks to the defendant. In other words, the transfer or assignment of the trademarks in favour of the defendant was complete upon the execution of the documents. The same was not dependent upon any further act or deed on the part of any of the parties. This is clear from the plain language of the documents dated 23rd February, 1987.

(A). In the first document dated 23rd February, 1987, the plaintiffs

stated “We herewith cede our brand names”.. This itself indicates the transfer or assignment to have taken place upon the execution of the document. The second paragraph of the letter makes this clearer. It provides that the brands “must go back to UTO (NED) B.V.” if the contingencies mentioned therein arose in future. The provision that the brands must go back predicates that they first went to the defendant.

(B). The second document dated 23rd February, 1987, also supports this view. The defendant’s obligations mentioned therein do not suggest the contrary. The defendant undertook the obligations as the letter itself states “in order to obtain in our possession the brand names.....”. The third, but last paragraph makes this clearer for it provides that if the defendant does not comply with the obligations, the first document dated 23rd February, 1987, ceding the brand names would become invalid immediately. This stipulation, therefore, also predicates that the brand names were in the first instance transferred or assigned to the defendant.

There are other provisions in this document which also support the view such as the defendants promise in clause 3 not to transfer the ownership of the Mansion House and Savoy Club labels to another

party. This stipulation presumes that there was a transfer of the ownership of the labels to the defendant for otherwise there would be no question of the defendant agreeing not to transfer the same to another party.

Further, clause 6 requires the defendant to “first give back the brand names” to UTO in the event of the defendant entering into a joint venture with another company which was a government body and it was no longer the majority shareholder. The question of giving back would arise only upon the brand names being first given to the defendant.

(C). The subsequent correspondence such as the letter dated 21st February, 1989, which provides that UTO will not take away the brands in the event of the defendant importing the stipulated quantity of concentrates also establishes that the brands were given to the defendant for otherwise the question of UTO taking away the same would not arise.

86. The question is whether, as contended by Dr.Tulzapurkar, the transfer or assignment affected by the documents dated 23rd February, 1987 ceased to have effect in view of the alleged breaches by the

defendant of its obligations thereunder.

87. There undoubtedly are certain missing links in the chain of correspondence on certain aspects. The evidence may supply the same. The record, as it stands, however indicates certain aspects between the period 23rd February, 1987 and 7th August, 2003 quite clearly. This period, to my mind, is crucial. What transpired after 7th August, 2003, as regards the stand taken by the plaintiffs is not as important for by then it had taken its position. Indeed, the learned Advocate General relied upon the subsequent facts also in support of his contentions, including as regards delay, acquiescence, waiver and abandonment. Even assuming he is the correct as regards the period post 7th August, 2003, to my mind it cannot improve the plaintiffs case in this regard in view of their conduct during the period 23rd February, 1987 to 7th August, 2003.

88. During these sixteen years, the plaintiffs proceeded on the basis that by the documents dated 23rd February, 1987, the trademarks had been transferred or assigned to the defendant. The plaintiffs knew at least from the year 1994 that the defendant had not purchased the

concentrates from them. I have disbelieved the case in paragraph 27 of the plaint regarding the defendant having represented that it was manufacturing the products sold under the said marks utilising the concentrates purchased from the plaintiffs as it had an adequate stock thereof. This is clear, *inter-alia*, from the plaintiffs advocate's letter dated 7th August, 2003. It was, therefore, clear to the plaintiffs that the defendant was manufacturing products sold under the said marks contrary to the terms and conditions of the arrangement contained in the document dated 7th July, 1983 as well as the documents dated 23rd February, 1987. The plaintiffs did nothing to prevent the defendant from doing so. Nor did the plaintiffs call upon the defendant to cease and desist doing so. The inference is that the plaintiffs did not do so as they had considered their having transferred or assigned the marks to the defendant. What is, however, more important is that their failure to do so indicates that they had abandoned their rights under the documents dated 23rd February, 1987, especially the right to have the defendant purchase the concentrates from them and to use the same in the products sold under the said marks. The reason for the plaintiffs not having even insisted upon their rights is immaterial. However, the fact that they did not enforce their rights or even insist upon the same

from 1994 to the year 2003 indicates a strong *prima facie* case in favour of the defendant that this was due to the plaintiffs having lost interest in the Indian market probably due to the economic scenario and the laws regarding prohibition in India or the enforcement thereof during that period. Whatever be the reasons, the fact is that the plaintiffs from the year 1994 to 2003 permitted the defendant to sell their products under the said marks without, in turn, insisting upon the defendant fulfilling the terms and conditions thereof in favour of the plaintiffs. The alleged breaches by the defendant of the documents dated 23rd February, 1987, were, therefore, waived by the plaintiffs.

89. Thus, even assuming that the defendant was guilty of a breach of its obligations under the document dated 23rd February, 1987, or the document dated 7th July, 1983, it would make no difference whatever. In fact, it is difficult to hold that the defendant was guilty for not having purchased the concentrates from the plaintiffs. Neither the documents dated 7th July, 1983, read with the document dated 21st October, 1987, nor the documents dated 23rd February, 1987, stipulated the price. The absence of the price being stipulated is another matter altogether. During the course of correspondence, there



appear to have been some negotiations regarding the price at which the concentrates were to be procured. Firstly, this correspondence was in the course of negotiations. Further, unless and until the price was determined, it is difficult to hold that the defendant had committed a breach of the terms and conditions of any of the documents as regards its obligations to purchase the concentrates. Even assuming that there was a breach on the part of the defendant in manufacturing and selling its products under the said marks without using the concentrates, the correspondence indicates quite clearly that the plaintiffs had abandoned their rights to have the same enforced and simultaneously permitted the defendant to use the trademarks on such products without any objection whatever, at least unto 7th August, 2003.

90. There is nothing to indicate that the plaintiffs waived their rights under the said documents only for a specific period. Nor is there anything to indicate that the plaintiffs had reserved their rights under the said documents in respect of the defendant's alleged breaches thereof.

91. The result of the plaintiffs' conduct during this crucial period is

that they permitted the defendant to develop an enormous goodwill and reputation in the business carried on under the said marks, at least for a period of about ten years from the date of the knowledge of the alleged breaches viz. the year 1994. During this period, the plaintiffs appear to have lost interest in enforcing their rights under any of the said documents, leading to at least a strong *prima facie* conclusion that they relinquished their rights qua the said marks unconditionally in favour of the defendant. They acquiesced in the defendant using the marks without any condition, including those stipulated in the said documents.

92. In view of this finding, it matters little whether the documents dated 23rd February, 1987, constituted a licence or a transfer or assignment of the said marks in favour of the defendant.

93. The fact that the marks remained registered in the plaintiffs name does not affect the submission that the plaintiffs had abandoned the marks or relinquished the same in favour of the defendant and that the plaintiffs had abandoned/waived their rights to enforce the defendant's obligations under the 23rd February, 1987, arrangement /



documents. The same may well indicate the contrary for despite being the registered proprietor of the marks, the plaintiffs did nothing to enforce the rights as proprietors for a considerably long period of time. Nor does the fact that the labels affixed on the bottles containing the defendant's products had endorsed on them "under technical advise of B.V. UTOMJI, Holland" establish the plaintiffs case in any respect. This is even assuming that any technical advice was rendered by the plaintiffs. The mere rendering of technical advise does not indicate an assertion of title to the marks.

94. It was contended that the defendant's conduct was dishonest as it had made an application for registration of the marks in its name in the year 1985 i.e. before the ceding arrangement of 23rd February, 1987. The defendant has, in its affidavit in reply contended that it was under a bona fide impression that in view of the 7th July, 1983, arrangement, it was entitled to do so. Let me presume that the conduct in this regard was not honest. In the facts of this case, I would not dilute the effect of the defences on that ground. The 23rd February, 1987 arrangement I have held as constituting a transfer or assignment of the trademarks by the plaintiffs to the defendant. The

defendant had made an application shortly before the 23rd February, 1987, arrangement for the registration of the trademarks in it's name. It must be remembered that the proceedings in the Dutch court were instituted in the year 1986. The arrangement contained in the documents dated 23rd February, 1987 were obviously discussed prior thereto. I am unable to say that the application for registration in the year 1986 was not in anticipation of the result of the proceedings initiated by the Scotch Whiskey Association.

95. In view of these facts, it is sufficient to refer to the judgment of the Supreme Court in *M/s.Power Control Appliance v. Sumeet Machines Pvt. Ltd.* (1994) 2 SCC 448. The Supreme Court held on facts that the appellant was disentitled to the equitable relief of injunction by reason of the unexplained delay and that the balance of convenience was also overwhelming in favour of the respondent. It was also held that under section 30(b), it is open to the defendant to show that he has been impliedly permitted to use the trade mark.

The facts of the present case establishes that the plaintiffs acquiesced in the defendant using the marks. The plaintiffs sat by

while the defendant did so and spent money on it. The defendant's conduct in the present case is also consistent with the claim of exclusive rights in the said marks. In the course of the correspondence, it stoutly denied the plaintiffs' claim to the said marks, asserted its rights in respect thereof and continued to use the marks as the proprietor thereof. Even in response to the letter of termination, the defendant contended that it was entitled to use the marks. The plaintiffs stood by knowingly and let the defendant build up an important trade. It is only thereafter, that the plaintiffs thought it necessary to adopt proceedings to crush the same. For a crucial period, the plaintiffs acquiescence virtually amounted to their consenting to the defendant's using the said marks. The plaintiffs do not state that they were ignorant of the fact that they had a rights in respect of such marks as well as the means to assert the same.

The present case therefore, falls squarely within the ratio of the judgment of the Supreme Court.

96. The judgment in *Habib Bank Ltd. v. Habib Bank AG Zurich* 1982 RPC 1, does not support the plaintiffs' case. The three crucial factors mentioned therein have prima-facie at least been established by the defendant. Firstly, even accepting the plaintiffs'

construction of the documents dated 23rd February,1987, I find that the defendant had been acting under the mistake as to its legal rights. Secondly, the facts establish that the plaintiffs' course of action indicated for a substantial period of time that the defendant was in fact the assignee of the marks. Lastly, it is clear that the defendant acted on that representation.

97. The judgment of the Supreme Court in *Hardie Trade Limited and another v. Addisons Paint and Chemicals Ltd.* 2003 (11) SCC 92 also does not support the plaintiffs' case even assuming that their construction of the documents dated 23rd February,1987 is correct. Even assuming that the plaintiffs had throughout been of the view that they had not transferred their title to the marks to the defendant, their conduct establishes that they abandoned their rights as the proprietors thereof albeit not absolute but at least in favour of the defendant. They never used the mark in India or assumed that they were the proprietors thereof or acted on the basis that the defendant had disintitiled itself to use the mark in view of its breaches of the agreements. They did nothing to restrain the defendant from using the marks leading the defendant thereby to develop an enormous business around the marks. It would therefore be unconscionable to grant an

injunction in their favour.

98. The judgment of a Division Bench of this Court in Schering Corporation and others v. Klitich Co. (Farma) Pvt. Ltd. does not support the plaintiffs' case. In that case the Division Bench found as a matter of fact that the plaintiffs had not slept over their rights for a number of years. The Division Bench also found that the defendant's use of the mark was not honest or genuine. As I have held earlier, the defendant's contention that the marks were transferred to it, cannot be said to be dishonest for it is, to say the least, a probable view that the documents dated 23rd February, 1987 transferred and assigned the marks to the defendant.

99. Even assuming that the marks reverted to the plaintiffs in the year 1994 on account of the defendant having committed a breach of the terms of the documents dated 23rd February, 1987, the plaintiffs must be held to have acquiesced in the defendant using the said marks thereby disentitling them to an injunction. It is not necessary therefore, to consider the Advocate General's submission that the reversion of such trade marks is ineffective, as it was not in writing or the

contention on the other hand that the second document dated 23rd February, 1987 constituted a reversion or reassignment of the marks by virtue of the terms thereof itself and that the reversion/reassignment was therefore in writing and accordingly complied with the provisions of section 2(b) of 1958 Act.

100. Dr. Tulzapurkar contended that due to the defendant's breach of the terms and conditions of the document dated 23rd February, 1987, the transfer of the marks to the defendant came to an end and that thereafter the defendant was only a licensee and that thereafter the use of the said mark by the defendant was only as a licensee. The submission is erroneous. This approach was adopted obviously as a preface of a detailed argument before me on the basis that the marks had been licenced by the plaintiffs to the defendant.

101. The mere use of a trade mark does not posit a licence by the proprietor to the user. The creation of a licence requires an offer by the proprietor to another to use the mark as a licensee and that other to accept the licence. A licence does not come into existence by merely the use of the trade mark. If it were so, actions for infringement and

passing off would not exist for the cause of action in a suit for infringement or passing off is the unauthorized use of a trade mark by the defendant.

102. Assuming that the marks reverted to the plaintiffs upon the defendant's breach of the documents dated 23rd February, 1987, it does not follow that the defendant's continued use thereof was as a license. In fact the defendant continued using the marks adverse to the plaintiffs' rights asserting that it was entitled to do so irrespective of the plaintiffs' consent. It is not the plaintiffs' case that upon the marks reverting to them, they created a fresh licence in the defendant's favour.

103. Considering the view that I have taken, it is not necessary to deal with Dr. Tulzapurkar's arguments on the assumption that the plaintiffs had created a licence in favour of the defendant and the effect of the termination thereof by the plaintiffs. A substantial part of the hearing in this notice of motion was based on the presumption that at all times or in any event at the material a licence was granted by the plaintiffs to the defendant to use the trade marks. Several

authorities were cited in this regard. I had the benefit of a detailed and well searched arguments on the effect and incidence of a licence of a trade mark and the termination thereof. I refrain from dealing with the same as, considering the view that I have taken, it would be an academic exercise.

104. This leaves for consideration the question of infringement of copyright.

105. The learned Advocate General stated that the defendant had discontinued presently and will not use the labels at Exhibits X-1 and X-3 till the hearing and final disposal of the suit. The statements are accepted.

106. Exhibit X-1 to the plaint is the defendant's label on bottles containing the whiskey manufactured and sold by it. There is no similarity between this label and the plaintiffs' label on similar products at Exhibit D-3 to the plaint. The literature, shape of the label and the entire get up of the labels are different. Prima-facie the mere depiction of the official residence of the Lord Mayer of the city of

London would not constitute an infringement of copyright. This device is used on the defendant's label in a manner different from the manner in which it is used on the plaintiffs' label.

107. This leaves for consideration at Exhibit X-4 to the plaint, which is the defendant's brandy label. The learned Advocate General made a statement that the defendant has discontinued the use of the Herman Jansen Logo. The statement is accepted. Pending the hearing and final disposal of the suit, the defendant shall not use the said logo on any of its products. No injunction is warranted as regards the rest of the label. The literature on the two labels is different. There is indeed some similarity in the manner in which the bunches of grapes are depicted. There is however, nothing unusual about depicting bunches of grapes in this manner. The device used by the defendant in this regard on the defendant's label however, does not appear to be an imitation. The adjustment, if necessary, even in this regard can be made at the hearing of the suit.

108. The Notice of Motion is therefore, dismissed but with no order as to costs. The statements made above by the learned Advocate General are however, accepted.