



Sharayu Khot & Kavita Jadhav

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

NOTICE OF MOTION NO. 1287 OF 2010
IN
COUNTER CLAIM NO. 6 OF 2010
IN
COMMERCIAL IPR SUIT NO. 2 OF 2009
WITH
INTERIM APPLICATION (L) NO. 16999 OF 2023

Tilaknagar Industries Ltd.

...Plaintiff
(Org. Defendant)

Versus

- 1 Herman Jansen Beverages Nederland B.V.
& Ors.
- 2 Distilleerderij en Likeurstokerij Herman
Jansen B.V.
- 3 Allied Blenders and Distillers Private
Limited
- 4 UTO Asia Pte.Ltd.

...Defendants
(Org. Plaintiffs)

Mr. Ravindra Kadam, Senior Counsel, Mr. Venktesh Dhond, Senior Counsel a/w Mr. H.W. Kane, Mr. Rohan Kadam, Mr. Manvendra Kane, Mr. Ashutosh Kane, Ms. Vedangi Soman and Mr. Ishaan K. Paranjape i/by Mr. H.W. Kane for Applicant in NMS/1287/2010 and Original Plaintiff in CC.

Mr. Darius Khambata, Senior Counsel a/w Mr. Karl Tamboly, Mr. Priyank Kapadia a/w Ms. Yashvi Panchal i/b Yashvi Panchal for the Applicant in IAL/16999/23 and Original Defendant No. 3 in CC.

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Ms. L.M. Jenkins i/by LMJ Law Practice for the Plaintiff Nos. 1, 2 and 4 in Suit and for the Defendant Nos. 1, 2 and 4 in CC.

CORAM : R.I. CHAGLA J

Reserved on : 26 September 2024

Pronounced on : 07 February 2025

ORDER :

1. Notice of Motion No. 1287 of 2010 has been filed by the Counter Claimant – Tilaknagar Industries Ltd. (for convenience referred to as “**Tilaknagar**”) seeking an injunction restraining the Defendants to the Counter Claim from manufacturing and/or bottling and/or marketing and/or trading in and/or otherwise dealing in the alcoholic products and like goods bearing the trademarks MANSION HOUSE and/or SAVOY CLUB or any other trademark deceptively similar to the Tilaknagar’s well known trademarks MANSION HOUSE and SAVOY CLUB so as to commit the tort of passing off.

2. Interim Application (L) No. 16999 of 2023 has been taken out by the Applicant - Allied Blenders and Distillers Private Limited (for convenience referred to as “**ABD**”) who is Defendant No.3 to the Counter Claim for leave to introduce products in the

State of West Bengal under the trade mark MANSION HOUSE into the market in terms of label registrations secured by ABD in the State of West Bengal.

3. The above Notice of Motion and Interim Application have been heard together and are being collectively disposed of.

4. A brief background of facts is necessary :-

(i) Since 1983, Tilaknagar has been manufacturing, marketing and selling whisky, gin and brandy under the MANSION HOUSE and SAVOY CLUB trademarks in India. It is claimed by Tilaknagar that its use in India has been open, exclusive, uninterrupted and continuous and that the general public in India associates MANSION HOUSE and SAVOY CLUB with Tilaknagar alone.

(ii) From April 1983 to May 1983, Tilaknagar, who was carried out the business of manufacturing and marketing alcoholic beverages, such as Brandy, Whisky and Indian made foreign liquor, decided to manufacture and market Whisky, Brandy and Gin under the trademark MANSION HOUSE. Tilaknagar applied to the Commissioner of Prohibition and Excise, Maharashtra State, Bombay for

approval of the “MANSION HOUSE labels. These approvals were granted.

- (iii) On 5th April 1983, the Defendant No. 1 had applied for trademark registration of the word “MANSION HOUSE under the TM No. 403783 in Class 33 for Alcoholic Beverages. It is pertinent to note that the mark was granted registration only on 3rd December 2004.
- (iv) Under a writing dated 7th July 1983, Tilaknagar agreed to procure whisky concentrates from the Defendant Nos. 1 and 2 (inter-changeably collectively referred to as “UTO”) for producing and selling whisky, brandy, gin and rum. Under this writing/agreement, HJ *inter alia* agreed that Tilaknagar had the exclusive and irrevocable rights to the use of MANSION HOUSE and SAVOY CLUB for marketing and selling whisky, brandy, gin and rum. Tilaknagar thereafter, began manufacturing and selling its alcohol beverages under the MANSION HOUSE and SAVOY CLUB trademarks.
- (v) In 1986, disputes arose between the Scotch Whisky Association and the UTO. The Scotch Whisky Association was aggrieved with UTO indicating its products as Scotch Whisky whilst not meeting the standards set by the Association. Accordingly, Scotch Whisky Association filed an action against UTO in the Rotterdam District Court

for restraining UTO from indicating its products as Scotch Whisky.

- (viii) On 23rd February 1987, the Rotterdam District Court pronounced its Judgment on the action brought by the Scotch Whisky Association. The Court opined that there was a real likelihood of confusion and danger to the public, who may be deceived into believing that they were purchasing real Scotch Whisky. In those proceedings, UTO took a stand that they had no control over Tilaknagar qua the products manufactured and sold under the said Marks. The Court rejected this contention.
- (ix) The Rotterdam District Court passed the judgment in Summary proceedings by which it inter alia restrained the Defendant Nos. 1, 2 and 3 therein from using the mark MANSION HOUSE for Scotch Whiskey Association or allowing such use for whisky which is not pure Scotch whisky. This included use of the mark MANSION HOUSE in India and Indonesia and the Defendant Nos. 1, 2 and 3 therein were restrained from direct or indirect supply of whisky and raw materials, labels and packaging materials therefrom as well as from licensing or continuation of licensing the use of trademarks and trade-names for whisky as scotch whisky.
- (x) UTO executed a letter dated 23rd February 1987 under

which it ceded the trademarks MANSION HOUSE and SAVOY CLUB to Tilaknagar. The letter further mentioned that the aforementioned brands must go back to UTO, if due to Dutch, Indian or International Law, UTO can no longer supply the concentrates to Tilaknagar to which Tilaknagar agreed.

- (xii) Tilaknagar executed a second letter dated 27th February 1987 in favour of UTO (which was countersigned by it). This letter commence with the words “In order to obtain in our possession the brand names ‘MANSION HOUSE’ and ‘SAVOY CLUB’ in India it is understood that we.....”. There are various promises made by Tilaknagar contained in Item Nos. 1 to 8 of the said letter and under Item No. 8, it is mentioned that “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”. The agreement was declared to be absolutely binding to both the parties and goes into effect on 23rd February 1987.
- (xiii) Tilaknagar addressed a Telex to UTO on 9th February 1989 requesting it to issue a No Objection Certificate to its application for trademark registration of MANSION HOUSE ,in view of the agreement dated 23rd February 1987.

- (xiv) UTO issued a letter dated 21st February 1989 to amend the 2nd letter of 23rd February 1987. This letter was not acted upon and given a go by to.
- (xv) Tilaknagar in the year 1992-93 developed its own concentrate to use in its MANSION HOUSE and SAVOY CLUB beverages. Thereafter, it began to manufacture beverages by using its own concentrate.
- (xvi) Tilaknagar applied for and obtained trademark registration of MANSION HOUSE Labels in Class 33 and under Registration Nos. 612191, 612192, 612193 and 632558 on 22nd November 1993.
- (xvii) Tilaknagar applied for trademark registration of its SAVOY CLUB labels in Class 33 under Registration Nos. 620650, 620651, 620652, 620653 and 620655 all in Class 33 on 28th February 1994. The said trademark Application Nos. 620650, 620651, 620652 have since proceeded to registration.
- (xviii) In the year 1997, there was a change in the ownership and company structure of the UTO Group of Companies.
- (xix) A letter dated 21st October 1997 was signed by UTO and Tilaknagar, which recorded an agreement to procure

concentrates from UTO. It is Tilaknagar's case that this letter was signed by the parties due to a mutual mistake of overlooking the 1987 agreements. In any event, this agreement was not implemented.

- (xx) Tilaknagar and UTO engaged in negotiations and/or discussions for purchase of concentrates under the 1997 letter. They exchanged proposals and counter proposals marked "without prejudice". It is Tilaknagar's case that both the parties acted on a mutual mistake of overlooking the 1987 Agreements.
- (xxi) UTO through its Advocates wrote a letter dated 7th August 2003 to Tilaknagar *inter alia* alleging that unless an acceptable compromise was arrived at, it would terminate the 1997 Letter.
- (xxii) In reply to this letter, the Tilaknagar's Advocates vide letter dated 20th December 2003 *inter alia* stated that UTO had abandoned the mark in India and that Tilaknagar was the proprietor of the MANSION HOUSE and SAVOY CLUB marks.
- (xxiii) Between 2004 to 2005 various discussions and negotiations took place between parties for resolving their disputes and for supply of concentrates.

- (xxiv) UTO issued a communication dated 18th May 2005 to Tilaknagar via fax regarding a visit to discuss UTO's cooperation. UTO also shared a draft Supply and Trademark License Agreement which purported to license MANSION HOUSE to Tilaknagar.
- (xxv) On 9th June 2005, Tilaknagar wrote to UTO expressing its views on the draft Agreement.
- (xxvi) Between 2006 – 2008, further discussions took place between the parties to settle their *inter-se* disputes.
- (xxvii) On 3rd January 2008, UTO addressed an email to Tilaknagar by which it forwarded a draft supply and license agreement and a trademark and assignment agreement to Tilaknagar. Under the Trademark and Assignment Agreement, it proposed that Tilaknagar assigned its rights in MANSION HOUSE and SAVOY CLUB to UTO.
- (xxviii) In response, Tilaknagar on 11th January 2008 commented that these draft agreements were not in tandem with the earlier business discussion agreements. Tilaknagar expressed its desire to commencing a mutually agreeable and profitable business relationship with UTO.

- (xxix) UTO issued a cease and desist notice dated 11th June 2008 purporting to terminate the 1983 and 1997 Agreements.
- (xxx) Tilaknagar's Advocates issued a Reply on 20th June 2008.
- (xxxi) UTO filed Suit No. 6329 of 2009 against Tilaknagar for copyright infringement of UTO's labels, passing off by use of the MANSION HOUSE and SAVOY CLUB marks and passing off by use of the labels by Tilaknagar.
- (xxxiii) UTO took out Notice of Motion No. 993 of 2009 for interim reliefs restraining Tilaknagar from passing off and committing copyright infringement.
- (xxxiii) Tilaknagar filed Suit No. 578 of 2009 on 9th October 2009 before the Civil Court in Hyderabad against UTO complaining of their correspondence to various excise authorities seeking restraints on Tilaknagar's use of its labels. The Suit was unconditionally withdrawn in 2014.
- (xxxiv) Tilaknagar filed its Written Statement and Counterclaim in UTO's Suit on 15th April 2010.
- (xxxv) Tilaknagar also filed the present Notice of Motion No.

1287 of 2010 for restraining UTO from passing off under the MANSION HOUSE and SAVOY CLUB marks.

(xxxvi) UTO's Notice of Motion No. 993 of 2009 was dismissed vide judgment and order dated 22nd December 2011.

(xxxvii) UTO filed Appeal No. 66 of 2012 in February 2012 against the learned Single Judge's Judgment dated 22nd December 2011, which had dismissed UTO's Notice of Motion. The Appeal was admitted but there was no stay of operation of the Judgment dated 22nd December, 2011.

(xxxviii) Tilaknagar filed its Cross-Objections in the Appeal in April 2012.

(xxxix) Tilaknagar learnt from newspapers that UTO had purported to transfer 50% of its right, title and interest in the MANSION HOUSE AND SAVOY CLUB marks to ABD in August 2014.

(xl) On 21st August 2014, UTO executed two assignment deeds. Under the first Deed, it is assigned 50% of its 'rights' in MANSION HOUSE and SAVOY CLUB to ABD and under the second Deed, it assigned the balance 50% to UTO Asia who in turn has licenced the same to ABD.

(xli) By order dated 10th September 2014, this Court restrained the UTO, ABD and UTO Asia from introducing any products under the MANSION HOUSE and SAVOY CLUB Marks without leave of the Court. This Court observed that ABD would apply for excise approvals at its own peril. The parties were directed to complete pleadings in Tilaknagar's Notice of Motion for hearing of the same.

(xlii) UTO and ABD consented to continuing the 10th September 2014 order and which consent is recorded in the subsequent order dated 14th November 2014 till the final hearing and disposal of the present Notice of Motion filed by Tilaknagar.

(xliii) The present Interim Application (L) No. 16999 of 2023 was filed by ABD in the Counter Claim No. 6 of 2010 of Tilaknagar on 20th June 2023.

5. Mr. Ravindra Kadam, the learned Senior Counsel for the Plaintiff in the counter claim i.e. Tilaknagar has submitted that in the aforementioned factual scenario, it is necessary to note that for over 40 years only Tilaknagar has marketed and sold alcoholic beverages under the MANSION HOUSE and SAVOY CLUB trademarks in India. UTO has never sold goods under the MANSION HOUSE and SAVOY

CLUB trademarks in India. It is only now that ABD, (who claims under UTO), has proposed to market and sell alcohol under the MANSION HOUSE and SAVOY CLUB marks. He has submitted that if ABD is not restrained, it will launch the same goods under the same mark to the same customers by the same channels in the same market. One mark to connote two sources, something which is an anathema to trademarks law. He has submitted that in such a scenario, it is certain that the public will be deceived.

6. Mr. Kadam has placed reliance upon the Court's findings in the judgment dated 22nd December 2011 and which he submits seals the issue of Tilaknagar's ownership of the MANSION HOUSE & SAVOY CLUB marks in India. He has submitted that this Court in these very proceedings dismissed UTO's Application for interim relief by a Judgment and Order dated 22nd December 2011.

7. Mr. Kadam has submitted that this Court had in the judgment and order dated 22nd December 2011 held that the 1987 letters construed in the backdrop of the surrounding circumstances constituted a transfer of ownership of the MANSION HOUSE and SAVOY CLUB marks to Tilaknagar. It recorded its satisfaction that this

transfer included the goodwill in those marks. Further, this Court found that Tilaknagar could not be held liable for breach since the parties had not decided on the price for purchasing the concentrates. He has submitted that this Court qua the argument that the marks had reverted back to UTO on account of alleged breach of the conditions of the 1987 letters, found that UTO had abandoned its contractual rights under the 1987 letters including the contractual right to have Tilaknagar purchase and use its concentrates and therefore, the question of breach did not arise.

8. Mr. Kadam has submitted that this Court in the judgment and order dated 22nd December 2011 examined the factual backdrop of the execution of the 1987 letters between the parties including the fact that it was executed pursuant to the Dutch Court's decision against UTO in the case brought by the Scotch Whisky Association. This Court has recorded its satisfaction that in this backdrop, there had been a transfer of ownership of the MANSION HOUSE and SAVOY CLUB marks to Tilaknagar. He has placed specific reliance upon the conclusion at paragraph 31/page 33 of the said Judgment.

9. Mr. Kadam has submitted that this Court in the said

judgment at paragraph 45/page 44, noted UTO's argument that assuming that there had been a transfer, the same was void for being contrary to Sections 38 and 41 of the Trademarks Act. UTO had argued that there was no transfer of the goodwill along with the mark, rendering the same violative of Sections 38 and 41 of the Trademarks Act. He has submitted that this Court has rejected this argument on two grounds; (i) that the question of whether goodwill had been transferred was a mixed question of fact and law which had to be raised in the pleadings by UTO; (ii) notwithstanding not being raised in pleadings, it held that the record indicated that the goodwill had been transferred with the marks. He has placed specific reliance on the findings at paragraphs 49-50/pages 49-50 of the Judgment.

10. Mr. Kadam has submitted that the aforementioned findings of this Court confirm that Tilaknagar is the owner of the trademarks MANSION HOUSE and SAVOY CLUB with the goodwill thereto in India to the exclusion of UTO (and ergo ABD).

11. Mr. Kadam has submitted that UTO's argument that the title in the marks automatically reverted back to UTO was made and canvassed as an alternative to the principal argument that UTO had

only granted a license to Tilaknagar in 1987. The alternative submission is recorded at paragraph 4/pages 4-5 of the Judgment. He has also placed reliance upon paragraph 36/page 36 of the judgment, where the said argument was again noted by this Court. He has submitted that UTO additionally and in the alternative, argued that the assignment was void. This contention was rejected in paragraph 54/page 52 of the said judgment.

12. Mr. Kadam has submitted that the learned Single Judge of this Court at paragraph 86 to 91 of the said judgment has answered the argument of UTO that the marks reverted back to UTO on breach by Tilaknagar. The case of breach was pitched as an alleged breach of the promise to purchase concentrates. He has placed particular reliance upon paragraph 86 of the said judgment, where the issue was framed “whether 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?”. He has submitted that this Court has rejected the arguments of UTO and found that Tilaknagar could not be held liable for breach since the parties had not decided on the price. He has placed reliance upon paragraph 88 of the said

judgment, wherein the learned Single Judge of this Court has held that UTO had abandoned their rights under the documents 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*”.

13. Mr. Kadam has submitted that there can be no breach of a contractual right which has been abandoned. Since the contractual right to have Tilaknagar purchase and use the concentrates has been abandoned, there was no question of breach by Tilaknagar. The learned Single Judge of this Court in the said judgment has additionally held that UTO had waived its right to enforce these conditions. The finding of waiver assumes importance since it is predicated on a premise that the rights under the 1987 Agreement were capable of being waived and that there is no ‘*automatic reversion*’ of title upon breach.

14. Mr. Kadam has submitted that the learned Single Judge of this Court in the said judgment at paragraph 53/page 52 noted the alternative and distinct defenses of delay, abandonment, relinquishment and acquiescence taken by Tilaknagar. It summarized the facts (since they are common to each defense), but ultimately

gave a separate finding on each defense. He has submitted that at paragraphs 91 and 93 of the said judgment, findings were rendered on relinquishment and/or abandonment in favour of Tilaknagar. He has also submitted that the learned Single Judge in paragraph 95 also rendered distinct findings on acquiescence and held that the facts of the present case establish that UTO acquiesced in Tilaknagar's use the marks. This also been held in paragraph 99 of the said judgment.

15. Mr. Kadam has submitted that the learned Single Judge of this Court has accordingly, held that: (i) The marks and their goodwill had been assigned by UTO to Tilaknagar; (ii) Tilaknagar could not be held liable for breach, in any event, since parties had not decided upon the price; (iii) There was no reversion. UTO had abandoned its contractual rights to have Tilaknagar buy and/or use concentrates from it. The abandonment of these rights entailed no breach.; (iv) The facts support a finding of unconditional relinquishment of all rights by UTO.; (v) The facts also support a distinct and separate finding of acquiescence by UTO.

16. Mr. Kadam has submitted that the findings of the learned

Single Judge in the said judgment necessarily bind the Court whilst deciding Tilaknagar's application for interim reliefs since they were rendered in these very proceedings and between the same parties. He has submitted that ABD claims under UTO and is consequently bound. Although there is a pending appeal from the said judgment, these findings bind the parties even at the interlocutory stage. He has placed reliance upon the decision of the Supreme Court in Vishnu Traders Vs. State of Haryana¹ and Hirendra Pal Singh Vs. State of Uttar Pradesh², which have held that Courts have obligated to take a consistent approach and exercise discretion uniformly in the matter of interlocutory orders. In the absence of factual differences, similar cases require similar treatment.

17. Mr. Kadam has submitted that the principle laid down in the aforementioned judgments of the Supreme Court would apply with even greater rigor to Tilaknagar's motion which arises in the Counterclaim since a Counterclaim forms part of the same proceeding as the Suit. It makes it all the more incumbent for an exercise of jurisdiction consistent with findings rendered in the same

1 1995 Supp 1 SCC 461 paragraph 3

2 2011(5) SCC 305 paragraphs 16-17

proceedings. He has submitted that this Court gave its imprimatur to the status quo of Tilaknagar's exclusive use of the MANSION HOUSE and SAVOY CLUB marks in India for over 40 years. This finding continues to hold the field since there has been no reversal or stay by the Appeal Court.

18. Mr. Kadam has submitted that the Court in the present Notice of Motion of Tilaknagar is bound to adopt the findings rendered by the learned Single Judge in the said Judgment since it is obligated in law to be consistent and uniformly exercise its discretion.

19. Mr. Kadam has submitted that ABD invites the Court to act inconsistently and chart an approach inconsistent with one that it has already charted by its 22nd December 2011's judgment. This invitation is patently unsustainable in law and must be rejected.

20. Mr. Kadam has submitted that the basic ingredients for sustaining a case for passing off are satisfied in the present case. Passing off requires the Plaintiff to establish the classical trinity of; (i) Goodwill; (ii) Misrepresentation and (iii) damage and/or likelihood

of damage. He has placed reliance on the decision of the Supreme Court in Syed Mohideen Vs. P. Sulochana Bai³. He has submitted that all three requirements are met in the present case.

21. Mr. Kadam has submitted that firstly, the learned Single Judge of this Court in the said judgment has held that Tilaknagar is the proprietor of the MANSION HOUSE and SAVOY CLUB marks and the goodwill therein. Secondly, Tilaknagar has protectable goodwill and reputation in India since only Tilaknagar for over 40 years, has exclusively, openly and uninterruptedly been manufacturing, marketing and selling whisky, gin and brandy under the MANSION HOUSE and SAVOY CLUB trade marks in India. This use inures only to Tilaknagar's benefit. The general public in India associates MANSION HOUSE and SAVOY CLUB with Tilaknagar alone.

22. Mr. Kadam has placed reliance upon Tilaknagar's sales and its promotional and advertising expenses in respect of MANSION HOUSE, mentioned at pages 170 and 171 respectively of the Motion Paperbook. He has also placed reliance on the Tilaknagar's sales and its promotional & advertising expenses in respect of SAVOY CLUB,

³ 2016 Vol. 2 SCC 683 paragraphs 31.1 to 32

mentioned at pages 173 and 174 respectively of the Motion Paperbook. He has submitted that UTO does not dispute these figures. Further, ABD claims under UTO and it has not otherwise contested the accuracy of the sales, promotional and advertising expense figures and hence, would be precluded from questioning the same. UTO has not pleaded nor produced material to evidence sales in India, whereas ABD is yet to start sale in India.

23. Mr. Kadam has placed reliance upon the decision of the Supreme Court in Toyota Jidosha Kabushika Kaisha Vs. Prius Auto⁴, which has held that goodwill requires proof of customers in India which is evidenced through sales. He has submitted that neither UTO nor ABD have any protectable goodwill. UTO has not even produced sufficient cogent material that would establish subsisting and substantial transborder reputation.

24. Mr. Kadam has submitted that assuming that UTO has transborder reputation, that alone is insufficient to oppose injunctive reliefs since local goodwill in India belongs exclusively to Tilaknagar. He has stated that UTO had assigned its right in the MANSION

⁴ 2018 2 SCC 1 paragraphs 28 to 30

HOUSE and SAVOY CLUB marks with the goodwill in India. Therefore, whatever belonged to UTO has been held to belong to Tilaknagar. The learned Single Judge in the said judgment has also *prima facie* concluded that UTO had unconditionally relinquished its rights in favour of Tilaknagar. The learned Single Judge has further found favour in Tilaknagar's alternate case, namely that a complete case of abandonment of the marks by UTO had been made out.

25. Mr. Kadam has submitted that misrepresentation is inevitable and likelihood of damage is all but certain. He has submitted that ABD proposes to use the marks MANSION HOUSE and SAVOY CLUB for the same goods of liquor and/or alcohol. These goods will be sold through the same channels namely liquor vendors, restaurants, bars, distributors etc. Further, the customers for the rival goods are the same. ABD has asked this Court to do the unthinkable, viz. asking for leave to sell its goods under the same marks and therefore, have the same marks connote two sources. This is an anathema to the golden principle underpinning Trademarks law; one mark, one source and one proprietor.

26. Mr. Kadam has submitted that ABD's defenses are no

answer to Tilaknagar's application for reliefs. He has submitted that UTO has not argued in these proceedings. ABD, UTO's purported assignee has defended these proceedings. Further, ABD has not filed separate pleadings but has adopted UTO's case. He has submitted that ABD bases its rights under an Assignment Deed dated 21st August 2014 and a License Agreement dated 21st August 2014. These documents were executed in 2014 well after the learned Single Judge of this Court pronounced the said decision on UTO's motion in 2011. He has submitted that ABD has chosen to enter the scene knowing fully well that UTO has no rights to speak of. It has knowingly bought a litigation. The equity is therefore against it.

27. Mr. Kadam has submitted that none of the arguments of ABD hold water. This Court has *prima facie* found that the marks have been transferred with the goodwill to Tilaknagar. Tilaknagar, and not UTO (and consequently ABD) is now the owner, and it is entitled to restrain ABD from using the same. He has submitted that ABD's argument of title having 'reverted' back to UTO is misconceived and fallacious. He has submitted that not only was this argument raised and rejected by the learned Single Judge of this Court in the said judgment, it is in any event, without any force and

contrary to law. Further, ABD's arguments of 'estoppel' and 'admission' are in the teeth of settled law. ABD's argument of it being entitled to use the marks by virtue of section 33 runs afoul of Section 27 (2) of the Trademarks Act, which exempts passing off actions from the provisions of the Act.

28. Mr. Kadam has submitted that an attempt on ABD's part to characterize the findings of the learned Single Judge of this Court in the said judgment, as simply being on acquiescence is a red hearing and must be rejected. There are separate findings on ownership of the marks and goodwill having been passed to Tilaknagar. There are distinct findings as on acquiescence having been made out.

29. Mr. Kadam has submitted that ABD's reliance on **B.S. Ramappa & Anr. Vs. B. Monappa & Anr.**⁵ and **Emcure Pharmaceuticals v Corona Remedies Pvt Ltd.**⁶ is misplaced. This is in view of Tilaknagar having been held by the learned Single Judge of this Court to be the owner of the marks and in that capacity, is

⁵ 1968 SCC Online Mad 99

⁶ 2014 SCC Online Bom 1064

exercising a positive proprietary right of ownership.

30. Mr. Kadam has submitted that ABD during oral arguments, conceded that it was bound by the findings rendered by the learned Single Judge of this Court on UTO's motion which would bind the parties till such time, they were reversed in Appeal. He has submitted that inspite of such contention, ABD argued that MANSION HOUSE and SAVOY CLUB marks '*automatically reverted*' to UTO under Section 31 of the Transfer of Property Act, 1882 ("**T.P Act**"). It was further argued that this contention was not considered by the learned Single Judge of this Court in the said Judgment and that no findings were rendered thereon. He has submitted that these arguments are incorrect, as the argument was expressly made and canvassed as an alternative to the principal argument that UTO had only granted a license to Tilaknagar in 1987. UTO had restricted its case of breach to the Defendant having stopped importing the concentrates as contemplated under the letters dated 23rd February 1987 and hence, the arrangement has come to an end. UTO additionally and in the alternative, argued that the assignment was void. Even this contention was rejected.

31. Mr. Kadam has submitted that the learned Single Judge of this Court was conscious of Section 31 of the T.P. Act being pressed and it framed an issue of the assignment ceasing to have effect by virtue of alleged breach. This issue was answered in the negative in paragraphs 86-91 of the said Judgment. It held that UTO proceeded on the basis that the marks were assigned to Tilaknagar. The learned Single Judge of this Court has also held that UTO's conduct indicated that they had had 'abandoned their rights' under the documents, especially their rights to purchase the concentrates from them and to use the same in the products sold in the marks.

32. Mr. Kadam has submitted that it is axiomatic that when a contractual right had been abandoned, it cannot be breached. This is because it is no longer a subsisting obligation. He has submitted that in light of the finding that UTO had abandoned its contractual right to have Tilaknagar purchase and use the concentrates, it is not open to ABD to say that the marks reverted back for breach, when such contractual rights have been abandoned. Having found that UTO had abandoned its rights under the contract, there is no question of Tilaknagar being in breach of such abandoned rights. He has submitted that alternatively and without prejudice, the

learned Single Judge of this Court in the said judgment found that there was sufficient basis to at least conclude that UTO had waived the alleged breaches by Tilaknagar. This finding of waiver assumes importance since it is made on a premise that the rights under the 1987 Agreement, were capable of being waived and that there is no ‘automatic reversion’ of title upon breach. He has submitted that ABD invites the Court to ignore its own findings. This is a collateral attack on a judicial finding, which is impermissible in law. It can only be taken in appeal, if at all.

33. Mr. Kadam has placed reliance upon the decision of the Supreme Court in Shah Babulal Khimji Vs. Jayaben⁷ and Bhanu Kumar Jain Vs. Archana Kumar & Anr.⁸, where it has been held that the order falling within Order 43 Rule 1 is an ‘interlocutory judgment’ with trappings of finality, and which decides rights in ancillary proceedings for the purpose of the Suit at this stage. The principles of *constructive res judicata* and/or analogous thereto squarely apply since Tilaknagar’s Notice of Motion is being made in the same proceedings.

⁷ 1981 4 SCC 8 paragraph 113

⁸ (2005) 1 SCC 787 paragraphs 18-22

34. Mr. Kadam has submitted that ABD's argument of 'automatic reversion' invites the Court to judicially over reach its own finding inspite of there being no change in the record. The learned Single Judge of this Court has at this stage of the proceedings concluded that Tilaknagar is the owner of the trademarks. ABD's argument seeks to undercut that finding in the very same proceedings before the same Court and between the same parties, inspite of no change in the facts. This cannot be permitted. ABD's remedy lies only in appeal.

35. Mr. Kadam has submitted that presuming that the argument of 'automatic reversion' can be considered by this court, the same is misconceived and contrary to the understanding under the Letters dated 23rd February 1987. These letters at best conferred a right upon UTO to seek a reconveyance of the marks. He has submitted that at paragraph 25 of the Plaint, UTO has pleaded that it had 'ceded' the marks to Tilaknagar on the condition that the said trademarks must 'revert' to it, if due to Dutch, Indian and/or international law, it could no longer supply concentrates.

36. Mr. Kadam has submitted that the words 'revert' and/or

‘reversion’ are absent in the letters signed by the parties. A reading of these letters in fact points to an obligation upon Tilaknagar to reconvey the marks and/or for UTO to demand reconveyance of the marks. Under the 1st letter of 23rd February 1987, UTO by the first clause, effected the grant by ceding the marks to Tilaknagar. This is followed by the second clause which stipulates that the marks ‘must go back’ to UTO, if due to Dutch, Indian or International Law, UTO could no longer supply the concentrates. The words ‘must’ and ‘go’ are employed as verbs. They express an obligation upon Tilaknagar to do something, under this agreement, namely to handover the marks. This is buttressed by seeking Tilaknagar’s express agreement. The document requires Tilaknagar to commit a positive act of ‘hand over’ as opposed to an ‘automatic divestiture’. He has submitted that the 2nd letter supports this interpretation. Clause 6 of the 2nd letter dated 23rd February 1987 addresses a scenario of Tilaknagar entering a joint venture with another company where it is no longer the majority shareholder. It records a promise by Tilaknagar that, “we will first give back the brand names MANSION HOUSE and SAVOY CLUB to UTO NEDERLAND B.V’. He has submitted that there is an obligation upon Tilaknagar to give back the marks.

37. Mr. Kadam has submitted that the language in the letter dated 23rd February 1987 undercuts the possibility of any mutual intention for automatic reversion. This is fortified by the 1989 Letter which amended clause 1 of the 2nd letter. Under the 1989 Letter, UTO made a promise 'not to take away the marks' if Tilaknagar imported two containers of concentrates. He has submitted that the words to 'take away' indicates that UTO must positively act to 'take away' the marks.

38. Mr. Kadam has submitted that the covenant under the 2nd Letter dated 23rd February 1987, namely that 1st Letter will be 'invalid immediately' must thus be understood, in this context, since this clause is after Clauses 1 and 6. The harmonious construction requires the words 'invalid immediately' found in the latter clauses of the 2nd Letter to be understood and construed in harmony with the prior clauses requiring Tilaknagar to 'give back' and UTO to 'not take away'. He has submitted that read harmoniously, it clearly entails a mutual intention of conferring a right upon UTO to demand 're-conveyance' of the marks and for Tilaknagar to 'first give back' the marks. This interpretation sub-serves the intention behind all the clauses. This is consistent with the obligations upon Tilaknagar to

‘first give back’ the marks.

39. Mr. Kadam has placed reliance on the preamble of the Transfer of Property (T.P. Act) which declares that “...*it is expedient to define and amend certain parts of the law relating to the transfer of property by act of parties.*”. He has submitted that the T.P. Act is not a complete code. He has referred to Section 31 of the T.P. Act. He has submitted that the condition referred to in the section is a condition subsequent which terminates an interest and reverts it in the grantor. Section 31 only speaks of the permissibility of imposing condition subsequent which terminates an interest. It does not speak of the general attributes of such conditions and the manner in which they are enforced. He has submitted that for that recourse must be had to the common law of real property since the T.P. Act only defines, “*certain parts of the law relating to the transfer of property...*”.

40. Mr. Kadam has submitted that the breach of a condition subsequent confers a right upon the grantor to enter and determine the estate. Unless and until entry is made, the estate continues. He has placed reliance upon the commentary in **R.E. Megarry and H.W.R**

Wade⁹. He has submitted that the breach of a condition subsequent confers a right of re-entry. In the case of a private grant, the grantor must exercise the right of re-entry or its equivalent (i.e. a suit). In the case of a public grant, the State may take recourse to judicial proceedings or by statute. He has placed reliance upon Schulenberg Vs Harriman¹⁰ and Atlantic Vs. Mingus¹¹.

41. Mr. Kadam has submitted that this legal position is recognized in the cases relied upon by ABD, viz. Venkatarama Aiyar Vs. Aiyasami Aiyar¹². In the said decision, the Plaintiff filed a Suit to recover possession of the lands gifted. The right of re-entry was exercised through Suit. Further, in Indu Kakkar Vs. Haryana State Industrial Corporation¹³ relied upon by ABD, the Government initiated resumption proceedings against the allottee for failure to comply with the condition subsequent. Once again, there was an exercise of the right of re-entry and/or resumption. He has submitted that in both cases, there was an enforcement of the right of re-entry.

⁹ 3rd Edition at page 78 Law of Real Property

¹⁰ US Supreme Court, 88 US 44 paragraphs 11-13

¹¹ 165 US 413 paragraphs 10-12

¹² 1922 SCC Online Mad 135

¹³ 1999 2 SCC 37

Had it been automatic, there would have been no reason to seek any recourse.

42. Mr. Kadam has submitted that UTO never exercised such rights. This Court has held that it has abandoned all of its contractual rights under the 1987 Agreements. It has been also found to have waived the alleged breaches. Thus, it has no right of re-entry.

43. Mr. Kadam has submitted that ABD's argument of Section 31 has no application to this case. Section 31 only renders permissible the super addition of a condition that interest will cease to exist on happening of the event. He has submitted such a super-addition and/or direction must be expressed at the time of conveying title and must be captured in the deed of grant. This is apparent from a cumulative reading of Sections 5 and 8 of the T.P. Act. He has submitted that all interest which a transferor is capable of passing of, flows to the transferee forthwith. Sections 9 to 31 only enact rules for what intentions may be expressed. None of these sections however postulate that a 'condition subsequent' which will invalidate a transfer can be made after the grant. This would undercut the rule in Section 8 that all interest of the transferor passes "forthwith" to the

transferee.

44. Mr. Kadam has submitted that in the present case, the marks were transferred under the 1st letter dated 23rd February 1987. At the time of performing the act of conveyance per Sections 5 and 8, there was only express reservation made, namely a reversion of the marks in case of a legal prohibition on supply. Therefore, the conditions under the 2nd letter dated 23rd February 1987 cannot be treated as 'super added' conditions to the grant contained in the 1st letter. He has submitted that the Plaintiff recognizes that the Letters dated 23rd February 1987 are agreements which were separately executed and therefore, distinct.

45. Mr. Kadam has submitted that upon execution of the 1st letter dated 23rd February 1987, UTO conveyed its right, title and interest in the marks to Tilaknagar. This transfer passed forthwith, all the interest which UTO was capable of passing in the property and in the legal incidents thereof to Tilaknagar. The only reservation in this deed of grant was the condition of legal prohibition on supply. In paragraph 26 of the Plaintiff, UTO has pleaded that '*another agreement*' dated 23rd February 1987 was executed which contained

certain 'promises' by Tilaknagar. He has submitted that this agreement is "another" one. It is thus by UTO's admission, not specifically part of the Deed of Grant/Transfer of the marks spoken of in paragraph 24. He has submitted that the parties executed a separate agreement. There is no reason why they did not add these promises to the 1st letter unless it was to keep it separate and distinct. The separate agreement, i.e. 2nd letter of 23rd February 1987 makes a reference to the execution of the 1st Agreement, i.e. 1st letter of 21st February 1987 and consequently, it is *post facto*.

46. Mr. Kadam has submitted that ABD has argued that the 1987 Letters must be read collectively to mean one assignment. This argument is contrary to the purport of Sections 5 and 8 of the T.P. Act. It is contrary to the UTO's case that the 2nd Letter is 'another' agreement.

47. Mr. Kadam has submitted that the learned Single Judge of this Court in the said judgment on UTO's motion has acknowledged that the grant took place under the 1st 1987 Letter, which finding has been captured in paragraph 85(A) of the said judgment. He has submitted that whilst the said judgment, at places

does refer to all three 1987 letters assigning the trademark, this finding alone directly addresses the issue as to when the grant of title was complete upon Tilaknagar.

48. Mr. Kadam has submitted that there is significant legal authority which states that conditions imposed post the completion of a transfer are inefficacious. Without prejudice and at the highest, the *post facto* conditions only confer a right upon UTO to seek reconveyance, which right it has abandoned. He has placed reliance upon the decision by the Privy Council in Ram Sarup Vs. Mussumat Bela¹⁴, wherein it is held that the gift is in fact unconditional, because, as it was complete at the time when the actual transfer took place, the parties could not afterwards import a condition. The decisions of the Privy Council (including Orbiter) bind this Court as held in State Vs. Chagganlal Gangaram Lavar¹⁵.

49. Mr. Kadam has placed reliance on the judgment of the Supreme Court in A.P. Industrial Infrastructure Corporation Vs. Raj Kumar¹⁶, wherein the Supreme Court refused to apply Section 31 of

¹⁴ IA LR 44 at Pgs. 49-50

¹⁵ ILR 1955 BOM 203 pages 220-221

¹⁶ 2018 6 SCC 410

the T.P Act to enforce conditions in an Allotment Letter which were absent in the Sale Deed. Since transfer was effected through the Sale Deed (which did not contain any such stipulation), the conveyance was complete and could not be unwound under Section 31 by taking recourse to the Allotment Letter.

50. Mr. Kadam has distinguished the discussion relied upon by ABD viz. H.H. Maharani Shantidevi P Gaikwad Vs. Savjibhai Haribhai Patel & Ors.¹⁷. He has submitted that this decision has held that where several deeds form part of one transaction and are contemporaneously executed, the party seeking to make equities apply to the parties must apply equities arising out of the whole transaction. It is trite that equities can only supplement the law. It cannot override it.

51. Mr. Kadam has then dealt with the contention of ABD on the question of disentitling of Tilaknagar from seeking interim reliefs on the ground of suppression of the filing of Suit O.S. No. 578 of 2009 in Hyderabad. He has submitted that the question of disentitling of Tilaknagar from seeking interim reliefs does not arise

¹⁷ 2001 5 SCC 101

since the alleged suppression does not rise to the level of it fundamentally altering the outcome of the case as laid down by the Courts.

52. Mr. Kadam has submitted that ABD's argument is contrary to settled law that suppression does not *ipso facto* disentitle Tilaknagar from seeking reliefs. It must relate to withholding of a 'material fact'. A 'material fact' is relevant in the sense that it will have an effect on the merits of the case. He has placed reliance upon the judgment of the Supreme Court in **S.J.S. Business Enterprises Vs. State of Bihar**¹⁸. which was approved by a three Judge Bench of the Supreme Court in **State of NCT Vs. BSK Realtors LLP & Anr.**¹⁹.

53. Mr. Kadam has submitted that the reliance placed by ABD on the Plaint filed in O.S. No. 578 of 2009 before the City Civil Court, Hyderabad, wherein Tilaknagar had made a submission that its registered trade mark for MANSION HOUSE French Brandy was different from UTO's registered trademark for the word 'MANSION HOUSE' is wholly irrelevant to the case and will not significantly alter

¹⁸ 2004 7 SCC 166 paragraph 39

¹⁹ 2024 SCC Online SC 1092 paragraphs 27 to 31

its outcome. The learned Single Judge of this Court in the UTO's Motion has found Tilaknagar to be the owner of MANSION HOUSE and SAVOY CLUB by virtue of UTO having ceded the same. If UTO had no subsisting right in the marks MANSION HOUSE and SAVOY CLUB, the question of UTO or ABD relying on any statements of distinction between the same and Tilaknagar's registrations no longer arise.

54. Mr. Kadam has submitted that UTO having ceded MANSION HOUSE and SAVOY CLUB to Tilaknagar, it could not assign to ABD something which it did not have. A fortiori, ABD has no title and/or interest in MANSION HOUSE and SAVOY CLUB.

55. Mr. Kadam has submitted as captured in the 2011 judgment of the Court, the entire contest between the parties all throughout has been on the ownership of the marks. Identity has never been a live controversy in issue. He has submitted that the parties are *ad-idem* on the same marks being used. This is borne out from a reading of UTO's Complaint at paragraph 48/pages 34-45. UTO has itself demonstrated its knowledge that the controversies in issue relate to the ownership of the marks. UTO maintains its Suit for

trademark infringement and passing off against Tilaknagar on the grounds that the marks are identical. He has submitted that UTO cannot on the one hand maintain the Suit on the basis that Tilaknagar is using the same marks and resist an injunction on the same premise by urging 'estoppel' and/or 'admission'. He has submitted that the judgments relied upon by ABD, namely Shantapa Vs. Anna²⁰ and Nagindas Ramdas Vs. Dalpatram Ichharam²¹ are misplaced.

56. Mr. Kadam has submitted that since 'prosecution history estoppel' is a form of estoppel under Section 115, it cannot operate where the truth of the matter is known to both parties. He has placed reliance upon the decision of the Supreme court in Chhaganlal Keshavlal Mehta Vs. Patel Narandas Haribhai²². He has submitted that here, both parties know the truth of the matter. The marks are the same. The only question is who between the two, is the owner. He has submitted that the decision of the Supreme Court in Kishorilal Vs. Chaltibai²³ supports this contention. Where both parties were aware

²⁰ 2023 SCC OnLine Bom 2566

²¹ (1974) 1 SCC 242 Para 27

²² (1982) 1 SCC 223 paragraph 23

²³ 1959 Supp 1 SCR 698

of the truth of the matter, principle of estoppel does not find place. He has submitted that in the present case, ABD argues that “admissions were made in the Hyderabad Suit”. However, UTO and Tilaknagar are no strangers to one another. They had a commercial relationship which led to UTO ceding the MANSION HOUSE and SAVOY CLUB marks to Tilaknagar. He has submitted that accordingly, both parties are conversant with the true facts regarding the proprietorship of the MANSION HOUSE and SAVOY CLUB marks in India. Since it was apprised of the true position, neither UTO nor ABD can complain of being misled and/or willfully made to believe in a new state of affairs.

57. Mr. Kadam has submitted that the contention of ABD that principles laid down in **Kishorilal Vs. Chaltibai** (supra) and **Chhaganlal Keshavlal Mehta** (supra) are not applicable to interlocutory proceedings is misconceived. He has submitted that the issues remain the same. The only difference relates to the burden of proof at each stage. He has submitted that a ‘*prima facie*’ case does not mean a case proved to the hilt, but a case which can be said to be established, if the evidence which is led in support of the same were believed. This exercise naturally requires the Court to apply settled

legal principles and apply the same law in seeing whether a '*prima facie*' case is made out. He has placed reliance on Martin Burns Vs. Banerji²⁴.

58. Mr. Kadam has submitted that the Tilaknagar has withdrawn that Suit filed in the City Civil Court, Hyderabad and even assuming (that there was inconsistency), that is no longer in issue in view of Tilaknagar's unconditional withdrawal of that proceeding. Tilaknagar has thus, given up any claim to judgment in that proceeding and has elected to maintain its Counterclaim here. Having withdrawn that Suit, Tilaknagar cannot be penalized once again.

59. Mr. Kadam has submitted that without prejudice and assuming that there is an estoppel by Tilaknagar's pleading, UTO (and ABD) is similarly estopped by their own case that the marks are the same. Their claim of 'approbation and reprobation' would equally apply to their conduct of arguing that the marks are similar in the Complaint and dissimilar in the Counterclaim. Thus, this is a case of an estoppel against an estoppel, which leaves the matter at large. He has

²⁴ AIR 1958 SC 79 paragraph 27

submitted that the same principles has been applied to admissions. Where there are rival admissions, they cancel each other out and leave the matter at large. He has placed reliance on the decision of the Supreme Court in Kedarnath Vs. Prahlad Rai²⁵.

60. Mr. Kadam has submitted that even assuming that a stray statement is incorrect that alone cannot be the basis for refusing an injunction in a clear cut passing off/infringement case. He has placed reliance on the decision of this Court Shaw Wallace Vs. Mohan Rocky Spring Water Breweries Ltd.²⁶ and decision of the Delhi High Court in Sona BLW Precisions Forging Ltd. Vs. Sona Mandhira Pvt Ltd.²⁷ in this context.

61. Mr. Kadam has submitted that ABD's argument of it being entitled to use the marks by virtue of Section 33 of the Trademarks Act is in the teeth of Section 27 (2) of the Trademarks Act. He has submitted that this argument simply ignores the fact that the Motion of ABD seeks injunctive reliefs for passing off. The right to sue for passing off is unfettered and not at all affected by the

²⁵ 1959 SCC Online SC 16

²⁶ (2006)5 Mah LJ 396 paragraph 14

²⁷ 2023 SCC Online Del 1118 paragraphs 39-50

provisions of the Trade Marks Act. He has placed reliance on Section 27 of the Trademarks Act in this context. Section 27(2) provides that nothing in the Trademarks Act (which would include Section 33) shall affect the rights of action against any person for passing off and/or remedies thereof. This language is clear, expressed and unambiguous. *A fortiori*, Section 33 is not a defense to passing off.

62. Mr. Kadam has submitted in an ordinary case of infringement and/or passing off, the Court sets one mark against the other and tests for deceptive similarity. In the present case, no such enquiry is required since UTO and ABD are proposing to use the same marks owned by Tilaknagar viz. MANSION HOUSE and SAVOY CLUB. ABD thus, seeks to sell the same goods, to the same customers, through the same channels under the same marks. ABD's proposed use violates the basic fundamental principle underpinning trademarks law; one mark, one source and one proprietor. Such use will be an anathema to trademarks law. He has placed reliance on Power Control Appliances Vs. Sumeet Machines Pvt Ltd.²⁸.

63. Mr. Kadam has submitted that tort of passing off has

²⁸ 1994 2 SCC 448 paragraph 41

been recognized to have a public law element. Whilst the Court may adjudicate upon private rights, it keeps in mind the paramount interest of the public in not being deceived. He has placed reliance on **Shaw Wallace Vs. Mohan Rocky Spring Water Breweries Ltd.**²⁹ in this context. He has submitted that it is for this very reason that the Courts have taken a middle approach instead of imposing a disproportionate penalty by way of dismissal of the proceedings. He has placed reliance on paragraphs 44 to 50 of **Sona BLW Precisions Forging Ltd.** (supra).

64. Mr. Kadam has submitted that this is a peculiar case where identity of the marks is not in question. He has submitted that in these circumstances, to dismiss the application will not only just injure Tilaknagar's interests, but it will undercut the public law element in passing off actions viz. the need to keep the public from being deceived. He has accordingly, submitted that this Court may be pleased to allow the Notice of Motion for injunctive relief in terms of prayer clause (a) thereof.

65. Mr. Darius Khambata, learned Senior Counsel appearing

²⁹ MIPR 2007 2 185 paragraph 14

for ABD has submitted that the said Judgment of the learned Single Judge of this Court dated 22nd December, 2011 in the UTO Motion has been challenged by UTO in Appeal No. 66 of 2012. The Appeal has been admitted by an Order dated 6th March, 2012 passed by the Division Bench of this Court. However, there is no stay of the said judgment and the Appeal is yet to be heard on merits. He has submitted that ABD is not inviting any finding from this Court contrary to the findings given in the said Judgment dated 22nd December, 2011.

66. Mr. Khambata has submitted that although UTO and ABD's primary case is that the writings dated 23rd February, 1987 is a license and not an assignment of the marks, the submissions made in these written submissions proceed from the position emerging from the Judgment dated 22nd December, 2011 i.e. that the writings dated 23rd February, 1987 transfer or assign the marks to Tilaknagar. However, this should not be read as an admission that UTO and ABD have given up their primary case.

67. Mr. Khambata has submitted that Tilaknagar has failed to make out a case for grant of an injunction restraining UTO / ABD

from using the marks 'MANSION HOUSE' and 'SAVOY CLUB'.
Consequently, the relief as sought for by ABD ought to be granted.

68. Mr. Khambata has submitted that said Judgment dated 22nd December, 2011 considers whether UTO is entitled to an injunction against Tilaknagar. He has submitted that UTO was required to overcome some hurdles, including that of delay. The learned Single Judge was of the view that a temporary injunction ought not to be granted for the reasons set out in the said Judgment. He has submitted that when the converse situation presents itself, i.e. where Tilaknagar, a registered Proprietor, is seeking an injunction against UTO – a prior registered Proprietor, then the considerations are different. Merely because UTO did not make out a case for grant of equitable discretionary reliefs, does not mean that Tilaknagar is *ipso facto* entitled to an injunction against Tilaknagar. He has submitted that even otherwise, accepting without prejudice that the documents dated 23rd February, 1987 transfer or assign the marks 'MANSION HOUSE' and 'SAVOY CLUB' to Tilaknagar, the transfer or assignment is with a condition superadded that the transfer will become invalid immediately if Tilaknagar breaches the conditions mentioned in the writings dated 23rd February, 1987.

69. Mr. Khambata has submitted that Tilaknagar has breached these conditions. Having committed a breach, the defeasance provisions contained in the letters dated 23rd February, 1987 operate and there is an automatic defeasance of the rights ceded to Tilaknagar. He has submitted that pursuant to this defeasance, any use by Tilaknagar of the marks 'MANSION HOUSE' and 'SAVOY CLUB' is unauthorized. He has submitted that no amount of unauthorized use can generate actionable goodwill in the hands of the infringer.

70. Mr. Khambata has submitted that in the findings of the Judgment dated 22nd December, 2011 of waiver of breaches and relinquishment of rights are rendered is in the context of UTO's right to seek performance of Tilaknagar's obligation to buy concentrates under the letters dated 23rd February, 1987. The waiver and relinquishment of rights does not arrest the defeasance, which is automatic, both as a matter of fact and law. Under trademark law, no one can acquire proprietorship of another's mark through adverse use.

71. Mr. Khambata has submitted that accepting, without

prejudice, that UTO has acquiesced in Tilaknagar's use of the marks 'MANSION HOUSE' and 'SAVOY CLUB', Tilaknagar cannot injunct UTO from exploiting rights in a registered mark of which UTO is the prior registered Proprietor. This is statutorily provided for in Section 33 of the Trademarks Act, 1999. Section 28(3) and Section 33(2) of the Trademarks Act, 1999 contemplates the possibility of there being two registered proprietors of a similar mark. Section 33(2) of the Trademarks Act, 1999 is directly applicable in the present case.

72. Mr. Khambata has submitted that Tilaknagar has suppressed material facts i.e. pleadings in the Hyderabad Suit where Tilaknagar has stated that the rival marks are not similar. The suppression on its own disentitles Tilaknagar from seeking equitable, discretionary reliefs.

73. Mr. Khambata has relied upon the Suit - OS No. 578 of 2009 filed by Tilak Nagar in Hyderabad ("**Hyderabad Suit**"). He has submitted that it is Tilaknagar's case in the Hyderabad Suit that the marks adopted by Tilaknagar and UTO are dissimilar. He has submitted that the Hyderabad proceedings filed by Tilaknagar was in respect of the label mark registered in Tilaknagar's name under No.

612191 i.e. the same mark in respect of which the present Counter Claim is filed. The Hyderabad Suit refers to UTO's word mark 'MANSION HOUSE' registered under No. 403783. Tilaknagar's grievance in Suit - OS No. 578 of 2009 before the Civil Court in Hyderabad against, *inter alia*, UTO appears to have been that UTO is addressing correspondence to the excise authorities seeking orders restraining Tilaknagar from using UTO's registered marks. He has submitted that in the Hyderabad Suit Tilaknagar states that there is clear distinction between the rival marks and that both the parties are entitled to use their respective trademarks till the rival rectification applications are considered in accordance with law.

74. Mr. Khambata has submitted that thereafter Tilaknagar unconditionally withdrew the Hyderabad Suit on 4th December, 2014. Thus, prior to the filing of its Counter Claim in this Court, Tilaknagar maintained that there is no similarity between the Tilaknagar's device mark registered under No. 612191 and UTO's wordmark 'MANSION HOUSE' registered under No. 403783. He has submitted that Tilaknagar's position alleging dissimilarity of the marks in the Hyderabad Suit is a relevant fact to be disclosed to the Court since the Counter Claim proceeds on the basis of passing off

and similarity of the very same marks.

75. Mr. Khambata has submitted that UTO had in its Written Statement to the Counter Claim before this Court pointed out the suppression of the Hyderabad Suit. The Written Statement to the Counter Claim had been adopted by UTO in its Reply to Notice of Motion No. 1287 of 2010 filed by Tilaknagar. In the Rejoinder filed by Tilaknagar, there are only bare denials to the clear contradiction in pleadings filed by Tilaknagar between Courts in Hyderabad and Courts in Mumbai. Thereafter, Tilaknagar in its further Affidavit in response dated 29th September 2014, while dealing with Paragraph 18 of UTO's Affidavit submits that the contents of the Hyderabad Suit were irrelevant.

76. Mr. Khambata has submitted that Tilaknagar now contradicts itself in its Affidavit-in-Reply dated 19th July, 2023 filed in Interim Application (L) No. 16999 of 2023 where it alleges that the statements made in the Hyderabad Suit, while relevant, are to be disregarded as UTO's own case is that of similarity between the rival marks and therefore it is irrelevant what Tilaknagar maintains in other proceedings. In any event, there is a neutralization or

cancelling out of the averments on similarity / dissimilarity. Reliance is placed on **Kedar Nath Motani v. Prahlad Rai**³⁰. It is further alleged that Tilaknagar has not benefited from any order passed in the Hyderabad Suit which was withdrawn.

77. Mr. Khambata has submitted that ex-facie, pleadings with respect to similarity / dissimilarity of rival marks in other proceedings relating to the same marks are undoubtedly relevant. These pleadings in the Hyderabad Suit ought to have been disclosed to this Court while seeking discretionary and equitable reliefs in Notice of Motion No. 1287 of 2010 and Tilaknagar was under a bounden duty to do so. He has submitted that strictly without prejudice, and assuming that Tilaknagar bonafide felt that the contents of the Hyderabad Suit are not relevant, it is not for Tilaknagar to decide on the relevancy. It is settled law that it is not for a litigant to decide what fact is material – there is an obligation to disclose the facts and leave decision making to the Court seized of the matter and suppression results in the litigant being non-suited without a hearing on merits. He has placed reliance upon **Bhaskar Laxman Jadhav v. Karamveer Kakasaheb Wagh Education Society**

³⁰ AIR 1960 SC 213 Para 10

(supra) in this context.

78. Mr. Khambata has submitted that the principle of prosecution history estoppel would squarely cover the present case. The doctrine of prosecution history estoppel estops a person from claiming any advantage associated with a right which he has consciously waived in previous proceedings. He has placed reliance upon Shantapa vs. Anna³¹ which considers in detail the effect of prosecution history estoppel, suppression of material facts, and contradictory statements on similarity / dissimilarity of marks in previous litigation to determine whether a party is entitled to discretionary interim reliefs. He has submitted that had Tilaknagar disclosed the statements made by it in the Hyderabad Suit then it would be only covered by the principle of prosecution history estoppel but since it has not disclosed the statements, it will be covered by prosecution history estoppel as well as suppression. The suppression of material facts by Tilaknagar is deliberate, and disentitles it to grant of reliefs in Notice of Motion No. 1287 of 2010 without a hearing on merits.

³¹ 2023 SCC OnLine Bom 2566 paragraphs 45, 56-60.

79. Mr. Khambata has submitted that Tilaknagar has relied upon **Kishori Lal v. MST Chaltibai (supra)** in support of its submission that where both the parties were aware of all the facts, the doctrine of estoppel will not apply. He has submitted that the Judgment was not in the context of an Interim Application seeking discretionary reliefs or a matter relating to trade marks. This Judgment has not dealt with the aspect of prosecution history estoppel or suppression of material facts and therefore this Judgment is not relevant to the facts of the present case. Further, the Judgment is distinguishable on facts and hence, entirely inapposite. Further, the Judgment relied upon by Tilaknagar viz. **Kedar Nath Motani (supra)** in support of its submission that rival admissions cancel each other is clearly distinguishable. This Judgment was not in the context of an Interim Application seeking discretionary reliefs but was in an appeal from a decree passed in the Suit. It was in the context of the facts therein that the Court held that rival admissions of who has paid the salami to Bettiah Raj are cancelled out and there is a finding of fact that Radhumal (Plaintiff's predecessor) paid the salami, a fact not questioned in appeal. Thus, the Court held that no fraud was committed on the Bettiah Raj. This Judgment is not an authority for disputes under the Trademarks Act, where one party contends

similarity of products in one proceeding after having stated on oath in a previous proceeding that the very same marks are dissimilar. Tilaknagar's submission that the rival pleadings on similarity of marks cancel each other is not a position to be taken for granted by Tilaknagar and it was incumbent upon Tilaknagar to place this material before this Court to consider the effect of these rival positions.

80. Mr. Khambata has submitted that apart from suppression, Tilaknagar's conduct in general has, from the very beginning, been dishonest. Such conduct is not deserving of grant of discretionary reliefs from a Court of equity. He has submitted that admittedly, Tilaknagar is in breach of its obligations to procure concentrates from UTO. Despite this, it has dishonestly continued using the marks 'MANSION HOUSE' and 'SAVOY CLUB'. Further, Tilaknagar had surreptitiously sought to register the marks in 1985 – 1987 at a time when admittedly it was a licensee of the marks (i.e. prior to the 23rd February 1987 writings). This shows that from 1985 itself (prior to the ceding of the marks) Tilaknagar was attempting to illegally secure proprietorship of the marks 'MANSION HOUSE' and 'SAVOY CLUB'. Additionally, the variation in positions on the

relevance of the Hyderabad Suit itself demonstrate the dishonesty of Tilaknagar in making contradictory pleadings before different fora.

81. Mr. Khambata has submitted that Tilaknagar's reliance on **Govt. of NCT of Delhi v. BSK Realtors LLP (supra)** is misplaced and entirely distinguishable, insofar as it was held in that Judgment that the concealment of any fact is not suppression if the fact concealed is not material for determination of the lis between the parties. In the present case the facts suppressed by Tilaknagar are clearly a fundamental aspect for determining the lis between the parties. Further, it has been held in **Shantapa (supra)** relying on Para 44 of the Supreme Court Judgment in **Bhaskar Laxman Jadhav (supra)**, that it is not for a litigant to decide what is material for adjudicating a case and what is not material. It is the obligation of a litigant to disclose all the facts of a case and leave the decision-making to the Court. He has submitted that the Interim Application should be dismissed on ground of the aforesaid suppression. The rest of these submissions are without prejudice to the above.

82. Mr. Khambata has submitted that Tilaknagar has no subsisting proprietary rights in the marks 'MANSION HOUSE' and

‘SAVOY CLUB’ on account of breach of conditions superadded to the transfer. He has placed reliance upon Section 31 of the T.P. Act in this context.

83. Mr. Khambata has submitted that Tilaknagar has contented that it is not open to UTO or ABD to raise this argument since the learned Single Judge of this Court has held in the said Judgment dated 22nd December, 2011 that the writings dated 23rd February, 1987 transfer or assign the marks to Tilaknagar and that UTO waived the breaches committed by Tilaknagar. It is the submission of Tilaknagar that if the breaches are waived, there can be no defeasance on account of those breaches. Any finding in the present proceedings accepting the ABD’s submission on defeasance of the transfer or assignment will conflict with the findings of transfer and waiver in the Judgment dated 22nd December, 2011.

84. Mr. Khambata has submitted that ABD is not inviting this Court to take a different view from that taken by the learned Single Judge in the said Judgment dated 22nd December, 2011. He has submitted that whilst the learned Single Judge in the said Judgment has held that a proper construction of the letters dated 23rd February,

1987 shows that the word 'cede' was used to transfer or assign the marks to Tilaknagar, it did not mean a mere license, the learned Single Judge has not entered any finding on the effect of breach of conditions on which the marks were ceded.

85. Mr. Khambata has submitted that the learned Single Judge rejected UTO's application for injunction on the grounds of acquiescence and what the learned Single Judge calls abandonment and waiver of the right to enforce the conditions in the writings dated 23rd February, 1987.

86. Mr. Khambata has submitted that from Paragraphs 28 and 48 of the said Judgment dated 22nd December, 2011, it is clear that the issue as to whether on account of alleged breaches of the terms and conditions of the letters dated 23rd February, 1987, Tilaknagar never became a proprietor of the marks was held to be another matter altogether which is not relevant to the present issue at hand. He has referred to Paragraph 65 to 73 of the said Judgment, wherein there is a detailed discussion of UTO's conduct in failing to take any steps to restrain Tilaknagar from using the marks 'MANSION HOUSE' and 'SAVOY CLUB' between 23rd February, 1987

to 13th November, 2002. He has submitted that this is the bedrock or substratum of the learned Single Judge's finding of acquiescence. Because of this body of findings, the learned Single Judge, in Paragraph 85 of the said Judgment holds that there was a transfer under the letters dated 23rd February, 1987 and UTO's failure indicates an abandonment of the right to have Tilaknagar purchase the concentrate from them and use the same in products sold under the said marks.

87. Mr. Khambata has referred to the question framed by the learned Single Judge in Paragraph 86 of the said Judgment viz. "whether the transfer or assignment ceased to have effect in view of the breaches by Tilaknagar of its obligations". He has submitted that this question framed is not answered by the learned Single Judge. He has referred to Paragraph 87 to 91 of the said Judgment where the learned Single Judge has held that there has been acquiescence by UTO. In view of this finding of acquiescence, the learned Single Judge has in paragraph 92 held that it matters little whether the documents dated 23rd February, 1987 constituted a license or a transfer or assignment of the said marks in favour of Tilaknagar. In view of this finding, the learned Single Judge has not answered the

question framed in Paragraph 86 since even if the marks reverted back to UTO, it would not be entitled to an injunction on account of its acquiescence. He has referred to the finding of acquiescence as a ground to refuse the injunction sought by UTO in Paragraph 99 of the said Judgment.

88. Mr. Khambata has submitted that the learned Single Judge in the said Judgment has arrived at findings of waiver, abandonment, or relinquishment of UTO's right to enforce the conditions. He has submitted that the issue before this Court today is not the enforcement of the conditions, but the effect of breach resulting in defeasance of transfer. He has submitted that there is no bar on this Court considering ABD's submissions under Section 31 of the T.P. Act and whether there is an automatic defeasance or invalidity of the transfer. The Judgment in **Shah Babulal Khimji (supra)** is not applicable since the learned Single Judge has not decided this aspect for it to attain finality qua a coordinate bench.

89. Mr. Khambata has submitted even assuming (without prejudice) that the writings dated 23rd February, 1987 constitute an assignment or transfer of the marks 'MANSION HOUSE' and 'SAVOY

CLUB' to Tilaknagar, this transfer is not absolute but with conditions superadded that the transfer will be invalidated immediately if certain conditions are not complied with. He has placed reliance on Section 31 of the T.P.Act.

90. Mr. Khambata has submitted that writings dated 23rd February, 1987 contemplate that Tilaknagar would have to purchase concentrates from UTO and that 'Mansion House' whiskey must always consist of UTO concentrate amongst many others. On a reading of the several eventualities, which envisage the marks coming back to UTO, it becomes clear that the heart of the arrangement was that Tilaknagar would manufacture the products only with concentrate supplied by UTO and if for some reason Tilaknagar was unable to do so including due to UTO itself not being able to supply concentrates to Tilaknagar the marks would come back to UTO. He has submitted that it cannot now be stated that the 23rd February, 1987 letters created an absolute transfer for all time. The learned Single Judge has held that the transfer or assignment by the writings dated 23rd February, 1987 is subject to conditions superadded, which, if not complied, would invalidate the transfer.

91. Mr. Khambata has placed reliance upon Section 31 of the T.P.Act which recognizes the defeasance of a transfer of proprietary interest on the happening of a specified uncertain event. He has submitted that in a case falling under Section 31 of the T.P.Act superadded condition survives and the interest created disappears on the happening of the specified uncertain event or on the non-happening of a specified uncertain event. The defeasance is automatic.

92. Mr. Khambata has submitted that in the present case the specified uncertain events are in three categories: (i) Change of law, which would prevent UTO from supplying concentrates to Tilaknagar; (ii) Failure on the part of Tilaknagar to import a certain quantity of concentrates from UTO; (iii) Tilaknagar purchasing concentrates from someone other than UTO. This implies that Tilaknagar could not even make the concentrates themselves.

93. Mr. Khambata has submitted that assuming that there was a transfer of marks in 1987 from UTO to Tilaknagar, this transfer was subject to conditions superadded, being that the proprietary interest continues in Tilaknagar till such time as they adhered to the

conditions of the transfer and once Tilaknagar stops adhering to the conditions of the transfer the transfer gets invalidated and *ipso facto*, as a matter of law and fact, the marks revert back to UTO. He has placed reliance upon the following Judgments:

- (i) **Venkatarama vs. Aiyasami** 1922 SCC OnLine Mad 135 : (1922) 16 LW 552 @ Page 553 and 558.
- (ii) **Govindamma vs. Secy. Municipal First Grade College**, 1986 SCC OnLine Kar 62 Paras 13 and 23.
- (iii) **Indu Kakkar v. Haryana State Industrial Development Corpn. Ltd.**, (1999) 2 SCC 37 Paras 16 to 21.

94. Mr. Khambata has submitted that it has been held in the aforementioned Judgments that transfer of property on a specified condition fails if the condition is not fulfilled or breached. There is an automatic defeasance of the transfer and the proprietary interest reverts back to the transferor automatically.

95. Mr. Khambata has submitted that it is an admitted position that Tilaknagar has failed to comply with the conditions mentioned in the letters dated 23rd February, 1987. Tilaknagar has admitted not only in its Counter Claim but also in its Written Statement to UTO's Suit that in or about the year 1992-1993 they

developed their own concentrates to be used in the products and subsequently discontinued the import of concentrates from UTO in breach of the terms of the writings dated 23rd February, 1987. This has also being admitted by Tilaknagar in correspondence viz. to having changed the recipe by which it manufactured the products and discontinuation in imports of concentrates from UTO in breach of the terms of the writings dated 23rd February, 1987.

96. Mr. Khambata has submitted that it has been held by the Supreme Court in Nagindas Ramdas vs Dalpatram Ichharam³² at Paragraph 27 that admissions are by far the best proof of the facts admitted and admissions in pleadings or judicial admissions stand on a higher footing than evidentiary admissions. Therefore, judicial admissions are fully binding on the party that makes them and constitute a waiver of proof.

97. Mr. Khambata has submitted that the consequence which follows from the admitted breach by Tilaknagar is a failure of consideration, and the consequence, in law, and also as provided for in the writings dated 23rd February, 1987 itself, is that the transfer /

³² (1974) 1 SCC 242

assignment in favour of Tilaknagar is extinguished or invalidated automatically.

98. Mr. Khambata has placed reliance upon ***Govindamma (supra)*** at Paragraph 23 in support of his submission that invalidation or extinguishment of the right created in favour of Tilaknagar (be it a license or a transfer / assignment) is automatic. This is both in law (based on Judgments cited above) and fact (the express text of the writing dated 23rd February, 1987).

99. Mr. Khambata has submitted that even the plain language of the second letter dated 23rd February, 1987 contemplates immediate invalidity of the 'ceding' if conditions specified in the letter are not complied with. He has placed reliance upon the language immediately after Clause 8 of the said letter.

100. Mr. Khambata has submitted that UTO's Complaint proceeds on the basis that the writings dated 23rd February, 1987 are part of one transaction. Although the nature of the rights created is in dispute, there is no dispute that the two letters both dated 23rd February, 1987 are part of one composite transaction by which the

marks were ceded.

101. Mr. Khambata has submitted that it is clear from the pleadings and findings in the said Judgment dated 22nd December, 2011 that the two letters dated 23rd February, 1987 are read as relating to one composite transaction i.e. the ceding and the terms on which the rights created would be invalidated immediately. He has submitted that as matter of a law, it is settled that agreements can be contained in more than one deed or instrument or correspondence. The manifest intention of parties has to be determined by reading all agreements together. He has placed reliance upon the judgment of the Supreme Court in S. Chattanatha Karayalar vs The Central Bank Of India³³ at Paragraph 3 and the judgment of this Court in Hubtown Ltd. vs. IDBI Trusteeship Service Ltd.³⁴.

102. Mr. Khambata has submitted that the said Judgment dated 22nd December, 2011 contains several findings that the documents or letters dated 23rd February 1987 are to be read together. He has placed reliance upon Paragraphs 27, 28, 31, 48, 55

³³ AIR 1965 SC 1856

³⁴ 2016 SCCOnline Bom 9019 (DB)

and 85 of the said Judgment in this context.

103. Mr. Khambata has submitted that it was Tilaknagar's submission accepted by the learned Single Judge that the consideration for the transfer or assignment of marks was contained in the second letter dated 23rd February, 1987. Accordingly, Tilaknagar is estopped from suggesting otherwise.

104. Mr. Khambata has submitted that the learned Single Judge in the said Judgment has read the conditions in the second letter dated 23rd February, 1987 as being the consideration for the ceding. He has submitted that to suggest that the conditions mentioned in the second letter dated 23rd February, 1987 is not a condition superadded to the transfer is incorrect and would imply that the ceding vide the first letter dated 23rd February, 1987 is without consideration and therefore void.

105. Mr. Khambata has submitted that Tilaknagar has relied on Judgment of the Supreme Court of the United States in **Frederick Schultenberg v. Samuel Hariman (supra)** as well as Judgment of the Supreme Court of New Mexico in **Atlantic and Pacific Railroad**

Company v. Mingus (supra), wherein an estate is granted subject to a condition subsequent, the mere fact that there has been a breach of such condition will not revest the title in the grantor without some act or declaration on his part and if the transferor does not enforce his right on the breach of a condition subsequent by the transferee then the title remains unimpaired in the transferee. He has submitted that Tilaknagar has further relied on a passage from **The Law of Real Property by Megarry and Wade (supra)** to draw a distinction between a fee simple upon condition and a determinable fee by stating that a fee simple upon condition, is a transfer of property with a condition attached to it by which the estate given to the grantee may be cut short by means of an independent clause which is added so as to defeat the grant i.e. a condition subsequent. A determinable fee is a transfer of an estate with a limit on the estate granted. In determinable fee the words act as a limitation whereas in a condition subsequent the words are a condition. Therefore, a determinable fee automatically determines when the specified event occurs whereas a fee simple upon condition merely gives the grantor a right to enter and determine the estate.

106. Mr. Khambata has submitted that by placing reliance

upon American and English authority Tilaknagar is contending that if rights have been transferred under a contract then a breach of a condition subsequent in that contract would not cause the rights to revert automatically whereas only if a determinable event has set a limit for the transfer then in that case transferred rights would revert automatically. In other words, it is the submission of Tilaknagar that even if Section 31 of T.P. Act applies, the conditions added to the ceding letters dated 23rd February, 1987 would have to be enforced by filing a suit for reconveyance of the marks.

107. Mr. Khambata has submitted that even if this distinction may have been prevalent in American and English jurisprudence, no such distinction is found in Indian law. Section 31 of T.P. Act states that a transfer shall cease to have effect in case specified uncertain event happens or does not happen. The use of the word cease makes it very clear that any rights created through such a transfer would terminate automatically if there is a breach of the condition subsequent.

108. Mr. Khambata has submitted that the English Courts in a number of Judgments have disagreed upon this distinction between a

fee simple upon condition and a determinable fee. He has placed reliance upon Re Sharp's Settlement Trusts Ibbotson v. Bliss³⁵.

109. Mr. Khambata has submitted that even if it is assumed that there is a distinction between a fee simple upon condition and a determinable fee on an analysis of the second letter dated 23rd February, 1987 the words used in the beginning of the letter 'in order to obtain' can be looked at as a fee simple upon condition the words used at the end 'If we do not comply with the above' would have to constitute a determinable fee. He has submitted that even based on the distinction between a fee simple upon condition and determinable fee as relied on by Tilaknagar there is nothing to suggest that the transfer dated 23rd February, 1987 would be a fee simple upon condition and not a determinable fee.

110. Mr. Khambata has submitted that Tilaknagar's reliance on **Ram Sarup v. Mussumat Bela (supra)** is also entirely distinguishable since in that Judgment a distinction has been drawn between a valid condition and a condition subsequent which is immoral. It was held that an immoral condition subsequent would be

³⁵ [1973] Ch. 331

void and therefore any transfer would be assumed to be an unconditional transfer. In the present case there hasn't even been any allegation of the condition subsequent being an immoral or an illegal condition therefore there can be no question of the condition subsequent being held to be void on this ground.

111. Mr. Khambata has submitted that the finding of the learned Single Judge in the said Judgment dated 22nd December, 2011 is only with respect to UTO waiving, abandoning or relinquishing its right to enforce the performance of conditions against Tilaknagar. This has resulted in findings that UTO acquiescing in the use of the marks by Tilaknagar. He has submitted that the learned Single Judge has not rendered any finding that UTO has abandoned its proprietary rights in the marks or the right to use the mark itself once a breach has taken place.

112. Mr. Khambata has submitted that it is an admitted fact that UTO has registered the mark "MANSION HOUSE" internationally from the year 1922 onwards. Further, UTO has registered the mark "MANSION HOUSE" in India in the year 1983 and renewed it in the year 1988. This renewal is after the alleged

assignment deed dated 23rd February, 1987. Therefore, it is rather clear that UTO has never had any intention of abandoning or relinquishing its rights to the said mark. He has submitted that there is no question of reading the said Judgment dated 22nd December, 2011 as containing a finding that UTO has abandoned or relinquished proprietorship of the said mark.

113. Mr. Khambata has submitted that even assuming that there was inaction on UTO's part, no amount of forbearance to sue can divest a proprietor of its proprietary rights. Unlike real property, proprietary rights in intellectual property cannot be lost by adverse use. At the highest, the infringer may claim that the proprietor has acquiesced to such adverse use and is therefore disentitled to an injunction.

114. Mr. Khambata has submitted that acquiescence does not divest the proprietor of an earlier trade mark of its proprietary rights in the mark or the right to use the mark. The statute expressly provides that the proprietor of the later trade mark is not entitled to oppose the use or exploitation of the earlier right, notwithstanding that the earlier trade mark may no longer be invoked against his later

trade mark. He has placed reliance upon Section 33(2) of the Trademarks Act, 1999 in this context. He has submitted that Section 33 of the Act is in two parts: (i) The earlier proprietor cannot restrain use of mark by a subsequent proprietor, having acquiesced to such use; (ii) The proprietor of the later trade mark is not entitled to restrain the use of the earlier trade mark by the earlier proprietor.

115. Mr. Khambata has submitted that the plain language of Section 33(2) of the Trademarks Act, 1999 makes it clear that where the proprietor of an earlier trade mark has acquiesced in the use of a registered trade mark, even then, the proprietor of the later trade mark is not entitled to oppose the use of the earlier trade mark, or as the case may be, the exploitation of the earlier right, notwithstanding that the earlier trade mark may no longer be invoked against his later trade mark.

116. Mr. Khambata has submitted that the law is well settled that acquiescence is not a mode of transfer of proprietorship of a mark. Moreover, ownership / proprietorship of a mark can only be obtained by either a) inventing the mark, b) purchase of the mark, c) gift, d) by partition and e) by devolution. He has placed reliance

upon the Judgment of Madras High Court in **B.S. Ramappa and Anr. v. B. Monappa and Anr.(supra)** at Paras 20, 21 and 37.

117. Mr. Khambata has submitted that there is a defeasance of the transfer to Tilaknagar on breach of the conditions superadded to the transfer and the marks reverted back to UTO automatically. Even if UTO acquiesced in Tilaknagar's use of its marks, this would not entitle Tilaknagar to an injunction restraining UTO or its successors in title from using or exploiting its statutory rights in the marks. Acquiescence is a shield not a sword. Acquiescence does not create a right, it only creates a defence.

118. Mr. Khambata has submitted that in the present case although the learned Single Judge has *prima facie* held that UTO is not entitled to an injunction restraining Tilaknagar from using the device marks registered by it on the ground of UTO's acquiescence. Tilaknagar is therefore barred from seeking an injunction in view of Section 33(2) of the Trademarks Act, 1999. The grant of reliefs in Tilaknagar's Notice of Motion No. 1287 of 2010, or dismissal of the Applicant's application for leave to introduce products in the State of West Bengal, would defeat the intent and object of Section 33(2) of

the Trademarks Act, 1999.

119. Mr. Khambata has submitted that no case in passing off is made out by Tilaknagar. He has submitted that Tilaknagar has failed to establish the 'classic trinity' test of passing off as contended by Tilaknagar. He has submitted that Tilaknagar has no actionable goodwill. The learned Single Judge in the said Judgment dated 22nd December, 2011 has held that the marks 'MANSION HOUSE' and 'SAVOY CLUB' has enormous goodwill even prior to the marks being licensed in 1983. The learned Single Judge has further held that the marks continue to have transborder reputation in India based on the material on record. He has submitted that Tilaknagar's submission that goodwill in the marks 'MANSION HOUSE' and 'SAVOY CLUB' in India is only on account of Tilaknagar's use of the said marks is incorrect and in teeth of the findings of the learned Single Judge. In fact, this is the reason why Tilaknagar has filed a cross appeal challenging this finding in the said Judgment dated 22nd December, 2011.

120. Mr. Khambata has submitted that the goodwill generated by Tilaknagar in India from 1983 to 1987 would accrue to UTO since

Tilaknagar was a licensee of UTO from 1983 to 1987. He has submitted that even if it is assumed that UTO transferred the marks to Tilaknagar in the year 1987 and all the goodwill generated by Tilaknagar subsequent to 1987 belonged solely to Tilaknagar, nevertheless, once the marks automatically reverted to UTO, all the goodwill accrued by Tilaknagar between 1987 and 1993 would also revert to UTO.

121. Mr. Khambata has placed reliance upon decision of this Court in **Emcure Pharmaceuticals vs. Corona Remedies - 2014 SCC OnLine Bom 1064** at Paragraph 18. It is held that even assuming a Defendant's adoption of the mark was honest, its continued use may be dishonest if it loses the right to use the mark and nevertheless continues using it. Any use and expense incurred by an infringer is at its peril and does not create actionable goodwill in that user. The goodwill in the marks inure in UTO.

122. Mr. Khambata has submitted that there appears to be no apparent similarity between the label 'MANSION HOUSE DELUX BRANDY' for which ABD seeks leave and the device mark registered in Tilaknagar's name under No. 612191 (both of which pertain to

brandy). Further, the learned Single Judge in the said Judgment dated 27th December, 2011 at Paragraph 107 has opined on the lack of apparent similarity between Tilaknagar's mark and UTO's label. The learned Single Judge found that there is no similarity between the rival artworks since the literature is different and there is nothing unusual in the similarity in the manner in which the bunches of grapes are depicted on the brandy labels. He has submitted that this observation (till it is set aside in appeal) would continue to operate qua any allegation of similarity between the rival labels to make out a case in passing off.

123. Mr. Khambata has submitted that the consumers of the products manufactured by UTO /ABD possess a discerning eye given the nature and quality of the product sold i.e. high end alcoholic beverages. UTO / ABD's label clearly identifies that the product is manufactured by UTO / ABD – in addition to the marked difference in the get up and trade dress of the respective labels. Even otherwise, Sections 28(3) and 33(2) of the Trademarks Act, 1999 itself contemplate that there can be more than one user / proprietor of the same mark i.e. the original proprietor of a mark and a later proprietor who has secured registration of the same or similar mark

or who is entitled to use that mark on account of acquiescence by the prior registrant. The Supreme Court in in **S. Syed Mohideen v P Sulochana Bai** (2016) 2 SCC 683 at Paragraphs 25-27 and 30.3 held, on an analysis of Section 28(3) of the Trademarks Act, that the rights of two registered proprietors of registered trademarks will not be enforced against each other.

124. Mr. Khambata has submitted that no case is made out by Tilaknagar for grant of injunctive reliefs against UTO or its assignees and Notice of Motion No.1287 of 2010 be dismissed with costs. For the same reason, the present Application i.e. Interim Application (L) No. 16999 of 2023 taken out by ABD seeking leave to introduce products in the State of West Bengal be made absolute as prayed for.

125. Having considered the rival submissions, before going into merits of the Notice of Motion taken out by Tilaknagar and present Interim Application taken out by ABD, it would be necessary to consider whether the issue involved herein viz. whether the transfer or assignment of the marks 'MANSION HOUSE' and 'SAVOY CLUB' is invalidated immediately on Tilaknagar's breach of conditions superadded to the transfer and / or there is an automatic

reversion of the marks to UTO has been answered by the learned Single Judge of this Court in the said Judgment dated 22nd December, 2011. This apart from the issue raised by ABD viz. whether there has been a suppression on the part of Tilaknagar by not disclosing material facts i.e. pleadings of the Hyderabad Suit – O.S. No.578 of 2009 where Tilaknagar had stated that the rival marks which are also the subject matter of these proceedings are not similar and upon such suppression, Tilaknagar is disentitled from seeking equitable, discretionary reliefs. This would also include the issue of prosecution history estoppel, estopping Tilaknagar from claiming the relief of passing off in the present Notice of Motion, particularly as it has been contended by Tilaknagar in the Hyderabad Suit that the rival marks are not similar.

126. Tilaknagar has placed reliance upon the said Judgment dated 22nd December, 2011 passed by the learned Single Judge in UTO's Notice of Motion in these proceedings, to contend that the learned Single Judge had framed the very same issue which is raised by UTO / ABD herein viz. whether the transfer or assignment effected by the documents dated 23rd February, 1987 ceased to have effect in view of the alleged breaches by Tilaknagar of its obligations

thereunder. It is the contention of Tilaknagar that the learned Single Judge has in the said Judgment dated 22nd December, 2011 held that UTO waived the breaches committed by Tilaknagar and hence, there can be no defeasance on account of those breaches. It is their contention that any finding in the present proceedings accepting ABD's submission on defeasance of the transfer or assignment will conflict with the findings of transfer and waiver in the said Judgment dated 22nd December, 2011. Reliance has been placed on **Shah Babulal Khimji (supra)** to submit that interlocutory Judgments have a finality and the only way to disturb the finality is through filing an appeal to a Larger Bench. In the present proceeding there is an Appeal which has been filed from the said Judgment dated 22nd December, 2011 and which is pending before the Division Bench of this Court.

127. Having perused the said Judgment dated 22nd December, 2011 passed by the learned Single Judge of this Court in UTO's Notice of Motion filed in these proceedings, I do not find that the learned Single Judge of this Court has answered the aforementioned issue which he had framed in Paragraph 86 of the said Judgment. The learned Single Judge of this Court has not rendered any finding

on the effect of breach of condition on which the marks were ceded. This upon holding that a proper construction of the writings dated 23rd February 1987 shows that the word 'cede' was used to transfer or assign the marks to Tilaknagar and it did not mean a mere license. The findings of the learned Single Judge in the said Judgment for rejecting the application of UTO are on the grounds of acquiescence and what the learned Single Judge calls abandonment and waiver of the right to enforce the conditions in the writings dated 23rd February, 1987. This is apparent from the various paragraphs of the said judgment which have been relied upon by ABD. Thus, the issue of, whether the transfer or assignment ceased to have effect in view of the breaches by the Defendant of its obligations thereunder is required to be considered as this will in my view not conflict with the findings on transfer or waiver in the said Judgment dated 22nd December, 2011. The argument on behalf of ABD is that under Section 31 of the T.P.Act, the defeasance of a transfer of proprietary interest on the happening of a specified uncertain event is automatic. Section 31 of the T.P.Act reads as under:

“31. Condition that transfer shall cease to have effect in case specified uncertain event happens or does not happen.—Subject to the provisions of section 12, on a transfer of property an interest therein may be

created with the condition superadded that it shall cease to exist in case a specified uncertain event shall happen, or in case a specified uncertain event shall not happen.

Illustrations

(a) A transfers a farm to B for his life, with a proviso that, in case B cuts down a certain wood, the transfer shall cease to have any effect. B cuts down the wood. He loses his life-interest in the farm.

(b) A transfers a farm to B, provided that, if B shall not go to England within three years after the date of the transfer, his interest in the farm shall cease. B does not go to England within the term prescribed. His interest in the farm ceases.”

128. It is clear from the aforementioned provision that the transfer shall cease to have effect in case the specified uncertain events happen or do not happen. In the present case, the specified uncertain events are in three categories:

- i. Change of law, which would prevent UTO from supplying concentrates to Tilaknagar;
- ii. Failure on the part of Tilaknagar to import a certain quantity of concentrates from UTO;
- iii. Tilaknagar purchasing concentrates from someone other than UTO. This implies that Tilaknagar could not even make the concentrates themselves.

129. Thus, the transfer of the marks to Tilaknagar effected by UTO's writings dated 23rd February, 1987 were subject to conditions superadded. In view of which the proprietary interest continued in Tilaknagar till such time as they adhered to the conditions of the transfer and once Tilaknagar stopped adhering to the conditions of the transfer, the transfer would get invalidated and *ipso facto*, as a matter of law and fact, the marks will revert back to UTO. The Judgments relied upon by the ABD viz. **Venkatarama vs. Aiyasami (supra)**; **Govindamma vs. Secy. Municipal First Grade College (supra)** & **Indu Kakkar v. Haryana State Industrial Development Corpn. Ltd. (supra)** are apposite. From the aforementioned Judgments it is clear that there is an automatic defeasance of the transfer on not fulfilling the specified conditions or they having been breached and the proprietary interest would then revert back to the transferor automatically.

130. In the present case, it is an admitted position that Tilaknagar has failed to comply with the conditions mentioned in the writings dated 23rd February, 1987 by Tilaknagar discontinuing the import of concentrates from UTO and developing their own concentrates. This has been admitted in the pleadings by Tilaknagar

as well as in the correspondence exchanged between Tilaknagar and UTO. Further the said Judgment of the learned Single Judge holds that Tilaknagar's own correspondence admits that Tilaknagar breached its obligation to continue purchasing concentrates from UTO. The Supreme Court in **Nagindas Ramdas (supra)** has held that the admissions are the best proof of the facts admitted and admissions in pleadings or judicial admissions stand on a higher footing than evidentiary admissions. Therefore, these admissions of Tilaknagar are binding on them. The Condition Nos. 2 and 7 in the second letter dated 23rd February, 1987 have been admittedly breached. Thus, in my considered view, Tilaknagar having breached the conditions superadded to the transfer / assignment in favour of Tilaknagar, the transfer / assignment is extinguished or invalidated automatically.

131. I do not find any merit in the contention of Tilaknagar that the ceding is only in the first letter dated 27th February, 1987 and the second letter dated 23rd February, 1987 is a second agreement. The contention being that Section 31 of the T.P.Act can only apply if the conditions contained in the first letter dated 23rd February, 1987 which is referred to as the grant are breached. I find

from the said Judgment dated 22nd December, 2011 of the learned Single Judge of this Court in UTO's Notice of Motion that reference has been made to the two writings dated 23rd February, 1987 being a composite transaction. UTO's claim also proceeds on the writings dated 23rd February 1987 being a composite transaction by which the marks were ceded. It is Tilaknagar's submission which has been accepted by the learned Single Judge of this Court in the said Judgment at paragraph 23 viz. that consideration for the transfer or assignment of marks was contained in the second letter dated 23rd February, 1987 and hence, Tilaknagar is estopped from contending otherwise. If now the contention of Tilaknagar was to be accepted, it would imply that the ceding vide first letter dated 23rd February, 1987 is without consideration and therefore void.

132. I further do not find merit in the submission on behalf of Tilaknagar that the breach of condition subsequent will not revest the title in the grantor without some act or declaration on his part and if the transferor does not enforce his right on the breach of a condition subsequent by the transferee then the title remains unimpaired in the transferee. This would mean that even if Section 31 of the T.P.Act applies, the conditions added to the writings dated 23rd February,

1987 referred to as ceding letters, would have to be enforced by filing a Suit for reconveyance of marks. This is not contemplated under this provision. The said provision expressly provides that the transfer shall cease to have effect in case specified uncertain event happens or does not happen. The word used is 'cease' and from which it is clear that any rights created through such a transfer would terminate automatically if there is a breach of the condition subsequent. Accordingly, the American and English Authorities relied upon by Tilaknagar is inapplicable in the present case, where Section 31 of the T.P.Act applies.

133. The submission on behalf of ABD that acquiescence does not divest the proprietor of an earlier trade mark of its proprietary rights in the mark or the right to use the mark merits acceptance. This is in view of Section 33(2) of the Trademarks Act, 1999 which expressly provides that where the proprietor of an earlier trade mark has acquiesced in the use of a registered trade mark, even then, the proprietor of the later trade mark is not entitled to oppose the use of the earlier trade mark, or as the case may be, the exploitation of the earlier right, notwithstanding that the earlier trade mark may no longer be invoked against the later trade mark. To meet this

provision, Tilaknagar has contended that since the relief sought for in the Notice of Motion is one of passing off, Section 33(2) of the Trademarks Act will not apply in view of Section 27 of Trademarks Act. However, this contention does not meet the submission of ABD that acquiescence does not divest the proprietor of an earlier trade mark of its proprietary rights. Presuming that UTO had acquiesced in Tilaknagar's use of the mark, this would not entitle Tilaknagar to an injunction restraining UTO or its successors in title from using or exploiting its statutory rights in the marks. I find much merit in the submission on behalf of the ABD that acquiescence is a shield not a sword and that acquiescence does not create a right, it only creates a defence. Thus, in my *prima facie* view, Tilaknagar would be barred from seeking an injunction in view Section 33(2) of the Trademarks Act, 1999.

134. I am further of the considered view that Tilaknagar has suppressed the material fact viz. the Hyderabad Suit, where Tilaknagar had stated that the rival marks are not similar. This was required to be brought to the notice of this Court in the present Notice of Motion. Although the subject rival marks are the very same rival marks which were the subject matter in the Hyderabad Suit,

Tilaknagar has changed its stand in the Affidavit-in-Reply dated 19th July, 2023 filed in the present Interim Application (L) No.16999 of 2023 by placing reliance upon UTO's own case of similarity of rival marks. This is after filing a further Affidavit in response dated 29th September, 2014 in the present Notice of Motion, wherein Tilaknagar has submitted that the contents of the Hyderabad Suit are irrelevant. The contention of Tilaknagar is that there is a neutralization or cancelling of the averments on similarity / dissimilarity. Reliance has been placed on the Judgment of the Supreme Court in **Kedar Nath Motani (supra)**. In my view, this contention is misconceived and the Judgment relied upon is inapplicable. This is in view of the relief sought for in the present Notice of Motion being that of passing off and for which it is material that the rival marks are to be deceptively similar and not dissimilar as contended by Tilaknagar in the Hyderabad Suit.

135. Thus, I am of the *prima facie* view that there is suppression of this material fact viz. the stand taken by Tilaknagar in the Hyderabad Suit in the present proceedings. Further, the principles of prosecution history estoppel is clearly applicable and Tilaknagar would be estopped from claiming the relief of passing off which has

been consciously waived by contending in the Hyderabad Suit that the rival marks are not similar. The Judgment in **Shantapa vs. Anna (supra)** in my view would be apposite, particularly with regard to its finding that it is not for a litigant to decide what fact is material for adjudicating a case and what is not material. It is the obligation of a litigant to disclose all the facts of a case and leave the decision-making to the Court.

136. The reliance placed by Tilaknagar on **Kishori Lal v. MST Chaltibai (supra)** to contend that where both the parties were aware of all the facts, the doctrine of estoppel will not apply, will not hold good in the present case. The Judgment relied upon is clearly distinguishable on facts as it was not in the context of an Interim Application seeking discretionary reliefs but was in an Appeal from a decree passed in a Suit. In the present case, in view of Tilaknagar's submission that rival pleadings on similarity of the marks cancelling each other is not a position to be taken for granted and it was incumbent upon Tilaknagar to place material before this Court to consider the effect of the rival positions. Tilaknagar has failed to do so and I am of the *prima facie* view that the variation in positions on the relevance of the Hyderabad Suit itself demonstrates the

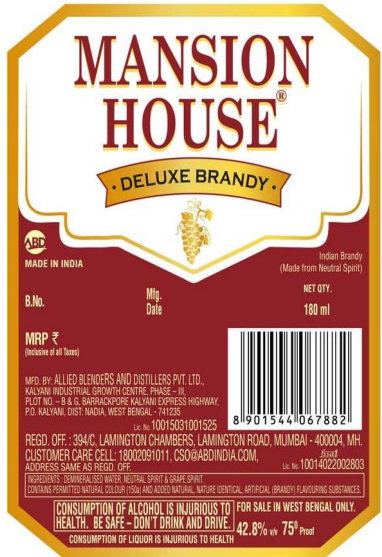
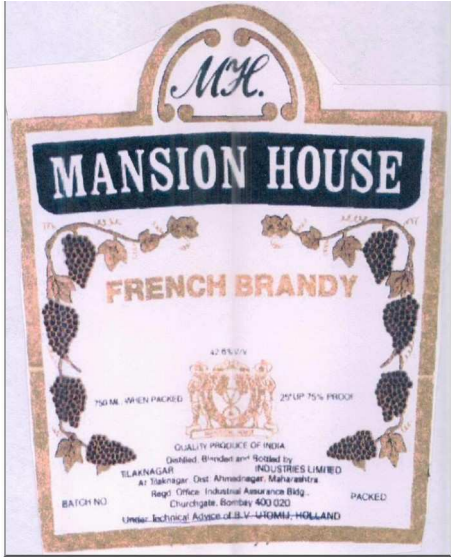
dishonesty of Tilaknagar making contradictory pleadings before different fora.

137. I am of the further *prima facie* view that no case of passing off has been made by Tilaknagar. The learned Single Judge in the said Judgment dated 22nd December, 2011 has held that the marks “MANSION HOUSE” AND “SAVOY CLUB” have transborder reputation given the material produced by UTO. Thus, Tilaknagar’s submission that goodwill in the marks ‘MANSION HOUSE’ and ‘SAVOY CLUB’ in India is only on account of Tilaknagar’s use of the said marks is incorrect and in teeth of the findings of the learned Single Judge. It is further pertinent to note that Tilaknagar had filed a cross appeal challenging this finding of UTO’s transborder reputation in the said Judgment dated 22nd December, 2011.

138. Further, given the *prima facie* finding that there is defeasance of transfer or assignment of marks to Tilaknagar, and automatic reversion to UTO, all the goodwill in the marks revert to UTO. Thus, Tilaknagar has lost its right to use the mark and nevertheless continues using it and any use and expense incurred by an infringer is at its peril and does not create actionable goodwill in

that user.

139. I have compared the rival marks which comparison is reproduced as under:

Applicant's Label	Defendant's Mark
	

I am of the *prima facie* view that there is no apparent similarity between the ABD's label and Tilaknagar's mark. Further, the learned Single Judge in the said Judgment dated 22nd December, 2011 found that there is no similarity between the rival artworks in the device mark since the literature is different and there is nothing unusual in the similarity in the manner in which the bunches of grapes are depicted on the brandy labels. This observation of the learned Single

Judge would continue to operate qua any allegation of similarity between the rival labels to make out a case of passing off.

140. In my *prima facie* view, the ABD has been able to establish that the consumers of the products manufactured by UTO / ABD possess a discerning eye given the nature and quality of the product sold i.e. high end alcoholic beverages. UTO / ABD's label clearly identifies that the product is manufactured by UTO / ABD, in addition to the marked difference in the get up and trade dress of the respective labels.

141. The Supreme Court in **Syed Mohideen v. P. Sulochana Bai (supra)** on analysis of Section 28(3) of the Trademarks Act has held that the rights of two proprietors of registered trademarks will not be enforced against each other.

142. Accordingly, I find that no case has been made out by Tilaknagar for grant of injunctive relief in terms of passing off against UTO or its assignees and accordingly Notice of Motion No.1387 of 2018 is dismissed.

143. In view of dismissal of the Notice of Motion upon *prima facie* finding that there is defeasance of the transfer or assignment of the mark of UTO to Tilaknagar in view of the breach of conditions superadded to the transfer to Tilaknagar, ABD being the assignee of the subject marks from UTO is entitled to the relief sought for in the present Interim Application (L) No.16999 of 2023 and accordingly the Interim Application is made absolute as prayed for.

144. Interim Application is accordingly disposed of in the above terms.

[R.I. CHAGLA J.]

145. Mr. Kadam, the learned Senior Counsel appearing for the Plaintiff (Tilaknagar) in the Counter Claim has sought for continuation of the direction issued by this Court vide Order dated 10th September, 2014 viz. that the Defendant (ABD) to the Counter Claim shall not introduce any products under the subject trademark in the market without leave of this Court.

146. Considering that the said direction issued by this Court

vide Order dated 10th September, 2014 has been continued till the hearing and disposal of the Notice of Motion filed by Tilaknagar and which Notice of Motion has been disposed of and the Interim Application of ABD allowed by this judgment and order, this judgment and order allowing the above Interim Application of ABD will not be given effect to for a period of four weeks from today.

[R.I. CHAGLA J.]