

* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

% **Date of Decision: 17th January, 2022.**

+ **CS(COMM) 31/2021 & I.As. 921/2021 (of plaintiff u/O XXXIX R- 1&2 CPC for injunction) & 923/2021 (of plaintiff u/O XI R- 1(4) CPC)**

H.S. SAHNI

..... Plaintiff

Through: Mr. Jayant Mehta, Sr. Adv. with Mr. Tejveer Bhatia, Mr. Rohan Swarup and Mr. P.D.V. Srikar, Advs.

Versus

MUKUL SINGHAL & ORS.

..... Defendants

Through: Mr. Saif Khan, Mr. Achuthan Sreekumar and Mr. Rohil Bansal, Advs.

CORAM:

HON'BLE MS. JUSTICE ASHA MENON

J U D G M E N T

[VIA VIDEO CONFERENCING]

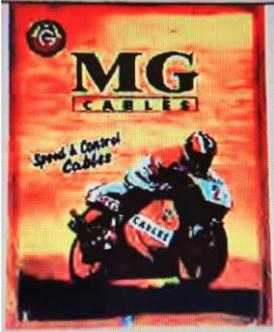
1. The suit has been filed by the plaintiff/Sh. H.S. Sahni as the sole proprietor of M/s M.K. Auto Sales Corporation, which is stated to manufacture and trade in a wide range of automobile fittings, control cables and spare parts and other allied goods, against the defendant No.1/Mukul Singhal and defendant No.2/Gaurav Singhal, who are partners of the defendant No.3/M/s M.G. Cables (India) and are stated to be brothers.

2. The plaintiff claims to have commenced his business in the year 1986 under the trade name of M/s M.K. Auto Sales Corporation. The plaintiff

applied for registration of his trademarks 'M.G.' and 'M.G.I.' stating 'user' since 1989, since the plaintiff's firm had obtained Sales Tax registration in that year. The trademarks 'M.G.' and 'M.G.I.' were registered on 7th July, 1998, though the 'user' was claimed from 1st April, 1989. Due to the hard work, efforts, investment and promotions, the public at large had begun to identify the trade marks 'M.G.' and 'M.G.I.' solely and exclusively with the goods and services of the plaintiff and his firm. The plaintiff claims to have adopted the mark 'M.G.' in honour of his mother, who was affectionately known as 'Mohinder G' and 'M.G.I.' was an extension of this trade mark.

3. According to the plaintiff, the defendants are manufacturing, marketing and selling identical products as that of the plaintiff, such as automobile components *inter alia* including clutch cables, control cables, front brake cable, rear brake cables, speedometer cables, seat lock cables etc., under the impugned trademark 'M.G. Cable' and trade name 'M.G. Cables (India)', which is nearly identical/deceptively similar to the marks of the plaintiff namely 'M.G.' and 'M.G.I.'.

4. It is also the case of the plaintiff that it was only in February, 2020 that the defendant No.3 initiated rectification proceedings against the plaintiff's trade mark application in respect of mark 'M.G.' in which the plaintiff had also filed his counter statement and the matter was pending adjudication before the Trademarks Registry. The plaintiff states that his trademark applications for registration of the mark/logo/device 'M.G.' and its variants are also pending before the Trademarks Registry. These word marks/logo/device are as under:

S. No.	Trade Mark	Application No.	Class	User claimed
1.	 MG (Device mark)	4166884	12	01.04.1989
2.	 MG CABLES WITH DEVICE MG	4173793	12	01.04.1989
3.	MG e.SMART (word)	4271797	12	01.04.1989

5. The plaintiff has also claimed copyright registration in the trade dress/logo/device/artistic work bearing registration number A-132145/2019, as reproduced herein below:



and the other trade dress/packaging claimed to be used by the plaintiff are reproduced herein as under:



It is stated that the same was originally created by and for the plaintiff and in terms of Section 17 of the Copyright Act, 1957, he was the first owner of the copyright in the original artistic work of the unique graphical depiction and has been in continuous use of the said artistic work since 1989 for his products.

6. The plaintiff seeks protection from infringement of these trademarks, trade dress, in Class 12 of the Trade Marks Act, 1999 and as the registration obtained by the defendants is in Class 6, he has sought injunction restraining infringement of trademark, passing off, acts of unfair competition, dilution, rendition of accounts and damages etc. By means of the interim application, injunctions restraining the defendants from using the impugned trade mark 'M.G. Cable' and trade name 'M.G. Cables (India)' or any other mark or trade name, nearly identical/deceptively similar to the plaintiff's trademark 'M.G.' and 'M.G.I.' in any products or services, especially identical products as that of the plaintiff, including the packaging, have been sought, pending disposal of the suit.

7. Mr. Jayant Mehta, learned senior counsel for the plaintiff has submitted that the defendants, by using the mark 'M.G. Cable' and adopting 'M.G. Cables (India)' were infringing the plaintiff's registered and prior trademarks as these were identical and deceptively similar to the plaintiff's registered marks 'M.G.' and 'M.G.I.'. Further, the trade name and the impugned marks used by the defendants were visually, phonetically and structurally, nearly identical to the marks of the plaintiff. It was submitted that the placement of 'M' and 'G' had been deliberately copied by the defendants and the word 'Cable', was a generic word describing the goods i.e., auto control cable in which the defendants carried on their business. Thus, the generic word was to be ignored thereby revealing the exact identity in the two marks.

8. It was submitted that it was only in March, 2019, that the plaintiff had learnt about the adoption of 'M.G. Cable' and 'M.G. Cables (India)' in

respect of identical goods and business by the defendants, when he saw the products of the defendants being sold/made available for sale at Bagga Auto Spares and at other shops in the area. The plaintiff sent a legal notice dated 2nd April, 2019 calling upon the defendants to cease and desist. This resulted in the plaintiff being sued by the defendants. One suit being CS No. 115/2019 was filed by the defendants for an injunction against “groundless threats” but the same was dismissed for non-prosecution. Thereafter, a second suit being TM No. 146/2019 was filed by the defendants seeking a restraint on the plaintiff alleging that there was copyright violation of the trade dress of the defendants. The learned Trial Court vide order dated 2nd September, 2019, restrained the plaintiff from using the trade dress ‘M.G. Cable’ of the defendants but declined to grant injunction against use of its trademark by the plaintiff. Appeals being FAO 493/2019 and FAO 22/2020 against the said order were preferred by both the sides and are presently pending before a Division Bench of this court.

9. The learned senior counsel referred to documents and invoices to submit that since 1989 onwards, the plaintiff had been in the field uninterruptedly and had built its goodwill and reputation even before the defendants had come into existence. The defendants had tried to set up a claim that initially the mark used was ‘YEMGI’ since the year 1988, which subsequently became ‘M.G. Cables (India)’ when the defendants No.1 and 2 were inducted into business and their father, Sh. Daya Shankar Singhal took a back seat. However, the learned senior counsel submitted that this was a completely false statement as ‘YEMGI Cable’ was still in existence.

10. It was further submitted that the present suit was maintainable as the

plaintiff had a right to protect his interest in the registered trademarks 'M.G.' and 'M.G.I.'. A 32 years' old standing could not be reduced to nothing because of dishonest use by the defendants of a deceptively similar trademark and trade dress. It is further pointed out that the defendants had registered their mark in Class 6 (relating to Common metals and their alloys; metal building materials) despite which the defendants were attempting dishonestly to produce and market their goods in Class 12 using the trademarks that were deceptively similar to those registered in the name of the plaintiff in that class.

11. With regard to the delay in filing the suit, relying on the judgments in *Midas Hygiene Industries P. Ltd. and Ors. Vs. Sudhir Bhatia and Ors.* (2004) 3 SCC 90 and *Hindustan Pencils Private Limited Vs. India Stationary Products Co.*, 1989 SCC OnLine Del 34, it was submitted that delay was not a factor to defeat the rights of a proprietor of a registered trademark.

12. Mr. Saif Khan, learned counsel for the defendants, on the other hand submitted that the present suit was barred and not maintainable and was liable to be stayed, inasmuch as the prior suit filed by the defendants related to the same issue, in which certain directions had been issued by the learned Trial Court and against which appeals were pending before this court. It is also the contention of the learned counsel for the defendants that though, admittedly, the trademark of the plaintiff has been registered in respect of goods in Class 12 and the defendants had sought registration in Class 6, in actual fact, both were producing goods that were covered in Class 7 (relating to Machines and machine tools; motors and engines (except for land

vehicles); machine coupling and transmission components (except for land vehicles); agricultural implements other than hand-operated; incubators for eggs). This situation was on account of overlap in the Classification. It is submitted that the question would then be as to who was the prior user. That would be decided in the suit already filed by the defendants.

13. It was submitted that the plaint in the present case is exactly the same as the defence taken by the present plaintiff in his written statement filed in TM No. 146/2019. The parties as well as the pleadings are the same. It is further submitted by the learned counsel for the defendants that in that suit, the present defendants had sought an injunction against the plaintiff from using the trade mark 'M.G.' and the trade dress in which the present defendants had a copyright. Injunction had been issued restraining the plaintiff from using the deceptively similar trade dress. Now, in the appeal filed by the plaintiff and which is pending before the Division Bench of this court, one of the prayers sought is a restraint on the defendants from using the trademarks 'M.G.' and 'M.G.I.'. Thus, the subject matter was now before the Division Bench and this court ought not to proceed further in the matter.

14. It was further argued that to say that the suit of the defendants was in respect of goods in Class 6 was incorrect as the challenge to that claim by the plaintiff was not limited to goods in that class only. The defendants in their suit had also sought protection against the plaintiff passing off their goods as both the parties were using their trademarks in respect of products in Class 7. In these circumstances, if the Division Bench of this court was to hold in favour of the plaintiff, the reliefs sought in the present case would

become available to it, whereas if the appeal of the defendants against the orders of the learned Trial Court in their suit was upheld, then the present suit would have no meaning.

15. It was further argued that the plaintiff has suppressed material facts, as in the plaint, while referring to their trade dress, the plaintiff has not disclosed that in respect of the said trade dress, the defendants have a registered copyright. It is the plaintiff who had picked up and copied the trade dress of the defendants and not vice-versa. Even the logo has been copied blatantly in the left top corner of the trade dress. The plaintiff had sought to get cancellation of the registration of the defendants' trademarks but was unsuccessful.

16. With regard to the plea of prior use, the learned counsel for the defendants submitted that no document placed on record by the plaintiff reflected long and continuous use. Even the application for registration of the device mark was filed only on 11th May, 2019, though use was claimed from 1st April, 1989. It is alleged that the plaintiff was a habitual infringer as evidenced by his invoices. The learned counsel has pointed out that in these documents/invoices, there is no mention of 'M.G./M.G.I.' but of 'RONAK', 'AUTOMAX', 'DATSUN' etc. which were other well-known trademarks. It is also submitted that in actual fact, the plaintiff was only a squatter and was not doing any business under the name of 'M.G.'. Had it not been so, in the invoice, the plaintiff would have advertised his own products and not used words to the effect "Always Insist Original Datson Control Cables".

17. It was further submitted that since no products of the plaintiff were

available in the market, it was only when the defendants received the legal notice of the plaintiff that the defendants came to know of the existence of the plaintiff and therefore filed the suit without delay. The learned counsel for the defendants submitted that no interim relief can be granted to the plaintiff and in any case, the present suit had to be stayed under Section 10 of the Code of Civil Procedure, 1908 (CPC). The learned counsel has relied on the judgment of this court in *Mohan Chand Ahliwal Vs. Rakesh Garg & Anr.* 2001 SCC OnLine Del 872.

18. In rejoinder, the learned senior counsel for the plaintiff submitted that the present suit was not barred by the previous litigation. The claim of the defendants that defendant No.3 was the successor to 'YEMGI Industries' is not established from the record of the defendants as in their accounts and GST returns, the entity 'YEMGI Industries' was still subsisting apart from defendant No.3, and it was also shown as a creditor of the defendant No.3. Relying on the decision in *Indian Bank Vs. Maharashtra State Cooperative Marketing Federation Ltd.* (1998) 5 SCC 69, the learned senior counsel for the plaintiff submitted that assuming Section 10 CPC was attracted, even then this court had the discretion to grant injunction. The learned senior counsel submitted that since, in the suit filed by the defendants, as the plaintiff would be unable to obtain any protection against infringement of his trademark in Class 12, therefore it had become necessary for the plaintiff to file the instant suit to protect his interest in respect of the registration in Class 12. The learned senior counsel for the plaintiff submitted that in *Aspi Jal & Anr. Vs. Khushroo Rustom Dadyburjor* (2013) 4 SCC 333, the Supreme Court had recognized that there could be multiple suits between the

same parties in respect of the same property on different causes of action and separate suits praying for almost similar relief were maintainable.

19. I have heard the submissions of both the counsel and have considered the material on record and the cited judgments. The primary question to be determined is, whether the suit is liable to be stayed under Section 10 of the CPC. Section 10 of the CPC reads as under:

*“10. Stay of suit.—No Court shall proceed with the trial of any suit in which the matter in issue is also directly and substantially in issue in a previously instituted suit between the same parties, or between parties under whom they or any of them claim litigating under the same title where such suit is pending in the same or any other Court in [India] have jurisdiction to grant the relief claimed, or in any Court beyond the limits of [India] established or continued by [the Central Government***] and having like jurisdiction, or before [the Supreme Court].*

Explanation.—The pendency of a suit in a foreign Court does not preclude the Courts in [India] from trying a suit founded on the same cause of action.”

20. Even in *Aspi Jal* (supra), which is relied upon by the learned senior counsel for the plaintiff, the Supreme Court has reiterated that the use of the negative expression in Section 10 CPC makes the provision mandatory and the court in which the subsequent suit has been filed is prohibited from proceeding with the trial of that suit. It was reaffirmed that the basic purpose and the underlying object of Section 10 of the Code is to prevent the courts of concurrent jurisdiction from simultaneously entertaining and adjudicating upon two parallel litigations in respect of same cause of action, same subject matter and the same relief. The objective is also to avoid the possibility of contradictory verdicts by two courts in respect of the same

relief and is aimed to protect the defendant from multiplicity of proceedings.

21. The fundamental test that is to be applied to determine whether Section 10 was applicable or not, is to see whether on the final decision being reached in the first suit, such decision would operate as *res-judicata* in the subsequent suit. Where there was “identity of matter” in both the suits i.e., the whole of the subject matter in both the proceedings were identical, even if further reliefs were claimed in the subsequent suit, it would be immaterial and the second suit would necessarily have to be stayed.

22. The identity of subject matter would be a question of fact to be gathered from the pleadings of the two suits. It would be appropriate therefore to consider the prayers in the two suits in a little detail at this juncture. In the present suit, the plaintiff has made the following prayers:

- a) *Pass a decree of permanent injunction restraining the Defendants its partners, its directors, licensees, servants, agents, franchisees, dealers, distributors, or any one acting for and on their behalf in any manner from using the impugned trademark ‘M.G. Cable’ and Trade name ‘M.G. Cables (India)’ or any other mark or trade name, nearly identical/deceptively similar to the Plaintiff trade mark ‘M.G.’ and ‘M.G.I.’ in any products or services, especially identical products as that of the Plaintiff, or any other form whatsoever including the packaging, so as to result in violation of Plaintiff statutory rights thereby resulting in infringement of Plaintiff’s registered trade marks ‘MG’ and ‘MGI’;*
- b) *Pass a decree of permanent injunction restraining the Defendants its partners, its directors, licensees, servants, agents, franchisees, dealers, distributors, or any one acting for and on their behalf in any manner from using the impugned trademark ‘M.G. Cable’ and trade name ‘M.G. Cables (India)’ or any other mark or trade name,*

nearly identical/deceptively similar to the Plaintiff trade mark 'M.G.' and 'M.G.I.' in any products or services, especially identical products as that of the Plaintiff, or in any other form whatsoever including the packaging, so as to result in passing off, acts of unfair competition, dilution of the rights of the Plaintiff;

- c) Pass an order directing the Defendants to withdraw/cancel/surrender its trademark applications/registrations bearing the infringing mark M.G. Cable and/or any other mark/logo, nearly identical/deceptively similar to the Plaintiff registered trademark 'M.G.' and 'M.G.I.';*
- d) Pass a decree of delivery up of all the impugned products, including packaging, brochures, pamphlets, price list and any other material bearing impugned mark 'M.G. Cable' and trade name 'M.G. Cable (India)' and/or any other mark/logo, nearly identical/deceptively similar to the Plaintiff registered trademark 'M.G.' and 'M.G.I.' for the purpose of destruction and erasure;*
- e) Pass an order directing the Defendants to recall all stocks, packaging and/or any promotional material, including brochures, price-lists, pamphlets etc. bearing the impugned mark 'M.G. Cable' or any other mark/trade name nearly identical/similar to that of the Plaintiff, from all its dealers/distributors/sellers etc.*
- f) Pass a decree of rendition of accounts/decree of damages in favour of the Plaintiff on the profits that Defendants have earned and as may be disclosed by the Defendants. The Plaintiff undertakes to file additional court fee, if on appropriate rendition of accounts by the Defendants, a higher amount is found to be due and is directed by this Hon'ble Court;*
- g) Costs of the suit be awarded;*
- h) Any such further order as this Court may deem fit and appropriate in the present facts and circumstances of the present case be passed in favour of the Plaintiff and*

against the defendants.” (emphasis added)

23. In TM No.146/2019 filed by the defendants against the plaintiff before the learned ADJ, the following prayers have been made:

- a) *An order for permanent injunction restraining the Defendant, its associates, servants and agents, sister concerns, distributors, wholesalers, retailers and all others acting on its behalf from using the trademark “M.G. Cable” and/or any other mark deceptively and confusingly similar to the Plaintiffs’ registered trade mark “M.G. Cable” for control cables or any other kind of cables, amounting to infringement of Plaintiffs’ registered trademark;*
- b) *An order for mandatory injunction restraining the Defendant, its associates, servants and agents, sister concerns, distributors, wholesalers, retailers and all others acting on its behalf from using the trademark “M.G. Cable” and/or any other mark deceptively and confusingly similar to the Plaintiffs’ registered trademark “M.G. Cable” for control cables or any other kind of cables, amounting to infringement of Plaintiffs’ registered trademark;*
- c) *An order for permanent injunction restraining the Defendant, its associates, servants and agents, sister concerns, distributors, wholesalers, retailers and all others acting on its behalf from using the artistic work vested in trade dress “M.G. Cables” and/or any other mark deceptively and confusingly similar to the Plaintiffs’ copyright vested in registered trade dress “M.G. Cables” for control cables or any other kind of cables, amounting to infringement of Plaintiffs’ registered copyright;*
- d) *An order for mandatory injunction restraining the Defendant, its associates, servants and agents, sister concerns, distributors, wholesalers, retailers and all others acting on its behalf from using the artistic work*

vested in trade dress “M.G. Cables” and/or any other mark deceptively and confusingly similar to the Plaintiffs’ copyright vested in registered trade dress “M.G. Cables” for control cables or any other kind of cables, amounting to infringement of Plaintiffs’ registered copyright;

- e) *Grant a Decree for permanent injunction thereby restraining the Defendant, its associates, servants and agents, sister concerns, distributors, wholesalers, retailers and all others acting on its behalf from using the trade mark and artistic work vesting in trade dress “M.G. Cables” and/or any other mark deceptively and confusingly similar to the Plaintiffs’ registered trade mark and copyright vested in registered trade dress “M.G. Cables” or in any form and manner thereby passing off its product as that of the Plaintiffs;*
- f) *Grant a Decree for mandatory injunction thereby restraining the Defendant, its associates, servants and agents, sister concerns, distributors, wholesalers, retailers and all others acting on its behalf from using the trade mark and copyright vesting in registered trade dress “M.G. Cables” and/or any other mark deceptively and confusingly similar to the Plaintiffs’ registered trademark and copyright vested in registered trade dress “M.G. Cables” or in any form and manner thereby passing off its products as that of the Plaintiffs;*
- g) *Grant and ex-parte ad-interim injunction restraining the Defendant, its associates and agents, officers, employees, franchisee, representatives and assigns from using the trade mark and copyright vesting in registered trade dress “M.G. Cables” or any other deceptively or confusingly similar mark thereby infringing Plaintiffs’ registered trademark and copyright “M.G. Cables” and passing off its products as that of the Plaintiffs’;*
- h) *Grant an order of rendition of accounts of profits earned by the Defendant by the use of the impugned trademark and copyright;*

- i) *For an order to provide a complete discovery of any and all documents and information relating to any and all transaction concerning the infringement of the copyright of the Plaintiff and preserve all documents and other evidence in their possession relating to the subject matter of the instant suit;*
- j) *Grant an order of appointment of Local Commissioner under Order XXVI Rule 9 of Civil Procedure Code, 1908, at an appropriate stage, directing the Local Commissioner to search and to inspect the premises of the Defendant and seize all infringing products bearing the trademark and copyright vested in registered trade dress M.G. Cables;*
- k) *An order for costs in the present proceedings;*
- l) *Pass a decree of punitive damages against the Defendant;*
- m) *Pass an order thereby granting damages for a sum of Rs.5,00,000/- to the Plaintiffs for damage of Plaintiffs' goodwill and reputation;*
- n) *Pass any other and further relief which this Hon'ble court may deem fit and proper in the circumstances of the case may be passed in favor of the plaintiffs and against the present Defendant.” (emphasis added)*

24. The prayers reflect that both sides claim a right to use their respective trademark alleging that the other side was using a deceptively similar trademark. Both claim a right to the artistic work/trade dress. In the written statement filed by the present plaintiff, the pleas that have been taken in the present suit in respect of the trademarks 'M.G.' and 'M.G.I.' and the trade dress and label have been stated. As in the instant suit, in the written statement filed in TM No.146/2019, it was also claimed that it was the plaintiffs in that suit (defendants here) who had deceptively adopted the trademarks and trade dress of 'M.G.' and 'M.G.I.' that belonged to the

plaintiff. In paragraph 16 of the written statement in that suit, the present plaintiff has pleaded as under:

“16. It was evident that plaintiff by its impugned adoption and user of the impugned Trademark/label M.G. and trade name M.G. cables (India) is violating the defendant’s aforesaid Trade mark/label/trade dress M.G. and trade mark M.G.I. and thereby-

- (a) Infringing the defendant’s registered trademarks as elaborated hereinabove.*
- (b) Infringing the defendant’s Copyright.*
- (c) Passing off and enabling others to pass off their goods and business as that of the defendant.*
- (d) Violating the defendant’s common law rights in the defendant’s said Trade mark/label/trade dress M.G. and trade mark M.G.I. including by any of dilution thereof; and*
- (e) Falsification, unfair and unethical trade practices.”*

Reference has also been made to the legal notice dated 2nd April, 2019 to cease and desist. That is also relied upon in the present suit. Prior use has also been asserted in the said written statement.

25. It is thus very clear that the subject matter in the first suit and in this suit is exactly the same. In that case, as in this, the rival claims to use of ‘M.G. Cables’, ‘M.G. Cables (India)’ or ‘M.G’, ‘M.G.I.’, will have to be determined on the same evidence to be led by both parties. The issue would be who has exclusive rights and who is using a deceptively similar mark or trade dress. It is beyond the shadow of doubt, that the subject matter of both the suits is identical. The concurrent trials will lead not only to the multiplicity of litigation but also to the possibility of contrary decisions,

where in one suit, one party is allowed to use its trademarks and in the second suit, the same party is enjoined from using the same.

26. As to the contention of the plaintiff that he cannot seek protection of his rights qua goods in Class 12, there is no force in the same, as that right claimed will have to be considered in the prior suit to decide whether or not to grant relief to the defendants. A Counter-Claim could also have been preferred.

27. In view of the settled law in relation to the applicability of Section 10 of the CPC, there is no doubt that this suit has to be stayed.

28. Reverting to the submission of the learned senior counsel for the plaintiff that irrespective of the applicability of Section 10 of the CPC, an interim injunction should be issued, it may be first noted that the decision in *Indian Bank* (supra) was in respect of the interpretation of the expression “trial of any suit” used in Section 10 CPC, as to whether it should be interpreted narrowly or not. Even if it be, that the court has the discretion to issue an injunction while staying the suit, this Court is not inclined to go that way, as the learned ADJ in TM No.146/2019 has already passed interim orders against which both parties, namely, the present plaintiff and the defendants have preferred appeals, which appeals are pending before the Division Bench of this court.

29. The proceedings in the suit are accordingly stayed.

30. The judgment be uploaded on the website forthwith.

(ASHA MENON)
JUDGE

JANUARY 17, 2022

‘bs’