

July 17, 2025

To,

<b>BSE Limited</b> Phiroze Jeejeebhoy Towers Dalal Street Mumbai - 400 001 <b>Scrip Code (BSE): 544203</b>	<b>National Stock Exchange of India Limited</b> "Exchange Plaza" C-1, Block G, Bandra-Kurla Complex, Bandra (East) Mumbai - 400051 <b>Symbol: ABDL</b>
<b>Reference No:- 38/2025-26</b>	<b>Reference No:- 38/2025-26</b>

**Sub.: Disclosure under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").**

Dear Sir/Madam,

This is in reference to our earlier intimation dated February 7, 2025, wherein we had informed the Stock Exchanges about the Judgment passed by the Bombay High Court in favour of the Company in Notice of Motion No. 1287 of 2010 and I.A. (L) No. 16999 of 2023 in Original Suit (Commercial IPR Suit) bearing no. 2 of 2009 ("**said Suit**") seeking leave of the Bombay High Court to introduce its product in the State of West Bengal under the Trademark "MANSION HOUSE" in terms of the label registration secured by the Company from the West Bengal State Excise Department.

Subsequently, Tilaknagar Industries Limited ("**TIL**") challenged the aforesaid Order before the Division Bench of the Bombay High Court vide appeals bearing Commercial Appeal (L) No. 6617 of 2025 and Commercial Appeal (L) No. 6622 of 2025 in the said Suit. The Division Bench of the Bombay High Court has vide its order dated July 16, 2025, allowed the aforesaid appeals of TIL and directed that the Company shall continue the current status of non-introduction of its products in India under the impugned marks "MANSION HOUSE" and "SAVOY CLUB" till decision of the said Suit. By an Order dated July 16, 2025, the Bombay High Court has also dismissed Appeal No. 66 of 2012 in Notice of Motion No. 993 of 2009 in the said Suit.

The Company is considering to challenge, the Order dated July 16, 2025, passed in the aforesaid Appeals.

The information as required under Regulation 30 of the Listing Regulations read with SEBI Master Circular No. SEBI/HO/CFD/CFD-PoD2/P/CIR/P/2023/120 dated July 11, 2023 read with SEBI Circular No. SEBI/HO/CFD/PoD2/CIR/P/0155 dated November 11, 2024, are given in Annexure A.

This intimation is also being uploaded on the Company's website and can be accessed at <https://www.abdindia.com/>

Request you to please take the above information on records.

Thanking you,

Yours sincerely,

For **Allied Blenders and Distillers Limited**

**Sumeet Maheshwari**  
**Company Secretary and Compliance Officer**  
**Membership no. ACS 15145**

**Annexure****Disclosure under Para (A) of Part (A) of Schedule III to the Regulation 30 SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015**

<b>Sr. No</b>	<b>Particulars</b>	<b>Details</b>
1.	Name of Authority	Division Bench of the Bombay High Court
2.	Appellant Party	<p><b>Commercial Appeal (L) No. 6617 of 2025 and Commercial Appeal (L) No. 6622 of 2025</b>  Tilaknagar Industries Limited having its registered office at 3<sup>rd</sup> floor, Industrial Assurance Building, Churchgate, Mumbai, Maharashtra, India, 400 020 ("TIL").</p> <p><b>Appeal No. 66 of 2012</b></p> <ol style="list-style-type: none"> <li>1. UTO Nederland B. V. having its office at Zijlstraat 2, Schiedam, The Netherlands.</li> <li>2. Distilleerderij en Likeurstokerij Herman Jansen B. V. having its office at Zijlstraat 2, Schiedam, The Netherlands.</li> </ol>
3.	Respondent Party	<p><b>Commercial Appeal (L) No. 6617 of 2025 and Commercial Appeal (L) No. 6622 of 2025</b></p> <ol style="list-style-type: none"> <li>1. Herman Jansen Beverages Nederland B. V., having its office at Zijlstraat 2, Schiedam, The Netherlands.</li> <li>2. Distilleerderji en Likeurstokerij Herman Jansen B. V., having its office at Zijlstraat 2, Schiedam, The Netherlands.</li> <li>3. Allied Blenders and Distillers Limited, having its registered office at 394C, Lamington Chambers, Lamington Road, Mumbai - 400 004.</li> <li>4. UTO Asia Pte. Ltd., having its office at 9, Battery Road, 12/F Straits Tending, Building, Singapore-049910.</li> </ol> <p><b>Appeal No. 66 of 2012</b></p> <p>Tilaknagar Industries Limited, having its registered office at 3<sup>rd</sup> floor, Industrial Assurance Building, Churchgate, Mumbai, Maharashtra, India, 400 020.</p>
4.	Brief Description of Litigation	<p><b>Commercial Appeal No. 66 of 2012</b> was filed by Harman Jansen Beverages Nederland B.V. &amp; Ors. challenging the judgment and Order dated December 22, 2011, passed by the Ld. Single Judge of the Bombay High Court dismissing Notice of Motion No. 993 of 2009 in Commercial IPR Suit bearing no. 2 of 2009 ("<b>said Suit</b>") filed by the Harman Jansen Beverages Nederland B.V. &amp; Ors. seeking temporary injunction against TIL from passing off by use of the marks "MANSION HOUSE" and "SAVOY CLUB".</p> <p>TIL has filed Counterclaim No. 6 of 2010 in the said Suit and in that Counterclaim, TIL has filed a Notice of Motion No. 1287 of 2010 seeking injunction against the Respondent Party from manufacturing and/or bottling and/or marketing and/or trading and/or otherwise dealing in the alcoholic products and like goods bearing the trademarks "MANSION HOUSE" and "SAVOY CLUB". The Notice of Motion No. 1287 of 2010 filed by TIL in its</p>

Sr. No	Particulars	Details
		<p>Counterclaim was dismissed by the Ld. Single Judge by judgment and order dated February 7, 2025.</p> <p>Allied Blenders and Distillers Limited (“<b>ABD</b>”) filed an Interim Application bearing I.A. (L) No. 16999 of 2023 in the Counter Claim in the said Suit seeking leave of the Bombay High Court to introduce its brand in the State of West Bengal under the trademark “MANSION HOUSE” in terms of the label registration secured by it from the West Bengal State Excise Department. The Bombay High Court vide its order on February 7, 2025, had allowed ABD’s aforesaid Interim Application granting leave to ABD to introduce products bearing the mark “MANSION HOUSE” in the State of West Bengal and dismissed Notice of Motion No. 1287 of 2010.</p> <p>TIL filed Commercial Appeal (L) Nos. 6617 of 2025 challenging the dismissal of its Notice of Motion No. 1287 of 2010 and also filed Commercial Appeal (L) Nos. 6622 of 2025 allowing Interim Application (L) 16999 of 2023 granting leave to ABD to introduce products bearing the Trademark “MANSION HOUSE” in the State of West Bengal.</p> <p>The Division Bench of the Bombay High Court, vide its Order dated July 16, 2025, in the said Appeals, has:</p> <ol style="list-style-type: none"> <li>1. Allowed both the aforesaid Appeals of TIL and set aside the Order dated February 7, 2025.</li> <li>2. Upheld the order dated December 22, 2011, passed by the Bombay High Court in Notice of Motion No. 993 of 2009, which was challenged by the UTO Nederland B. V. and Distilleerderij en Likeurstokerij Herman Jansen B. V vide Appeal No. 66 of 2012.</li> <li>3. Ordered that the Respondent Party shall continue the current status of non-introduction of their products in India under the impugned marks “MANSION HOUSE” and “SAVOY CLUB” till decision of the said Suit.</li> <li>4. Clarified that the findings recorded in the judgement are prima facie and directed the Ld. Judge of the Bombay High Court shall not be influenced by the same while deciding the said Suit finally and also, to expeditiously decide the said Suit.</li> </ol>
5.	In the case of litigation against key management personnel or its promoter or ultimate person in control, regularly provide details of any change in the status and / or any development in relation to such proceedings;	NA
6.	In the event of settlement of the proceedings, details of such settlement including - terms of the settlement, compensation/penalty paid (if any) and impact of such settlement on the financial position of the listed entity.	NA

Sr. No	Particulars	Details
7.	Date of receipt of direction or order, including any ad-interim or interim orders, or any other communication from the authority	July 16, 2025, at 18:59 hours from the official website of the Bombay High Court.
8.	Expected Financial Implication	<p>The financial implication cannot be ascertained at this point in time. By virtue of the present Court order –</p> <ol style="list-style-type: none"> <li>1. TIL's Commercial Appeal (L) No. 6617 of 2025 and Commercial Appeal (L) No. 6622 of 2025 has been allowed and the order dated February 7, 2025, has been set aside.</li> <li>2. Upheld the order dated December 22, 2011, passed by the Bombay High Court in Notice of Motion No. 993 of 2009, which was challenged by the Respondent Party under Appeal No. 66 of 2012.</li> </ol>



IN THE HIGH COURT OF JUDICATURE AT BOMBAY  
ORDINARY ORIGINAL CIVIL JURISDICTION  
IN ITS COMMERCIAL APPELLATE DIVISION

APPEAL NO. 66 OF 2012

IN

NOTICE OF MOTION NO. 993 OF 2009

IN

SUIT NO. 632 OF 2009

WITH

NOTICE OF MOTION NO. 445 OF 2012

WITH

NOTICE OF MOTION NO. 740 OF 2013

IN

APPEAL NO. 66 OF 2012

IN

NOTICE OF MOTION NO. 993 OF 2009

IN

SUIT NO. 632 OF 2009

WITH

CROSS OBJECTION (L.) NO. 3 OF 2012

IN

APPEAL NO. 66 OF 2012

IN

NOTICE OF MOTION NO. 993 OF 2009

IN

SUIT NO. 632 OF 2009

UTO Nederland B.V. and anr.

*....Appellants  
(Original Plaintiffs)*

*: Versus :*

Tilaknagar Industries Ltd.

*....Cross Objectivist  
Respondent/  
Orig. Defendant*

WITH  
INTERIM APPLICATION NO. 2979 OF 2024  
IN  
APPEAL NO. 66 OF 2012  
IN  
NOTICE OF MOTION NO. 993 OF 2009  
IN  
COMMERCIAL I.P. SUIT NO. 2 OF 2009  
(ORIGINALLY SUIT NO. 632 OF 2009)

Allied Blenders and Distillers Ltd.

*....Applicant  
(Intervenor/Proposed  
Appellants)*

*In the matter Between :*

UTO Nederland B.V. and Anr.

*....Appellants  
(Plaintiffs No.1 and*

2)

*Versus :*

Tilaknagar Industries Ltd.

*....Respondent  
(Original Defendant)*

WITH  
NOTICE OF MOTION NO. 1427 OF 2014  
IN  
APPEAL NO. 66 OF 2012  
IN  
NOTICE OF MOTION NO. 993 OF 2009  
IN

SUIT NO. 632 OF 2009  
AND  
IN  
APPEAL NO. 567 OF 2014  
IN  
NOTICE OF MOTION NO. 1287 OF 2010  
IN  
COUNTER CLAIM NO. 06 OF 2010  
IN  
SUIT NO. 632 OF 2009

Tilaknagar Industries Ltd.

*.... Applicant/  
Respondent*

*In the matter between :*

Herman Jansen Beverages Nederland

B.V. and Anr.

*.....Appellants*

*: Versus :*

Tilaknagar Industries Ltd.

*....Respondent*

WITH  
COMMERCIAL APPEAL (L) NO. 6617 OF 2025  
IN  
NOTICE OF MOTION NO. 1287 OF 2010  
IN  
COUNTER CLAIM NO. 06 OF 2010  
IN  
COM IP SUIT NO. 2 OF 2009

Tilaknagar Industries Ltd.

*....Appellant  
(Orig.Plaintiff to the  
counter claim)*

*: Versus :*

Herman Jansen Beverages Nederland B.V.  
& Ors.

*....Respondents  
(Orig. Defendants to  
the counter claim)*

**ALONGWITH**

**INTERIM APPLICATION ( L) NO. 6655 OF 2025**

**IN**

**COMMERCIAL APPEAL (L.) NO. 6617 OF 2025**

Tilaknagar Industries Ltd.

*....Applicant*

**In the matter between :**

Tilaknagar Industries Ltd.

*....Appellant  
(Orig. Plaintiff)*

*: Versus :*

Herman Jansen Beverages Nederland B.V.  
and Ors.

*....Respondents*

**WITH**

**COMMERCIAL APPEAL (L) NO. 6622 OF 2025**

**WITH**

**INTERIM APPLICATION (L) NO. 16999 OF 2023**

**WITH**

**INTERIM APPLICATION (L) NO. 6686 OF 2025**

Tilkanagar Industries Ltd.

*....Appellant*

*: Versus :*

Herman Jansen Beverages Nederland B.V.  
& Ors.

*....Respondents*



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**Mr. Ravi Kadam, Senior Advocate and Mr. Venkatesh Dhond, Senior Advocate** with Mr. H.W. Kane, Mr. Rohan Kadam, Mr. Rohan Kelkar, Mr. Ashutosh Kane, Mr. Manvendra Kane, Ms. Vedangi Soman & Mr. I.K. Paranjape i/b Mr. H.W. Kane, for the Appellant in COMAPL/6617/2025 & COMAPL/6622/2025 & for Respondent in APP/66/2012.

**Mr. Darius Khambatta, Senior Advocate** and Mr. Ashish Kamat, Senior Advocate with Mr. Karl Tamboly, Mr. Priyank Kapadia i/b Ms. Yashvi Panchal, for Appellant in APP/66/2012 & for Respondent No. 3 in COMAPL/6617/2025 & COMAPL/6622/2025

**Mr. Darius Khambatta, Senior Advocate** with Mr. L.M. Jenkins with Mr. Siddhant Dalvi i/b LMJ Law Practice, for Respondents No. 1, 2 & 4 in both Appeals.

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**CORAM : ALOK ARADHE, CJ. &**

**SANDEEP V. MARNE, J.**

**Judgment Reserved On : 24 June 2025**

**Judgment Pronounced on : 16 July 2025**

**JUDGMENT** (Per : Sandeep V. Marne, J.)

**A. THE CHALLENGE**

1) Commercial Appeal No.66/2012 is filed by the Plaintiffs challenging the judgment and order dated 22 December 2011 passed by the learned Single Judge of this Court dismissing Notice of Motion No. 993/2009 filed by the Plaintiffs seeking temporary injunction against the Defendant from passing off by use of the marks 'MANSION HOUSE', 'M.H.', 'M.H.B.' and 'Savoy Club' and committing infringement of Plaintiff's copyrights in labels associated with the said marks. The Defendant has filed Counterclaim in Plaintiff's suit and in that

Counterclaim, the Defendant filed Notice of Motion No. 1287/2010 seeking injunction against the Plaintiffs from manufacturing and/or bottling and/or marking and/or trading and/or otherwise dealing in the alcoholic products and like goods bearing the trademarks 'MANSION HOUSE' and 'SAVOY CLUB' and other trademark deceptively similar to Defendant's trademark 'MANSION HOUSE' and 'SAVOY CLUB' so as to commit the tort of passing off. Notice of Motion No. 1287/2010 filed by the Defendants in its Counterclaim has been dismissed by the learned Single Judge by judgment and order dated 7 February 2025, which is subject matter of challenge in Commercial Appeal (L) Nos. 6617/2025 filed by the Defendant. Interim Application (Lodg.) No. 16999/2023 was filed by Plaintiff No.3 seeking leave to introduce products in the State of West Bengal under the trademark 'MANSION HOUSE' and by judgment and order dated 7 February 2025, the learned Single Judge has allowed Interim Application (Lodg.) No. 16999/2023, which is challenged by the Defendant in Commercial Appeal (L) No. 6622/2025.

## **B. FACTS**

2) Plaintiff Nos.1 and 2 are Companies organised and existing under the Dutch laws and are producers, importers, exporters, sellers and distributors of various spirits and liquors including scotch, brandy, whisky, gin, vodka, rum, liqueurs and cognac. Plaintiff Nos.1 and 2 are fully owned subsidiaries of UTO holding B.V. formerly known as B.V. UTOMIJ. For ease of reference, Plaintiff Nos.1 and 2 are collectively referred to as 'UTO'. Plaintiffs claim that the trademark 'MANSION HOUSE' was registered by UTO in the Netherlands in November 1922. UTO claims to have secured registration of the mark 'MANSION HOUSE' in 33 jurisdictions across the world. The mark 'SAVOY CLUB' was registered by the UTO in the Netherlands on 12 January 1967 and UTO claims to have secured registration of the trademark 'SAVOY CLUB' in 27 jurisdictions

across the world. UTO applied for registration of the wordmark 'MANSION HOUSE' in India and it is claimed that it is the proprietor of the wordmark 'MANSION HOUSE' in India since 5 April 1983. UTO claims to have secured registration of the wordmark 'SAVOY' in India on 20 December 1983. UTO entered into a License and Manufacturing Agreement with the Defendant-Tilaknagar Industries Ltd. (**Tilaknagar**) for use of the marks 'MANSION HOUSE' and 'SAVOY CLUB' in India on condition of procurement of specified minimum quantities of concentrates for producing and selling whisky, brandy, gin and rum from UTO.

3) Defendant-Tilaknagar is also in the business of manufacturing alcoholic beverages. Under the Licensing and Manufacturing Agreement of 7 July 1983, the Defendant started manufacturing, marketing and selling whisky, gin, rum and brandy under the marks 'MANSION HOUSE' and 'SAVOY CLUB' in India.

4) Disputes arose between Scotch Whisky Association (**SWA**) and UTO in the year 1986, as SWA was aggrieved by UTO indicating its products as Scotch Whisky though not meeting the SWA's standards. SWA accordingly filed action against UTO in a Dutch Court to restrain UTO from indicating its products as Scotch Whisky. By order dated 15 January 1987, the Dutch Court restrained UTO from indicating its product as Scotch Whisky. In the above background, UTO addressed letter to Tilaknagar on 23 February 1987, under which UTO ceded its marks 'MANSION HOUSE' and 'SAVOY CLUB' to Tilaknagar with a condition that the marks would go back to UTO, if UTO was unable to supply concentrates to Tilaknagar. The letter dated 23 February 1987 was countersigned by Tilaknagar on the same day i.e. 23 February 1987. Tilaknagar addressed second letter dated 23 February 1987 to UTO, which was countersigned by UTO, under which Tilaknagar promised to take from UTO 50,000 litres of concentrates for the year 1987 with an increase of

10% for every consecutive year till the quantity of 1,50,000 litres was reached or until the Indian market had reached the saturation point. The second letter dated 23 February 1987 addressed by Tilaknagar recorded that if Tilaknagar failed to comply with the conditions stipulated in the said second letter, the ceding of brand names 'MANSION HOUSE' and 'SAVOY CLUB' to Tilaknagar would become invalid immediately.

5) Tilaknagar sent a telex requesting UTO to issue No-Objection letter for registration of the wordmark 'MANSION HOUSE' in the name of Tilaknagar on 9 February 1989. In the meantime, UTO's application for registration of the wordmark 'MANSION HOUSE' was advertised and according to UTO, no opposition was filed by Tilaknagar to the said application. On 21 February 1989, UTO wrote to Tilaknagar under which UTO agreed not to take away the brand names 'MANSION HOUSE' and 'SAVOY CLUB' from Tilaknagar if Tilaknagar managed to import specified quantities of concentrates every year starting from 1989. Tilaknagar developed its own concentrates by the year 1992-93 for use in the drinks to be sold under the mark 'MANSION HOUSE' and started manufacturing and selling the same using its own concentrate. On 22 November 1993, Tilaknagar was granted registration of label marks using the said mark 'MANSION HOUSE'. Tilaknagar stopped purchasing concentrates from UTO from 1994. Tilaknagar thereafter applied for registration of the label marks using the mark 'SAVOY CLUB'. On 28 April 1994, the applications of Tilaknagar were allowed. Thereafter, Tilaknagar filed application for registration of the wordmark 'MANSION HOUSE CHOCOLATE MINT LIQUEUR' on 1 July 1994. On 21 October 1997, UTO and Tilaknagar signed a letter referring to the letter dated 7 July 1983 specifying minimum quantities of concentrates to be procured by Tilaknagar for the year 1998. Certain correspondence took place between UTO and Tilaknagar in the year 2002 under which arrangements for procurement of concentrates from UTO were discussed

between the parties. On 7 August 2003, UTO sent legal notice to Tilaknagar. On 15 December 2003, Tilaknagar replied the legal notice. It appears that further correspondence took place between the parties between 2004 to 2008 where discussions were held for resuming procurement of concentrates by Tilaknagar from UTO. It however appears that Tilaknagar continued manufacture and sale of its products by using its own concentrates. In the above background, UTO served cease and desist notice to Tilaknagar on 11 June 2008, which was replied by Tilaknagar on 20 June 2008. UTO thereafter filed Suit No. 632/2009 [*now Commercial (IP) Suit No. 2/2009*] against Tilaknagar seeking permanent injunction against infringement of copyright in UTO's labels, permanent injunction against passing off goods under the marks 'MANSION HOUSE' and 'SAVOY CLUB', permanent injunction against passing off goods under the label marks 'MANSION HOUSE', 'MH', 'MHB' and 'SAVOY CLUB', mandatory injunction requiring Tilaknagar to withdraw its registration/applications in respect of the marks 'MANSION HOUSE' and 'SAVOY CLUB' and damages in the sum of Rs.78 crores.

6) In its suit, UTO took out Notice of Motion No.993/2009 seeking temporary injunction against Tilaknagar. Tilaknagar opposed the Motion by filing Affidavit-in-Reply. Tilaknagar filed Suit No.578/2009 before the Civil Court, Hyderabad against UTO in respect of correspondence made by UTO to various excise authorities seeking restraint against Tilaknagar's use of its labels. Tilaknagar filed Written Statement in Suit No. 632/2009 (*Commercial (IP) Suit No.2/2009*). The learned Single Judge dismissed UTO's Notice of Motion No.993/2009 seeking temporary injunction by impugned judgment and order dated 22 December 2011. UTO has filed Appeal No.66/2012 challenging the judgment and order of the learned Single Judge dated 22 December 2011. Tilaknagar has filed Cross Objections No.3/2012 challenging the findings of the learned Single Judge that the marks 'MANSION HOUSE' and

‘SAVOY CLUB’ have transborder reputation in India. By order dated 6 March 2012, the Appeal Court admitted UTO’s Appeal but did not stay the operation of the order of the learned Single Judge.

7) In addition to filing of written statement opposing UTO’s Suit, Tilaknagar also filed Counterclaim against UTO, in which Tilaknagar had filed Notice of Motion No. 1287/2010 seeking injunction to restrain UTO from manufacturing, marketing or selling alcoholic products bearing trademark ‘MANSION HOUSE’ and ‘SAVOY CLUB’ or by means of any other mark deceptively similar to the trademark ‘MANSION HOUSE’ and ‘SAVOY CLUB’ by committing the tort of passing off. While Notice of Motion No. 993/2009 filed by UTO seeking injunction against Tilaknagar came to be decided by judgment and order dated 22 December 2011, Notice of Motion No. 1287/2010 filed by Tilaknagar in its Counterclaim remained pending. After rejection of UTO’s Notice of Motion for temporary injunction and admission of Appeal No.66/2012, Tilaknagar pressed its Notice of Motion No. 1287/2010 filed in its Counterclaim after it learnt that in mid-August 2014, UTO assigned and transferred 50% of their purported rights in the two trademarks in favour of Allied Blenders and Distillers (**ABD**) who was impleaded to the suit as Plaintiff No.3. Therefore, Tilaknagar applied for urgent *ad-interim* relief on 10 September 2014 in its Notice of Motion No. 1287/2010. The Single Judge of this Court made an interim arrangement, without considering the contentions of the parties on merits, vide order dated 10 September 2014 *inter-alia* directing that if Plaintiffs proceeded to obtain licenses or other permissions, the same would be done by them at their own risk and cost subject to the final result of the Notice of Motion. Plaintiffs were restrained from introducing any products while using the subject trademarks in the market without seeking leave of the Court. The said *ad-interim* order passed on 10 September 2014 was later directed to be continued during pendency of Notice of Motion No. 1287/2010, with the



result, the Plaintiffs remained restrained from introducing any products in Indian market without seeking leave of the Court. Plaintiffs did not immediately apply for leave of this Court to introduce any products either through UTO or through ABD.

8) In the meantime, UTO's Appeal No.66/2012 was referred to the larger Bench, after noticing some conflict in decisions of this Court, by order dated 15 December 2014 to decide the issues: (i) whether the Court makes *prima facie* adjudication of issues on merits or merely exercises discretion while deciding the application for temporary injunction and (ii) the scope and ambit of appeal from an order passed by trial judge on an interlocutory application. The Larger Bench answered the reference holding that in the matter of temporary injunction, the Court does not adjudicate on the subject matter or any part of it on merits and considers the application for temporary injunction in the light of well-known principles and exercises its discretion weighing all relevant consideration without any expression of opinion on merits of the matter. The second issue is answered holding that the Appellate Court while deciding an appeal, has to examine whether the discretion exercised is not arbitrary, capricious or contrary to the principles of law and the appellate Court may, in a given case, has to adjudicate on facts even in such discretionary orders.

9) About nine years after passing of ad-interim order dated 10 September 2014 granting leave to apply for introduction of products in the Indian market, ABD took out Interim Application (L.) No.16999/2023 seeking leave to introduce products in the State of West Bengal under the trademark 'MANSION HOUSE' in terms of the label registration secured by ABD in the State of West Bengal.

10) The learned Single Judge of this Court took up Interim Application (L.) No.16999/2023 filed by ABD alongwith pending Notice of Motion No. 1287/2010 taken out by Tilaknagar in its counterclaim for hearing together. By judgment and order dated 7 February 2025, the learned Single Judge has rejected Tilaknagar's Notice of Motion No. 1287/2010 and has thereby not granted any injunction in favour of Tilaknagar to restrain the Plaintiffs from manufacturing, marketing and selling any goods by using the trademarks 'MANSION HOUSE' and 'SAVOY CLUB'. On the other hand, Interim Application (L.) No.16999/2023 filed by ABD has been allowed by the learned Single Judge vide common judgment and order dated 7 February 2025 granting leave in favour of ABD to introduce products under the trademark 'MANSION HOUSE'. Tilaknagar is aggrieved by common judgment and order dated 7 February 2025 and has filed Commercial Appeal (L) No. 6617/2025 to the extent of rejection of Notice of Motion No. 1287/2010 filed by it in Counterclaim No.6/2010. The judgment and order dated 7 February 2025 passed by the learned Single Judge to the extent it allows Interim Application (L.) No. 16669/2023 filed by ABD has also been challenged by Tilaknagar by filing separate Appeal (L.) No. 6622/2025.

11) On 10 March 2025, this Court recorded statement made on behalf of UTO that UTO and ABD shall not act on the judgment and order dated 7 February 2025, which statement has been continued from time to time and continues to operate till decision of the present Appeals.

12) Since the issues involved in all the three Appeals are interconnected, all the three Appeals are heard and disposed of by this common judgment.



## C. SUBMISSIONS

### C.1 SUBMISSIONS OF MR. KHAMBATTA IN SUPPORT OF APPEAL NO. 66 OF 2012

13) Mr. Khambatta, the learned Senior Advocate appearing for UTO in support of the Appeal No.66/2012 has made following submissions :-

(i) That the learned Single Judge has grossly erred in refusing interim injunction in favour of UTO despite making out *prima-facie* case of UTO remaining a registered proprietor of marks. The findings recorded by the learned Single Judge clearly shows that case of reversion of title was specifically argued by UTO. However, the learned Judge has overlooked the consequences of provisions of Section 31 of the Transfer of Property Act, 1882 even though the provision of Section 31 may not have been quoted, the fore of the said provision was clearly argued. Instead of determining and recording *prima-facie* findings on the issue of reversion, the learned Judge has skirted the same and has gone on unfounded considerations of acquiescence, abandonment and waiver.

(ii) That UTO is registered proprietor of the marks and even after the ceding letters of 23 February 1987, it continues to be a registered owner of the marks and is clearly entitled to injunction.

(iii) That the learned Single Judge has failed to consider UTO's case of defeasance of transfer and reversion of the marks to UTO. That the two letters of 23 February 1987 expressly provided for ceding of the marks by UTO in favour of Tilaknagar to become invalid upon breach of promises by Tilaknagar as stipulated in the second letter of 23 February 1987. That Tilaknagar admitted breach of promises committed by it in the Written

Statement which constitute judicial admissions constituting waiver of proof as held by the Apex Court in Nagindas Ramdas Versus. Dalpatram Ichharam alias Brijram and others<sup>1</sup>. In the light of admission of breaches by Tilaknagar, the learned Judge ought to have accepted UTO's case of reversion of marks as provided in the second ceding letter of 23 February 1987.

(iv) That a strong *prima facie* case of defeasance of transfer and reversion of marks was made out by UTO based on plain language of the second ceding letter dated 23 February 1987. That therefore the learned Judge ought to have applied provisions of Section 31 of the Transfer of Property Act, 1882 and upheld UTO's contention of reversion of marks. In support of his contentions, he would rely upon judgments in Venkatarama Aiyar Versus. Aiyasami Aiyar and others<sup>2</sup>, Govindamma Versus. Secretary, Municipal First Grade College, Chintamani<sup>3</sup>, Indu Kakkar Versus. Haryana State Industrial Development Corporation Ltd. and another<sup>4</sup>, State of Andhra Pradesh and others Versus. Mandanapalle Ex-servicemen Association<sup>5</sup>.

(v) That reversion of seller's title upon happening of the event specified is the superadded condition under Section 31 of the Transfer of Property Act is automatic and it is not necessary to file any proceedings seeking a declaration of extinguishment of purchaser's title. That in the present case upon admitted commission of breach of promises by Tilaknagar, the ceding of marks in favour of Tilaknagar automatically got extinguished by operation of law and it was not necessary for UTO to file separate suit

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1 (1974) 1 SCC 242

2 1922 SCC OnLine Mad 135

3 1986 SCC Online Kar 62

4 (1999) 2 SCC 37

5 2024 SCC Online AP 18

seeking a declaration for extinguishment of Tilaknagar's ownership of marks.

(vi) That the learned Single Judge has specifically recorded a finding of Tilaknagar's failure to import the concentrates and that therefore the learned judge ought to have recorded the consequential finding of breach. That Tilaknagar had never pleaded a case that there was no breach of its obligation to purchase concentrates on account of failure to stipulate the price and that therefore the learned Single Judge erred in holding that absence of specification of price would release Tilaknagar of consequences of breach of promises. In any case, there are judicial admissions of breach by Tilaknagar in its Written Statement and it was not even necessary for UTO to prove such breach.

(vii) The two letters of 23 February 1987 constitute a single transaction between the parties. This is clear from absence of any consideration in the first letter of 23 February 1987. That the consideration for ceding of marks was promise to purchase concentrates from UTO as evidenced in the second letter of 23 February 1987. That therefore both the letters must be read together as a whole. That in any case, the second letter of 23 February 1987 provided for immediate termination of ceding arrangement recorded in the first letter upon Tilaknagar committing breach of the promises. That if first letter of 23 February 1987 is to be treated as a standalone document, the same would render the entire transaction void under Section 25 of the Indian Contract Act, 1872 due to absence of consideration.

(viii) That orders in Dutch Court proceedings are absolutely irrelevant for the purpose of determining the nature of transaction between the parties as recorded by letters dated 23 February 1987. That a transaction can be contained in more than one deed or instrument and in support he would

rely upon judgments in S. Chattanatha Karayalar Versus. Central Bank of India Ltd. and others<sup>6</sup> and Hubtown Limited Versus. IDBI Trusteeship Service Limited<sup>7</sup>. That therefore conditions reflected in the second ceding letter dated 23 February 1987 actually constituted a superadded condition within the meaning of Section 31 of the Transfer of Property Act. That provisions of Section 31 of the Transfer of Property Act are clear, providing for automatic extinguishment of title of purchaser upon happening of event which is part of superadded condition.

(ix) That the Law Commission has consciously not replicated English Law while retaining the provisions of Section 31 in the Transfer of Property Act. That therefore Tilaknagar's reliance on English law is totally irrelevant. That in any case, judgments relied upon by UTO clearly indicate that extinguishment of title under Section 31 is automatic without having need to file any separate proceedings seeking declaration of title.

(x) That the superadded condition contemplated under Section 31 of the Transfer of Property Act can form integral part of the transaction and that therefore non-fulfillment of promise to breach transaction would entail reversion of title in the marks in favour of UTO. That reliance by Tilaknagar on judgments in support of the proposition of superadded condition not forming integral part of the transaction is baseless as none of the judgments suggest so. On the other hand, the judgments in Jagat Singh Chilwal and another Versus. Dungar Singh<sup>8</sup>, Mt. Purnia Kurmi Versus. Manindra Nath Mahanti<sup>9</sup>, Manilal Mohanlal Shah and others Versus. Sardar Sayed Ahmed Sayed Mahmud and another<sup>10</sup> and Harichand & Co. Versus. Gosho Kabushiki Kaisha<sup>11</sup> clearly suggest that the

6 1965 SCC OnLine SC 67

7 2016 SCC OnLine Bom 9019

8 AIR (38) 1951 Allahabad 599

9 AIR 1968 Assam & Nagaland 50

10 (1954) 1 SCC 724

11 (1925) ILR 49 Bom 25

superadded condition can form integral part of the transaction. That in any case, and even if it is assumed that the superadded condition cannot be associated with consideration, there are other breaches unrelated to the consideration which would result in cessation of transfer to Tilaknagar and reversion in favour of UTO.

(xi) Tilaknagar's conduct itself confirms that Tilaknagar always understood that valid defeasance had taken place. This is borne out by Tilaknagar's letter dated 21 October 1997 referring to the earlier license agreement dated 7 July 1983. That if Tilaknagar indeed had become owner of the marks, there was no need for it to refer to the License Agreement dated 7 July 1983 in its letter dated 21 October 1997. That Tilaknagar itself accepted the position of revival of License of 1983 vide letter dated 21 October 1997. The learned Single Judge grossly erred in treating execution of the said letter dated 21 October 1997 to be mutual mistake of the parties. That the learned Single Judge has completely disregarded revival of terms of License Agreement dated 7 July 1983 vide new Agreement executed in the form of letter dated 21 October 1997 signed by both the parties. That correspondence subsequent to letter agreement dated 21 October 1997 also clearly establishes the case of revival of License Agreement. That therefore findings of the learned Single Judge accepting the case of mutual mistake by ignoring the said correspondence is in the teeth of law settled in the Apex Court judgment of Grasim Industries Limited and another Versus. Agarwal Steel<sup>12</sup>.

(xii) That injunction was claimed by UTO on the basis of its claim for passing off. That the Single Judge himself has recorded a finding of cross border reputation and goodwill of UTO in the marks. That once UTO established goodwill in the marks in India, the Learned Single Judge ought to have granted injunction claim for passing off in favour of UTO.

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12 (2010) 1 SCC 83

(xiii) That Tilaknagar's submission of impermissibility to transfer marks in absence of goodwill is baseless. That Tilaknagar used goodwill of UTO even after execution of the two ceding letters of 23 February 1987.

(xiv) The findings recorded by the learned Single Judge about abandonment, waiver, relinquishment and acquiescence are completely baseless and unsupported by correspondence between the parties as well as their conduct. That the learned Judge has erred in holding that UTO permitted Tilaknagar to sell the products without insisting upon Tilaknagar fulfilling the terms and conditions of second ceding letter of 23 February 1987 and that therefore the alleged breaches by Tilaknagar were waived by UTO. That these findings are beyond pleadings in the Written Statement which contains a specific admission about breaches. That the said findings also ignore express admissions, which are evidenced in several letters of Tilaknagar agreeing to purchase concentrates from UTO right upto 29 October 2002. That when Tilaknagar itself showed willingness to purchase concentrates from UTO, it could not have been held by the learned Single Judge that UTO did not insist upon fulfillment of terms and conditions of second ceding letter or waiver of breaches.

(xv) The learned Single Judge could not have applied the principles of delay and laches for denying injunction in favour of UTO by ignoring settled legal principles governing delay, waiver or acquiescence. He would rely upon judgments in M/s. Hindustan Pencils Private Limited Versus. M/s. India Stationery Products Co. & another<sup>13</sup> and M/s. Power Control Appliances and others Versus. Sumeet Machines Pvt. Ltd.<sup>14</sup> in support of his contention that once case of fraud and violation of Plaintiff's right is established, mere inordinate delay cannot be a ground for refusal of injunction. That in any case high threshold of acquiescence is not made out in the present case and in support reliance is placed on the

13 1989 SCC OnLine Del 34

14 (1994) 2 SCC 448



judgment of *D. R. Cosmetics Pvt. Ltd. & Anr. Versus. J. R. Industries*<sup>15</sup>, *Medley Pharmaceuticals Ltd. Versus. Twilight Mercantiles Ltd. and another*<sup>16</sup> and *Emcure Pharmaceuticals Ltd. Versus. Corona Remedies Pvt. Ltd and another*<sup>17</sup>. That where fraud constituting dishonesty of adoption or continued use is established, there is no room for acquiescence and that shield of delay, acquiescence or long use being defeasance in equity cannot aid user who is dishonest as held in *Eaton Corporation & Anr. Versus. B.C.H. Electric Limited*<sup>18</sup>.

(xvi) That the findings of the learned Single Judge on the issue of acquiescence are clearly unsustainable. That the correspondence clearly spells out that there was no requirement for UTO to insist on procurement of concentrates as Tilaknagar itself requested repeatedly for purchase of concentrates right upto 2002. That by letter of 29 October 2002, Tilaknagar placed order for concentrates. However, the impugned order completely ignores the said letters while recording baseless findings of failure to insist on procurement of concentrates. That the other finding in support of the theory of acquiescence about UTO not stopping Tilaknagar from use of marks is contrary to the judgments in *M/s. Hindustan Pencils Private Limited* (supra), *M/s. Power Control Appliances* (supra), *D. R. Cosmetics Pvt. Ltd.* (supra), *Medley Pharmaceuticals Ltd.* (supra), *Emcure Pharmaceuticals Ltd.* (supra), *Medley Laboratories (P) Ltd., Mumbai and another Versus. Alkem Laboratories Limited*<sup>19</sup>, *Khoday Distilleries Limited (Now known as Khoday India Limited) Versus. Scotch Whisky Association and others*<sup>20</sup> and *Midas Hygiene Industries (P) Ltd. and another Versus. Sudhir Bhatia and others*<sup>21</sup>.

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15 2008 SCC OnLine Bom 18

16 2014 SCC OnLine Bom 697

17 2014 SCC OnLine Bom 1064

18 2013 SCC OnLine Del 2333

19 2002(3) Mh.L.J. 546

20 (2008) 10 SCC 723

21 (2004) 3 SCC 90

(xvii) That the alternate case of letters of 1987 constituting license has erroneously not been accepted by the learned Judge. That subsequent conduct and correspondence clearly spells out that parties always treated even letters of 1987 as mere license. If Tilaknagar indeed has become owner of marks on account of 1987 ceding letters, it would not have referred to the license of 1983 in the subsequent correspondence.

## **C.2 SUBMISSIONS OF MR. KHAMBATTA OPPOSING CROSS-OBJECTIONS FILED BY TILAKNAGAR**

14) Mr. Khambatta has made following submissions for opposing the cross objections filed by Tilaknagar :-

(i) That the findings recorded by the learned Single Judge accepting UTO goodwill is consistent with the principle of estoppel. That Tilaknagar opted to secure license agreements from UTO on account of the fact that UTO enjoyed goodwill and reputation in respect of the said marks in India. This inference drawn by the learned Single Judge does not warrant interference in view of the law laid down by the Apex Court in Wander Ltd. and another Versus. Antox India P. Ltd.<sup>22</sup>

(ii) That securing of license implies high value of marks as held by the Delhi High Court in J.K. Jain & others Versus. Ziff-Davies Inc<sup>23</sup>.

(iii) That even cross border reputation of an owner in respect of the mark can be recognized for inferring goodwill in India. In support, he

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22 1990 (Supp) SCC 727

23 2000 (56) DRJ (Suppl) 806 (DB)



would rely upon judgments in Daiwa Pharmaceuticals Co. Ltd. Versus. Daiwa Pharmaceuticals Pvt. Ltd. and Others<sup>24</sup>, N.R. Dongre and others Versus. Whirlpool Corporation and another<sup>25</sup>. He also places reliance on the judgments Kamal Trading co., Bombay and others Versus. Gillette U.K. Limited, Middle Sex, England<sup>26</sup>, Haw Par Bros. International Ltd. Versus. Tiger Balm Co. (P) Ltd. & Ors<sup>27</sup>, Aktiebolaget Volvo of Sweden Versus. Volvo Steels Ltd. of Gujarat (India)<sup>28</sup>, Caesar Park Hotels & Resorts Inc. Versus. Westinn Hospitality Services Ltd.<sup>29</sup>, Rainforest Cafe, Inc. Versus. Rainforest Cafe & Ors.<sup>30</sup>, Celphalon Inc. Versus. Maneesh Pharmaceutical Limited & Anr<sup>31</sup>, Mayo Foundation for Medical Education & Research Versus. Bodhisatva Charitable Trust and others<sup>32</sup> and Daiwa Pharmaceuticals Co. Ltd. (supra) in support of his contention that actual sales in India is not the test for establishing transborder reputation and goodwill. That therefore no interference is warranted in the findings of the learned Single Judge about UTO enjoying cross border reputation and goodwill in respect of the marks in India.

He would accordingly pray for dismissal of the cross objections.

### **C.3 SUBMISSIONS CANVASSED BY MR. RAVI KADAM TO OPPOSE APPEAL NO. 66 OF 2012**

15) Mr. Kadam, the learned senior advocate appearing for Tilakanagar has canvassed before us following broad submissions while opposing Appeal No.66/2012 filed by UTO and for supporting denial of

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24 2024 SCC OnLine Bom 1078

25 (1996) 5 SCC 714

26 1987 SCC OnLine Bom 754

27 1995 SCC OnLine Mad 189

28 1997 SCC OnLine Bom 578

29 1998 3 L.W. 274

30 2001 SCC OnLine Del 385

31 2016 SCC OnLine Del 5640

32 2023 SCC OnLine Del 3241

injunction by the learned Single Judge vide impugned order dated 22 December 2011 :-

(i) That the suit filed by UTO is not a suit for title in respect of the marks 'MANSION HOUSE' and 'SAVOY CLUB' and UTO has not suited Tilaknagar for trademark infringement. That the suit is for passing off and that therefore the contentions raised on behalf of the UTO seeking to establish title to the marks are fundamentally flawed.

(ii) Tilaknagar is a registered proprietor of the marks 'MANSION HOUSE' and 'SAVOY CLUB' and Section 28(1) of the Trademarks Act confers upon it the exclusive right to use the marks and to obtain relief in respect of infringement thereof. This exclusive right cannot be interdicted by a person asserting title to an unregistered mark by virtue of Section 27(1) of the Trademarks Act, which imposes prohibition from instituting any proceedings for infringement of unregistered trademark.

(iii) Passing off being remedy for invasion of rights in a business, it is necessary for UTO to demonstrate existence of goodwill in India. Ownership of goodwill being the first integer of a passing off claim, the goodwill must be shown to exist in connection with conduct of a business which must be local in character. That once goodwill and reputation in India is not established, UTO's contentions about reversion of title in a passing off action need not really be examined. In support reliance is placed on judgment of the Apex Court in Toyota Jidosha Kabushiki Kaisha Versus. Prius Auto Industries Limited and others<sup>33</sup>.

(iv) UTO itself did not claim in the Plaint any business or goodwill in India. Case on goodwill is sought to be introduced straightaway in rejoinder thereby demonstrating lack of existence of *prima-facie* case. That

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33 (2018) 2 SCC 1

it is impermissible to introduce a case in rejoinder as held in Noorul Hassan Versus. Nahakpam Indrajit Singh and others<sup>34</sup> That perusal of various averments in the plaint would demonstrate Plaintiff's claim of existence of goodwill in various parts of the world and there are no pleadings in the entire plaint to demonstrate that any goodwill has ever been established by the Plaintiff in India. In support of the contention of existence of prime use generating goodwill in a particular jurisdiction, reliance is placed on judgment in Brihan Karan Sugar Syndicate Private Limited Versus. Yashwant Mohite Krushna Sahakari Sakhar Karkhana<sup>35</sup>. That therefore in absence of any actionable goodwill of UTO in Indian market, it cannot be inferred that any *prima-facie* case was made out for grant of interim injunction in favour of UTO.

(v) In contrast to UTO's failure to demonstrate existence of goodwill in India, Tilaknagar has been admittedly selling its products with the impugned marks rights since 1983 till filing of the suit in 2009 and has established strong reputation and goodwill in India. That therefore in passing off action initiated by UTO, no case for injuncting Tilaknagar has been made out.

(vi) UTO has neither pleaded the case of reversion of title based on provisions of Section 31 of the Transfer of Property Act in the plaint nor such case was even argued when the impugned order dated 7 February 2025 was passed by the learned Single Judge. That such case is introduced as an afterthought only at the time of deciding Tilaknagar's Notice of Motion in counterclaim.

(vii) Section 31 of the Transfer of Property Act merely permits or makes lawful insertion of superadded condition in a transaction of sale. It does

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34 (2024) 9 SCC 353

35 Civil Appeal No. 2768 of 2023 decided on 14 September 2023.

not provide for automatic reversion of title. Section 31 merely permits insertion of contractual clause in reversion of title upon happening of uncertain event. That party raising claim of reversion of title is therefore required to enforce such contractual condition by filing a suit for declaration. In support, reliance is placed in Madanlal Fakirchand Dudhediya Versus. Shree Changdeo Sugar Mills Ltd.<sup>36</sup>, Devendra Prasad Sukul and others Versus. Surendra Prasad Sukul and another<sup>37</sup> and Munshi Lal and others Versus. Ahmad Mirza Beg and others<sup>38</sup>. That in all the judgments relied upon by UTO, separate action was required to be brought for the purpose of claiming reversion of title. That UTO failed to seek a declaration of reversion of title after Tilaknagar's stoppage of purchase of concentrates. That therefore in a passing off action, UTO cannot indirectly seek declaration of reversion of title by having recourse to Section 31 of the Transfer of Property Act.

(viii) Section 31 of the Transfer of Property Act is otherwise irrelevant in relation to transfer of unregistered trademark under Section 38 of the Trademarks Act. An unregistered trademark cannot be transferred without goodwill of the business. It is inconceivable that the ceding letters of 1987 would transfer ownership of marks in favour of UTO leaving behind goodwill of Tilaknagar earned by it on account of unhindered sale of products several years after execution of such ceding letters.

(ix) That the two ceding letters of 1987 constitute two distinct contracts between the parties. That the ceding has taken place only in the first letter whereas second letter is only for recording promise for purchase of concentrates. That the promise to purchase concentrates is not a consideration for ceding of the marks since the two transactions are recorded in two distinct documents. That therefore no condition

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36 1962 3 SCR 973

37 1935 SCC OnLine PC 54

38 1933 SCC OnLine Oudh CC 165

incorporated in the second ceding letter would constitute a superadded condition within the meaning of Section 31 of the Transfer of Property Act.

(x) Referring to the orders passed by the Dutch Court, he would contend that UTO wanted to get rid of the marks and accordingly ceded the same in favour of Tilaknagar by recording first letter of 23 February 1987. That ceding was complete on execution of the said letter. The second letter of 23 February 1987 was for purchase of concentrates by Tilaknagar from UTO having no relationship with transaction of ceding of the marks. That therefore even if any breach on the part of Tilaknagar to buy concentrates is established, UTO's remedy is to sue for damages for such breach and there is no question of such breach having any effect on transfer of ownership of the marks in favour of Tilaknagar.

(xi) UTO is otherwise estopped from pleading automatic reversion on account of specific pleaded case of license in the plaint. That the plaint proceeds on the footing that UTO was always the owner and Tilaknagar has always been a mere licensee. UTO therefore cannot turn around and plead that the ownership in the marks got transferred in favour of Tilaknagar and such ownership latter reverted to UTO in accordance with Section 31.

(xii) That UTO abandoned/waived the remedy in respect of breach of promises in the second ceding letter of 23 February 1987. That admittedly Tilaknagar stopped purchasing concentrates from UTO after the year 1994 but no remedy was exercised by UTO in respect of breach of promise to buy concentrates and the learned Judge has rightly held that such remedies were waived/abandoned by UTO.

(xiii) UTO has from time to time acknowledged Tilaknagar's ownership in the marks and cannot be permitted to raise the claim of reversion of ownership based on Section 31 of the Transfer of Property Act.

(xiv) The findings of the learned Single Judge about mutual mistake in respect of the letter dated 21 October 1997 is both sound and reasonable. That the conclusion is raised by taking into consideration the entire correspondence on record and no interference is warranted in the said findings.

(xv) That the learned Judge has rightly accepted the defence of Tilaknagar of UTO's acquiescence in the ownership of the marks by Tilaknagar. That the learned Judge has rightly concluded that Plaintiff acquiesced into Defendant using the mark despite alleged breach of the ceding letter dated 23 February 1987 thereby disentitling any injunction. That finding on acquiescence is in accordance with settled law enunciated with judgments in *Amritdhara Pharmacy Versus. Satya Deo Gupta*<sup>39</sup>, *M/s. Power Control Appliances and others Versus. Sumeet Machines Pvt. Ltd.* (supra) and *Ramdev Food Products (P) Ltd. Versus. Arvindbhai Rambhai Patel and others*<sup>40</sup>.

(xvi) The learned Single Judge has rightly rejected UTO's prayer for interim injunction as balance of convenience is clearly tilted against UTO and in favour of Tilaknagar. That till date, UTO has not used the subject marks in India. For the last 43 long years, UTO has permitted Tilaknagar to develop its own concentrates and sell the products in India without buying concentrates from it for the last several years. The suit claiming ownership is filed in the year 2009 though the ceding letter was executed on 23 February 1987.

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39 1962 SCC OnLine SC 13

40 (2006) 8 SCC 726



(xvii) Ever since rejection of its motion for interim injunction, Plaintiff is without any injunction for the last 14 years. It has not introduced even a single product in India for the last so many years and that therefore it is too late in a day to grant any injunction in favour of UTO.

(xviii) The learned Single Judge has not ignored any material on record and has passed well reasoned order rejecting UTO's application for temporary injunction. No interference is therefore warranted in the order of the learned Single Judge following the ratio in *Wander Ltd.* (supra).

The above submissions made by Mr. Kadam also cover submissions in support of cross objections filed by Tilaknagar challenging the findings of the learned Single Judge on the issue of cross border reputation and therefore it is not necessary to separately record his submissions in that regard.

#### **C.4 SUBMISSIONS OF MR. DHOND IN SUPPORT OF COMMERCIAL APPEAL (L) NOS. 662 OF 2025 AND 6617 OF 2025**

16) In support of Commercial Appeal (L) Nos. 6622/2025 and 6617/2025 filed by Tilaknagar challenging the judgment and order dated 7 February 2025 dismissing Tilaknagar's Motion for interim injunction filed in counterclaim and allowing the application filed by Plaintiff No.3 (ABD) to introduce the products in the State of West Bengal, Mr. Dhond, the learned Senior Advocate has canvassed the following submissions :-

(i) That the learned Judge has reversed the findings recorded in the first judgment that Tilaknagar is the owner of the marks 'MANSION HOUSE' and 'SAVOY CLUB' by wrongly holding that the first judgment did not consider the issue as to whether ownership of the marks reverted to UTO on account of alleged breach of conditions in the ceding letters of 1987.

That the issue of reversion of title was specifically framed in the first judgment and was answered in Tilaknagar's favour. That the Court cannot record inconsistent findings while passing two interlocutory orders and in support, reliance is placed on the judgment in Vishnu Traders Versus. State of Haryana and others<sup>41</sup> and State of Uttar Pradesh and others Versus. Hirendra Pal Singh and others<sup>42</sup>.

(ii) That the learned Single Judge has misread the first judgment, by holding that UTO's application for injunction was rejected only on the ground of acquiescence and abandonment of rights, ignoring the finding recorded in the first judgment that the marks stood transferred to Tilaknagar.

(iii) The finding of the learned Single Judge that title in respect of the marks reverted back to UTO under Section 31 of the Transfer of Property Act on account of commission of breach of superadded condition is in the teeth of the findings in the first judgment that Tilaknagar was not in breach.

(iv) That Section 31 of the Transfer of Property Act does not provide for automatic reversion of title and the provision merely allows superaddition of a condition in a transaction of sale of property and not automatic reversion of title.

(v) Provisions of Section 27(2) of the Trademarks Act makes it explicitly clear that nothing in the Act applies to the remedy of passing off and that therefore the learned Single Judge has erred in relying on provisions of Sections 28(3) and 33 of the Trademarks Act. That in any case, requirements under Section 33(2) of the Trademarks Act are not

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41 (1995) Supp (1) SCC 461

42 (2011) 5 SCC 305



made out in the present case as the case involves use of same marks and not separate marks.

(vi) That the learned Single Judge has erred in recording the finding of suppression in respect of Tilaknagar's pleadings in Hyderabad suit ignoring the position that the said pleadings were available with the learned Judge passing first judgment, who was fully aware about filing of suit by Tilaknagar in Hyderabad Court. That even otherwise there is no suppression of any fact on the part of Tilaknagar. Reliance is placed on judgments in S.J.S. Business Enterprises (P) Ltd. Versus. State of Bihar and others<sup>43</sup> and Government of NCT of Delhi and another Versus. BSK Realtors LLP and another<sup>44</sup> in support of the contention that only such material which would decide the outcome of the suit needs to be disclosed. That the issue involved in Hyderabad suit has got absolutely nothing to do with the present suit and therefore failure on the part of Tilaknagar to disclose filing of Hyderabad suit in the Written Statement and cannot amount to suppression.

(vii) That the learned Single Judge has erred in invoking the doctrine of prosecution history estoppel which applies only in relation to claims made at the time of registration of marks. That pleadings in the Hyderabad suit were not material and therefore the same would not constitute estoppel against Tilaknagar. In support, reliance is placed on judgments in Kishori Lal Versus. MST Chaltibai<sup>45</sup>, Chhaganlal Keshavlal Mehta Versus. Patel Narandas Haribhai<sup>46</sup> and Kedar Nath Motani and others Versus. Prahlad Rai and others<sup>47</sup>. That the finding of the learned Single Judge that Tilaknagar is not entitled to seek interlocutory relief is in the teeth of doctrine of proportionality and legal principles of passing off being a tort

43 (2004) 7 SCC 166

44 2024 SCC OnLine SC 1092

45 1958 SCC OnLine SC 54

46 (1982) 1 SCC 223

47 1959 SCC OnLine SC 16

to protect public interest as held in Shaw Wallace Versus. Mohan Rocky Spring Water Breweries Ltd.<sup>48</sup> and Sona BLW Precision Forgings Limited and another Versus. Sona Mandhira Pvt. Ltd. and others<sup>49</sup>.

(viii) The findings of the learned Single Judge that MANSION HOUSE labels are dissimilar is perverse as the same is recorded by mixing the concept of copyright infringement with passing off. That MANSION HOUSE constitutes prominent and essential features of the two wordmarks and once it is established that the rival wordmarks are similar, no further inquiry is required. In support, he would place reliance on judgments on K. R. Chinna Krishna Chettiar Versus. Sri Ambal & Co. and others<sup>50</sup>, Hiralal Prabhudas Versus. Ganesh Trading Company and others<sup>51</sup>, Reckitt & Colman of India Ltd. Versus. Wockhardt Limited<sup>52</sup> and Messrs Girnar Tea Versus. Brooke Bond (India) Ltd.<sup>53</sup>

(ix) That the learned Single Judge has failed in permitting ABD to launch same products under the mark 'MANSION HOUSE' in violation of principle of one mark, one source and one proprietor. Reliance is placed on M/s. Power Control Appliances and others Versus. Sumeet Machines Pvt. Ltd. (supra).

(x) That Tilaknagar is entitled to injunction as it has been exclusively using the marks for 42 years thereby generating enormous sales in India. Tilaknagar has been recognised as proprietor of both the marks in the first judgment. UTO proposes to use same identical wordmarks for same goods. That injunction is essential since the tort of passing off subverts the public interest by protecting the public from being deceived by use of

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48 MIPR 2007 2 185

49 2023 SCC OnLine Del 1118

50 AIR 1970 SC 146

51 AIR 1984 Bom 218

52 Appeal No. 1180 of 1991 in NMS No. 2141 of 1991 in Suit No. 2970 of 1991

53 1990 93 Bom. L.R. 97

identical or deceptively similar marks by others. That therefore balance of convenience lies in favour of Tilaknagar as UTO is without any interim relief in pending suit for about 14 years.

**C.5 SUBMISSIONS OF MR. KHAMBATTA OPPOSING TILAKKNAGAR'S COMMERCIAL APPEAL (L) NOS. 6622 OF 2025 AND 6617 OF 2025**

17) While opposing the Appeals filed by Tilaknagar against the judgment and order of the learned Single Judge dated 7 February 2025, Mr. Khambatta has raised the following submissions :-

(i) That Tilaknagar's claim of having sold its products and developing goodwill in India post 1983 is fallacious in view of the fact that Tilaknagar continued making representation to the customers in India that manufacturing and sale of the products was in collaboration with UTO. That such representation made by Tilaknagar admits UTO's reputation and goodwill in respect of the marks in question. Such representations were made till the year 2003 belying Tilaknagar's case of having developed independent goodwill since 1983.

(ii) That Tilaknagar's Notice of Motion No. 1287/2010 was rightly dismissed by invoking the principle of prosecution of history estoppel and by following the judgment of this Court in Shantapa Versus. Anna<sup>54</sup>. That Tilaknagar raised the claim of distinction between the mark obtained by Defendant and the one allegedly assigned to the Plaintiff in Hyderabad suit whereas in the counterclaim, it raised a plea of deceptive similarity between the two marks. That the pleadings raised in Hyderabad suit would clearly estop Tilaknagar from raising contradictory plea in the counterclaim.

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54 2023 SCC OnLine Bom 2566

- (iii) That the learned Single Judge has rightly considered suppression on the part of Tilaknagar about pleadings in Hyderabad suit while filing counterclaim in the present suit. That since Tilaknagar is a Plaintiff in the counterclaim, all consequences associated with suppression would clearly be attracted for decision of Notice of Motion filed in the counterclaim. Having indulged in suppression, Tilaknagar was not entitled to any injunctive relief in its counterclaim.
- (iv) Tilaknagar does not have actionable goodwill as its use of marks till 2003 was on relying on representation of UTO. In any case, no amount of dishonest use can create actionable goodwill.
- (v) That Tilaknagar's argument of public interest has no basis as Sections 28(3) and 32(3) of the Trademarks Act contemplate that there can be more than one proprietor of the same marks. That Plaintiff-Tilaknagar itself has claimed in Hyderabad suit that its products are dissimilar to the marks owned by UTO.
- (vi) Lastly, it is submitted that the net effect of the orders passed by the two learned Single Judges in UTO's Notice of Motion and in the Notice of Motion filed in Tilaknagar is that both would be entitled to sell their products in India. If Tilaknagar is confident of having created its reputation in India for over 42 years, there is no reason for Tilaknagar to worry about introduction of products by Plaintiff No.3 in pursuance of the second impugned order passed against him. That therefore as alternative to the submissions recorded above and on a without prejudice basis, it is suggested that hearing of the suit can be expedited till which time both the interim orders can be allowed to operate.

**D. CONSIDERATION, REASONS AND ANALYSIS**

18) The cross Appeals filed by UTO and Tilaknagar challenge two independent orders passed by the two learned Single Judges of this Court at different points of time. UTO's challenge in Appeal No.66/2012 is to the judgment and order dated 22 December 2011 dismissing Notice of Motion No.993/2009 seeking temporary injunction against Tilaknagar from infringing its copyright in the labels and from passing off the goods under the marks 'MANSION HOUSE' and 'SAVOY CLUB'. Appeal No.66/2012 is pending for the last 13 long years without grant of any interim relief in favour of UTO, which has resulted in a situation where Tilaknagar has been freely selling products under the two marks 'MANSION HOUSE' and 'SAVOY CLUB' without any hindrance in India during pendency of the Suit for the last 16 long years. Ordinarily, this position would have continued, possibly till disposal of the suit (subject to decision of Appeal No.66/2012) as suit itself has remained pending for 16 long years. However, Plaintiff No.3 (ABD) filed Interim Application No. 16999/2023 seeking leave of this Court to introduce its products under the mark 'MANSION HOUSE' in the State of West Bengal, in pursuance of leave granted by this Court vide order dated 10 September 2014 in Notice of Motion No. 1287/2010 filed by Tilaknagar in its counterclaim. The Interim Application filed by ABD triggered response from Tilaknagar where it thought of pressing its Notice of Motion No. 1287/2010 which was pending decision for 15 long years. This is how Tilaknagar pressed Notice of Motion No. 1287/2010 when ABD's Interim Application for introduction of products in West Bengal was taken up for hearing. It was possibly necessary for Tilaknagar to press its application for injunction in counterclaim as passing of any order in ABD's interim application would have otherwise had some reflection on the prayers made by Tilaknagar in its own application for temporary injunction. ABD's Interim Application is the reason why Tilaknagar pressed its application for temporary injunction

filed in counterclaim after 15 long years and it has invited second impugned order dated 7 February 2025 dismissing its Notice of Motion No. 1287/2010. Since Tilaknagar's application for interim injunction is dismissed, the second impugned order also allows ABD's application for introduction of products under the mark 'MANSION HOUSE' in the State of West Bengal.

19) This is how decision of applications seeking temporary injunction at two different points of time has resulted in a situation where applications of the rival parties are rejected and none of them are enjoined from manufacturing and/or selling products under the impugned trademarks. The net result of this situation is that both can possibly manufacture and sell products under the impugned marks in India. However, as of now UTO's agent (ABD) is granted permission to introduce products under the mark 'MANSION HOUSE' only in the State of West Bengal. However, since Tilaknagar's application for temporary injunction is rejected, UTO believes that there is no prohibition against it from introducing its own products throughout the country under the impugned marks.

20) In the above backdrop, we are tasked upon to examine correctness of the two impugned orders. If UTO succeeds in setting aside the first impugned order in Appeal No.66/2012, Tilaknagar would be enjoined from manufacturing and/or selling products under the impugned marks in India, which may possibly obviate the very need of examining the correctness of the second order. On the other hand, if UTO's Appeal No.66/2012 is dismissed and the impugned order is upheld, the UTO still contends that the second impugned order deserves to be upheld so that UTO is not restrained from manufacturing and/or selling its products under the impugned marks and both UTO and Tilaknagar can simultaneously do so during pendency of the suit. Tilaknagar, on the other



hand, urges that the first impugned order needs to be upheld and consequently the second impugned order deserves to be set aside. The aim of Tilaknagar in urging so is to ensure that UTO's application for interim injunction to restrain Tilaknagar from manufacturing and/or selling products under the impugned marks is rejected and on the other hand, UTO is restrained from manufacturing/selling products under the impugned marks in India during pendency of the suit. These are the broad positions that rival parties have taken before us and it is our endeavour to decide in the present Appeals, as to which party needs to be injuncted temporarily during pendency of the suit.

21) Before proceeding further, we cannot ignore the anguish expressed by the Apex Court in its order in *Pernod Ricard India Private Limited Versus. United Spirits Limited*<sup>55</sup> after noticing that interim applications are treated as final decisions and parties do not proceed with trial of the suit, spending time only on decision of interlocutory applications. We reproduce the order passed by the Hon'ble Apex Court :-

After hearing learned counsel for the parties at length, the impugned orders being concurrent which is for the purposes of determination of interim arrangement pending suit cannot in any manner influence the final determination of the suit, we would not like to interfere under Article 136 of the Constitution of India.

However, we find that the suit is at an initial stage for almost 3 years and in a suit of this nature even issues have not been framed. On our query, learned counsel for the petitioner submits that there are only two witnesses to be examined and so is the position with the respondent.

The aforesaid being the position, we are of the view that from the stage of framing of issues to such a trial and arguments, it should not take more than six months to complete the trial proceedings. We order accordingly.

The concerned District Judge, Mohali to proceed with the suit accordingly.

At the insistence of counsel for the petitioner, we clarify that it is well settled proposition of law that decisions on interlocutory applications are

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<sup>55</sup> Special Leave to Petition (Civil) No. 17674 of 2023 decided on 6 September 2023.

only made to protect rival interests pending suit. **Somehow the interim applications itself are treated as final decision but it is not so. In all such cases, interim arrangements should be made and the trial should proceed rather than to spend time only on interlocutory applications.** That protects the petitioner against the apprehension that the impugned judgment may be cited in other Court qua petitioner's cases of a similar nature.

Needless to say that the trial Court will not be influenced at the stage of final decision based on evidence recorded with the observations at the interlocutory stage whether of the trial Court or the High Court.

The special leave petition is dismissed.

*(emphasis added)*

22) In the present case as well, parties are still fighting with each other on the issue of temporary injunction. Parties have not made any attempts of proceeding with trial of the Suit and are yet to file their evidence after framing of issues on 26 February 2013 and despite direction of the Court to file Affidavits of Evidence vide order dated 26 February 2013.

23) Keeping in mind the above position, we now proceed to examine as to which of the impugned orders can be sustained or whether both can be permitted to operate during pendency of the suit. However, before doing so, we need to take note of the judgment rendered by the Larger Bench in this very case on the issue of Trial Court exercising mere discretion or making a *prima-facie* adjudication while deciding application for temporary injunction and the scope of appeal against an order deciding application for temporary injunction. The Larger Bench, by judgment dated 28 April 2025, authored by one of us (*the Chief Justice*) has answered the reference in following terms :-

31. For the aforementioned reasons, the questions referred to us are answered as follows:

- (i) The Division Bench decision of this Court in *COLGATE PALMOLIVE COMPANY (SUPRA)* sets out the correct principle of law. **An order of temporary injunction does not cease to be a discretionary order merely because the learned motion Judge did**



not find any *prima facie* case and refused to grant interim restraint order. It correctly holds that in the matter of temporary injunction, the Court does not adjudicate on the subject matter or any part of it on merits and considers the application for temporary injunction in the light of well-known principles and exercises its discretion weighing all relevant consideration without any expression of opinion on merits of the matter. The Division Bench has rightly held that the decisions of this Court in *HIRALAL PARBHUDAS (SUPRA)* and *M/S. NATIONAL CHEMICALS AND COLOUR CO. (SUPRA)* have no relevance while deciding an appeal arising out of an order of injunction.

- (ii) The scope and ambit of an appeal from an order passed by the trial Judge has already been delineated by the Supreme Court in *WANDER LTD. (SUPRA)*, *SHYAM SEL AND POWER LIMITED (SUPRA)* and *RAMAKANT AMBALAL CHOKSI (SUPRA)*. In view of aforesaid enunciation of law by Supreme Court, it is evident that the appellate court will not interfere with exercise of discretion of Court of first instance and substitute its own discretion except where the discretion has been shown to have been exercised arbitrarily or capriciously or perversely or where the Court had ignored the settled principles of law regulating grant or refusal of interlocutory injunctions. **The Appellate Court while deciding an appeal, has to examine whether the discretion exercised is not arbitrary, capricious or contrary to the principles of law and the appellate Court may, in a given case, has to adjudicate on facts even in such discretionary orders.**

*(emphasis added)*

24) It is thus held by the Larger Bench that an order of temporary injunction continues to be a discretionary order even though the Trial Court may enquire into existence of *prima-facie* case, and while doing so, touch upon the merits of the issues. It is held that the Court deciding application for temporary injunction does not adjudicate on the subject matter on merits and decides the application in the light of well known principles, as well as by exercising its discretion without any expression of opinion on the merits of the matter. The Larger Bench has further held that the Appellate Court, while deciding the Appeal from Order, cannot interfere with exercise of discretion by the Court of first instance and substitute its own discretion, except in case where discretion is found to be exercised arbitrarily, capriciously or perversely or where the Court has ignored the settled principles of law regulating grant of interlocutory

applications. The Larger Bench has discussed the ratio of the judgment of the Apex Court in well-known case of *Wander Ltd.* (supra) which is followed in subsequent judgments in *Shyam Sel & Power Ltd. Versus. Shyam Steel Industries Ltd.*<sup>56</sup> and *Ramakant Ambalal Choksi Versus. Harish Ambalal Choksi*<sup>57</sup>. However, for ease of reference, we extract the findings in Para 14 of the judgment in *Wander Ltd.* as under :-

14. The appeals before the Division Bench were against the exercise of discretion by the Single Judge. **In such appeals, the appellate court will not interfere with the exercise of discretion of the court of first instance and substitute its own discretion except where the discretion has been shown to have been exercised arbitrarily, or capriciously or perversely or where the court had ignored the settled principles of law regulating grant or refusal of interlocutory injunctions.** An appeal against exercise of discretion is said to be an appeal on principle. **Appellate court will not reassess the material and seek to reach a conclusion different from the one reached by the court below if the one reached by that court was reasonably possible on the material. The appellate court would normally not be justified in interfering with the exercise of discretion under appeal solely on the ground that if it had considered the matter at the trial stage it would have come to a contrary conclusion.** If the discretion has been exercised by the trial court reasonably and in a judicial manner the fact that the appellate court would have taken a different view may not justify interference with the trial court's exercise of discretion. After referring to these principles Gajendragadkar, J. in *Printers (Mysore) Private Ltd. v. Pothan Joseph* [(1960) 3 SCR 713 : AIR 1960 SC 1156] : (SCR 721)

“... These principles are well established, but as has been observed by Viscount Simon in *Charles Osenton & Co. v. Jhanaton* [1942 AC 130] ‘...the law as to the reversal by a court of appeal of an order made by a judge below in the exercise of his discretion is well established, and any difficulty that arises is due only to the application of well settled principles in an individual case’.”

The appellate judgment does not seem to defer to this principle.

(emphasis added)

25) Thus, in one of the Appeals before us, the broad scope of interference by the Appellate Court into the order passed by the Court of first instance, granting or refusing to grant temporary injunction, has been outlined and we accordingly proceed to decide correctness of the two impugned orders by keeping in mind the contours of our jurisdiction as delineated in the judgment of the Larger Bench.

<sup>56</sup> (2023) 1 SCC 634

<sup>57</sup> 2024 SCC OnLine SC 3538

**E. CORRECTNESS OF FIRST IMPUGNED ORDER DATED 22 DECEMBER 2011**

26) By judgment and order dated 22 December 2011, the learned Single Judge has dismissed Notice of Motion No.993/2009 filed by UTO seeking temporary injunction against Tilaknagar *inter alia* from manufacturing and selling products under the impugned marks.

**E.1 FRAME OF UTO'S SUIT**

27) We now proceed to examine the exact frame of UTO's suit. UTO's suit is for passing off coupled with infringement of copyrights in label. UTO's suit is not for infringement of marks 'MANSION HOUSE' or 'SAVOY CLUB' by the Defendant-Tilaknagar. Holistic reading of the plaint filed in UTO's suit would indicate that the same is premised on the contention that Tilaknagar is a mere licensee of UTO's trademarks Mansion House and Savoy Club. The Plaint then proceeds on the footing that UTO has terminated Tilaknagar's license on account of alleged breaches committed by Tilaknagar in failing to purchase the concentrates from UTO and that therefore UTO is entitled to restrain Tilaknagar from manufacturing and/or selling its products under the impugned marks in India. It is UTO's case in the Plaint that despite execution of the two ceding letters of 1987, Tilaknagar continued to be the licensee of UTO. This is borne out from the following pleadings in the Plaint:-

**Plaintiffs submit that Defendant has all along been the licensee of the Plaintiff No. 1 and cannot, therefore claim to be the adopter and/or owner of the trademarks "MANSION HOUSE", "MH", "MHB" and "SAVOY CLUB" or the owner of the copyright in the labels of the Plaintiffs'. Plaintiff No. 1 respectfully submits that the conduct of the Defendant has always been that of a licensee. Plaintiffs submit that the Defendant has always been aware and accepted at all times, before and after the 1987 agreements that the**

Plaintiff No. 1 was and continued to be the proprietor of the well known and reputed trademarks and labels when they fraudulently claimed to be proprietors of the trademarks and owners of the copyright in the impugned labels by filing applications for registration of the trade marks “MANSION HOUSE”, “MH”, “MHB” and “SAVOY CLUB”.

*(emphasis added)*

28) Plaintiff also seems to have suggested through the pleadings in the Plaint that though the act of ceding of the marks may have taken place in the year 1987, Tilaknagar did not acquire any title in the marks and UTO always remained the proprietor thereof. This is borne out from the following pleadings in the Plaint:-

The arrangement regarding the ceding of the marks to the Defendants was conditional and upon the Defendants failing to comply with the conditions, the said arrangement stood terminated. **The conditions subsequent were not fulfilled and the Defendants did not and could not acquire any proprietors rights in the said Marks and Labels marks.** In any event, it is submitted that the Defendants have subsequently acknowledged for that they were the licensees. The Defendants having requested Plaintiff No.1 to assign the marks are estopped from claiming any proprietary rights in the said marks or label marks. **Plaintiff No.1 always remained the proprietors of the said marks and label marks.**

*(emphasis added)*

29) Thus, the broad frame of UTO's Suit is that it continues to remain the proprietor of the impugned trademarks and that Tilaknagar was always its licensee. So far as the ceding letters of 23 February 1987 are concerned, UTO has pleaded that the assignment of marks never took place in favour of Tilaknagar as the conditions stipulated in the ceding letters were never fulfilled. The pleaded case is thus that the assignment was conditional and that since there was breach of conditions, the arrangement stood terminated.

**E.2 FINDINGS RECORDED BY THE LEARNED SINGLE JUDGE**

30) Though not specifically pleaded in the Complaint, UTO argued before the learned Single Judge, while pressing its application for temporary injunction, that the word 'cede' in the present case meant grant of mere licence. However, the learned Single Judge has rejected the case of UTO that the intention of the parties while executing the two ceding letters of 1987 was to merely grant a license in respect of the impugned marks. The learned Judge then proceeded to reject UTO's contention of absence of any reason for assignment of the marks to Tilaknagar without any consideration and held that the act of assignment was made by UTO to protect it against any consequences arising out of the judgment of the Dutch Court. The learned Judge also held that there was agreement for purchase of concentrates by Tilaknagar. The learned Judge has accordingly held that there was consideration for transferring the marks to Tilaknagar. The learned Judge thereafter proceeded to hold that the two ceding letters of 23 February 1987 formed a composite transaction and the UTO did infact transfer title in the marks to Tilaknagar by the said letters. This is how the learned Judge has repelled the case sought to be set up by UTO that Tilaknagar continued to remain a licensee in respect of the impugned marks despite ceding letters of 1987.

31) The learned Judge thereafter went into the alternative case pleaded by the Plaintiff of title in respect of the marks being retained with UTO on account of breaches committed by Tilaknagar in not procuring concentrates from UTO. The learned Judge also considered conduct and correspondence between the parties to arrive at a finding that for a period of 14 long years from 23 February 1987 till 13 November 2002, UTO always proceeded on the basis that Tilaknagar was the owner and proprietor of the marks in question and that UTO never asserted its title in respect of the marks at any point of time which conduct was consistent

with the transaction of assignment/transfer of the marks. The learned Judge has thereafter held that there was no breach on the part of Tilaknagar in procurement of concentrates primarily on account of non-fixation of price in letters of 1983, 1987 and 1997. Assuming that there was breach, the learned Judge held that UTO had abandoned/relinquished its right in respect of the marks in favour of Tilaknagar and had acquiesced in Tilaknagar using the marks. This is how the learned Judge held that transfer/assignment of the marks in favour of Tilaknagar was complete upon execution of the ceding letters and that the same was not dependent upon any further act or deed on the part of any of the parties. While recording the above findings, the learned Judge has taken into consideration, the effect of the letter dated 21 October 1997 jointly signed by both the parties by treating it as a mutual mistake of perception by overlooking the existence and effect of the ceding letters of 23 February 1987.

32) The learned Judge thereafter formulated the question in para-86 of the judgment about reversion of title in the marks in favour of UTO on account of alleged breaches committed by Tilaknagar. The learned Judge then held that UTO's action of not preventing Tilaknagar from manufacturing and selling the products under the impugned mark for 14 long years exhibited abandonment of rights under the letters of 23 February 1987, especially the right to have Tilaknagar purchase the concentrates from UTO. The learned Judge has essentially held that UTO abandoned its right under the second ceding letter dated 23 February 1987 of Tilaknagar purchasing concentrates from it and since the right itself was abandoned, there was no question of any breach being committed by Tilaknagar and therefore the question of reversion of title in the marks in favour of UTO did not arise. Lastly, the learned Judge considered the position that Tilaknagar continued using the marks adverse to UTO's right for considerable period of time. On above broad findings, the learned



Judge in the first order, proceeded to dismiss UTO's application to temporarily restrain Tilaknagar from manufacturing or selling products under the impugned marks in India.

**33)** The learned Judge has thus refused to accept UTO's pleaded case of Tilaknagar remaining a mere licensee in respect of the marks. The learned Judge, in the first impugned order, has recorded following broad *prima-facie* findings:-

- (i) Tilaknagar did not remain a mere licensee after execution of ceding letters of 23 February 1987.
- (ii) Assignment of marks did take place in Tilaknagar's favour upon execution of the ceding letters of 23 February 1987.
- (iii) UTO's case of reversion of title in the marks on account of alleged breaches has not been accepted by the learned Single Judge by holding that there is no breach of promise by Tilaknagar in procurement of the concentrates, on two counts of non-fixation of price for purchase of concentrates and UTO abandoning its right to have the concentrates purchased.
- (iv) UTO did not object to Tilaknagar using the marks for several years and that therefore no case was made out for temporarily injuncting Tilaknagar from using the marks during pendency of the suit.

### **E.3 GIST OF UTO'S CASE**

**34)** During the course of hearing of the Appeal, lengthy submissions are canvassed before us on behalf of UTO and Tilaknagar and reliance is placed on dozens of judgments. Keeping in mind the contours



of our jurisdiction as an Appellate Court determining correctness of order refusing to grant temporary jurisdiction, in our view, it would not be prudent to record our findings on each of the submissions by dealing with ratio of all the judgments cited. From submissions canvassed on behalf of UTO, following is the gist of UTO's case in support of its prayer for temporary injunction before us :-

- (i) That the ceding letters of 23 February 1987 merely granted license in favour of Tilaknagar.
- (ii) That even if ceding letters of 23 February 1987 are to be construed as a transfer or assignment of the marks, such transfer/assignment was conditional and that upon breach of conditions of transfer, the title in respect of the marks has reverted to UTO.
- (iii) That after reversion of ownership in the marks to UTO, Tilaknagar's manufacture and sale of products in India continued to be as UTO's licensee, as acknowledged in various correspondence, particularly in letter of 21 October 1997.
- (iv) That since UTO's cross border reputation is accepted by the learned Single Judge, *prima facie* case was made out for grant of temporary injunction against Tilaknagar for tort of passing off.
- (v) Tilaknagar always represented to consumers that it sold products under advice of UTO and that therefore principles of delay or acquiescence would not apply against UTO's claim for temporary injunction.

**E. 4 LETTERS OF 23 FEBRUARY 1987 WHETHER LICENSE OR ASSIGNMENT**

35) So far as UTO's case of letters dated 23 February 1987 constituting mere license is concerned, the learned Judge has rejected the contention. UTO had executed a License Agreement in favour of Tilaknagar on 7 July 1983 and if the license was already subsisting, there was no occasion for UTO to again execute a fresh licence in the form of letters dated 23 February 1987 in favour of Tilaknagar. By the first letter of 23 February 1987, UTO 'ceded' the marks 'MANSION HOUSE' and 'SAVOY CLUB' in favour of Tilaknagar which is explicitly clear from the contents of the said letter which reads thus:

*'we hereby cede our brand names MANSION HOUSE and SAVOY CLUB to Tilaknagar Distilleries'.*

36) Having ceded the trademarks 'MANSION HOUSE' and 'SAVOY CLUB' in favour of Tilaknagar by first letter of 23 February 1987, in our view, the case pleaded by the Plaintiff-UTO in its plaint that Tilaknagar has always been a licensee, *prima-facie*, appears to be completely misplaced. The learned Single Judge has rightly appreciated the reason behind UTO ceding the marks in favour of Tilaknagar. UTO faced order passed by the Dutch Court and desired not to be associated with the marks in India and hence executed the first ceding letter dated 23 February 1987. However, instead of Tilaknagar selling the products under its marks, UTO preferred the arrangement of selling its concentrates to Tilaknagar. Thus, instead of monetizing the marks by issuance of license, UTO apparently assigned the marks to Tilaknagar and preferred doing of business of sale of concentrates with Tilaknagar. Whether the agreement for purchase of concentrates is an independent agreement or whether such agreement constituted the consideration for assignment is something which

needs to be decided at the trial of the suit. We are however unable to trace any element of perversity in the findings of the learned Single Judge in not accepting UTO's case of Tilaknagar remaining as its licensee post 1987 and in holding that the ceding letter of 23 February 1987 constitutes assignment of the marks. Given the nature of adjudication we are tasked upon to undertake, coupled with the limitations on our appellate jurisdiction over an order refusing to grant temporary injunction, as enunciated in the judgment of the Apex Court in *Wander Ltd.*, we are not inclined to interfere in the *prima-facie* findings recorded by the learned Judge that the transaction vide letter dated 23 February 1987 constitutes transfer/assignment of the marks.

#### **E.5 UTO'S CASE OF REVERSION OF TITLE**

37) As an alternative to the case of Tilaknagar always being a mere licensee, UTO also pleaded and argued before the learned Single Judge that the assignment either failed on account of breach of promise or in any case the title reverted in UTO's favour on account of such breaches. This is the main plea of UTO before us.

38) It must be observed here that both the impugned orders have dealt with the issue of reversion of title and there is a some degree of difference in approach while dealing with this vital issue in the two impugned orders. It must also be observed that UTO believes that the first impugned order merely records the argument of reversion of title, but does not really decide the same, whereas it is Tilaknagar's case that even the first impugned order has decided and rejected UTO's case of reversion of title. This aspect is being dealt with while deciding the correctness of second impugned order in latter part of the judgment.

39) There is no dispute between the parties that in Para 86 of the first impugned order, the issue of reversion of title was formulated by the learned Single Judge for *prima facie* determination. Para 86 of the first impugned order reads thus:

*86. The question is whether, as contended by Dr. Tulzapurkar, the transfer or assignment affected by the documents dated 23<sup>rd</sup> February 1987 ceased to have effect in view of the alleged breaches by the Defendant of its obligations thereunder.*

As of now, we are not deciding the controversy as to whether the above question is decided in the first impugned order or not, which is being discussed in latter part of the judgment. However, for limited purpose of determining correctness of findings recorded on the issues of breach of promise, acquiescence and abandonment, we extract few findings in the first impugned order as under:

*88. .... What is, however, more important is that their failure to do so indicates that they had abandoned their rights under the documents dated 23<sup>rd</sup> February, 1987, especially the right to have the defendant purchase the concentrates from them and to use the same in the products sold under the said marks.....*

*Whatever be the reasons, the fact is that the plaintiffs from the year 1994 to 2003 permitted the defendant to sell their products under the said marks without, in turn, insisting upon the defendant fulfilling the terms and conditions thereof in favour of the plaintiffs. **The alleged breaches by the defendant of the documents dated 23<sup>rd</sup> February, 1987, were, therefore, waived by the plaintiffs.***

*89. Thus, even assuming that the defendant was guilty of a breach of its obligations under the document dated 23<sup>rd</sup> February, 1987, or the document dated 7<sup>th</sup> July, 1983, it would make no difference whatever. In fact, it is difficult to hold that the defendant was guilty for not having purchased the concentrates from the plaintiffs. ....*

*Even assuming that there was a breach on the part of the defendant in manufacturing and selling its products under the said marks without using the concentrates, the correspondence indicates quite clearly that the plaintiffs had abandoned their rights to have the same enforced and simultaneously permitted the defendant to use the trademarks on such products without any objection whatever, at least upto 7<sup>th</sup> August, 2003.*

91. During this period, the plaintiffs appear to have lost interest in enforcing their rights under any of the said documents, leading to at least a strong *prima facie* conclusion that they relinquished their rights *qua* the said marks unconditionally in favour of the defendant. They acquiesced in the defendant using the marks without any condition, including those stipulated in the said documents.....

98. .... As I have held earlier, the defendant's contention that the marks were transferred to it, cannot be said to be dishonest for it is, to say the least, **a probable view that the documents dated 23<sup>rd</sup> February, 1987 transferred and assigned the marks to the defendant.**

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

(emphasis and underlining added)

This is how the contention of UTO formulated in para 86 of the judgment about reversion of title in the marks on account of breaches committed by Tilaknagar has been dealt with by the learned Single Judge. While doing *prima facie* adjudication of UTO's case, the learned Single Judge has held that UTO abandoned the right to have the concentrates purchased by Tilaknagar and therefore there is no question of any breach being committed by Tilaknagar. What must also be borne in mind is that though the issue of reversion of title was raised by UTO before the learned Single Judge while passing the first impugned order, the whole thrust of UTO was that Tilaknagar continued to be its licensee. During the first round of determination of *prima facie* case, the argument of reversion was essentially aimed at establishing Tilaknagar's use of the marks as licensee. This was apparently necessary because mere establishment of proprietorship in the marks was not enough for UTO as it had permitted Tilaknagar to use the impugned marks unhindered by any objection for several years and therefore UTO apparently thought it necessary to prove that such use by Tilaknagar was as UTO's licensee. This appears to be the reason why the

learned Single Judge has recorded findings on the aspect of Tilaknagar remaining as UTO's licensee while dealing with the issue of reversion of title.

40) Since UTO was pressing for temporary injunction to restrain Tilaknagar from manufacturing and selling the products in India under the impugned marks, the learned Single Judge has concentrated more on UTO's conduct in not objecting to Tilaknagar's manufacture and sell of products without procuring concentrates from UTO for decades. While deciding UTO's application for temporary injunction, the most vital aspect to be borne in mind was the balance of convenience. The learned Single Judge encountered a situation where UTO did not object to Tilaknagar's use of the marks for several years, and this was considered to be a major factor for declining temporary injunction in favour of UTO. We do not find any palpable error in this approach of the learned Single Judge.

41) Coming back to the issue of reversion of title, the first impugned order is criticized by UTO by contending that the learned Single Judge has erred in holding that there are no breaches on the part of Tilaknagar. It is contended on behalf of UTO that there are judicial admissions of breach committed by Tilaknagar in the Written Statement. The pleadings in para-43 of Tilaknagar's Written Statement are relied upon which read thus :-

43. .... The Defendant further says and submits that Plaintiff No. 1, despite the **Defendant's failure to purchase** from Plaintiff No.1 agreed volume of concentrate since the beginning, did not ever terminate the Agreement dated 23<sup>rd</sup> February 1987 or call upon the Defendant to cede/assign the said trademarks to Plaintiff No.1. The Defendant says and submits that on the contrary Plaintiff No.1 by its conduct and/or subsequent writings signified his acquiescence in continuation of the Defendant's proprietorship of the said trademarks despite the Defendant's refusal to perform his promise. ....

*(emphasis and underlining added)*



42) By relying on the above pleadings in the Written Statement, it is contended that there are two admissions about :-

- (i) Tilaknagar's failure to purchase agreed volume of concentrates, and
- (ii) Tilaknagar's refusal to perform its promise.

It is therefore contended that Tilaknagar has admitted non-procurement of concentrates, as well as refusal to perform the promise. Reliance is placed on the judgment of the Apex Court in *Nagindas Ramdas* (supra) in which it is held that admissions in pleadings or judicial admissions stand on a higher footing than evidentiary admissions and that the judicial admissions, being fully binding on the parties making them, constitutes a waiver of proof. So far as the first admission of failure to purchase concentrates by Tilaknagar from UTO is concerned, there is not much debate between the parties and as of now, it appears to be an admitted position that Tilaknagar did not and has not been purchasing concentrates from UTO. The issue here is whether non-purchase of concentrates from UTO by Tilaknagar would automatically revive UTO's title in the marks in favour of UTO. What is being sought by UTO, by relying upon pleadings of Tilaknagar in para-43 of the Written Statement, is establishing a link between Tilaknagar's refusal to perform promise under the second ceding letter of 23 February 1987 with reversion of title in the marks in favour of UTO. This so-called admission in para-43 of the Written Statement needs to be understood in the context in which it is made, as well as the same needs to be considered from the point of argument of reversion of title sought to be raised by UTO. The pleadings in para-43 of the Written Statement are made by Tilaknagar in support of its plea of acquiescence. Even in that pleading, Tilaknagar has asserted its proprietorship of the marks by contending that '*in continuation of the Defendants proprietorship in the said trademarks*'. Therefore, the alleged admission of refusal to



perform promise by Defendant cannot be read in the context of UTO's case of reversion of title in the marks. The said admission may be relevant in an action brought by UTO for breach of promise to purchase concentrates contained in the second ceding letter of 23 February 1987. *Prima facie*, it is difficult to marry the said admission to UTO's case of reversion of title.

43) It is the case of Tilaknagar that the two letters of 23 February 1987 constituted two separate and independent transactions, the first transaction being assignment of trademarks whereas second transaction being only for purchase of concentrates. The learned Judge has however *prima-facie* held that the letters constitute a composite transaction. The said finding is however recorded while dealing with UTO's submission that the transaction continued to be that of licence. The learned Judge, upon analysis of the two letters, has held that the letters dated 23 February 1987 constitute assignment of trademarks. The learned Judge has further held that promise to purchase concentrates was the consideration to support the transaction of transfer/assignment of the marks. The learned Judge has thus interlinked the two letters of 23 February 1987 and has, in that sense, not accepted Tilaknagar's case that the second ceding letter of 23 February 1987 constituted a distinct or independent transaction. After interlinking the two letters as a part of composite transaction, the learned Judge has proceeded to consider whether there was any breach on the part of Tilaknagar while considering UTO's claim of reversion of title.

44) The learned Judge has considered the position that it was UTO's own case that Tilaknagar stopped purchasing concentrates from the year 1994 and has refused to grant temporary injunction in favour of UTO on account of silence maintained by either not stopping Tilaknagar from manufacturing or selling the products and in any case from not asserting its

title in respect of the marks in question. In our view, while deciding the issue of temporary injunction, conduct of the Plaintiff in not approaching the Court at earliest possible point of time is of great significance. At this stage, it is not necessary for us to decide whether there was actual breach of any promise on the part of Tilaknagar relatable to the issue of reversion of title and whether the title actually reverted in favour of UTO. What is relevant to note and what is rightly been taken into consideration by the learned Single Judge is the silence maintained by UTO for a considerable period of time in not stopping Tilaknagar from manufacturing and selling products under the brand names 'MANSION HOUSE' and 'SAVOY CLUB' without purchasing any concentrates from UTO. The learned Judge has rightly taken into consideration this conduct on the part of UTO to deny discretionary relief of temporary injunction. Applying the tests in *Wander Ltd.* (supra), we do not find that the discretion exercised by the learned Judge is arbitrary or capricious or against the settled principles of law governing temporary injunctions, for the Appellate Court to interfere in the first impugned order.

45) The order of the learned Single Judge is sought to be criticised by UTO by contending that the principle of acquiescence and waiver has been erroneously invoked for the purpose of not accepting UTO's case of reversion of title. Reliance is placed by UTO on judgment of the Apex Court in *M/s. Power Control Appliances Versus. Sumeet Machines Pvt. Ltd.* (supra) in support of the contention that mere silence or inaction does not constitute waiver or acquiescence. Judgment in *M/s. Hindustan Pencils Private Limited* (supra) is also relied upon in support of the contention that acquiescence means something more than silence on the part of the Plaintiff. The judgments of this Court in *D. R. Cosmetics Pvt. Ltd.* (supra) and *Emcure Pharmaceuticals Ltd.* (supra) are also relied upon in support of the same proposition. In our view, the aspect of conduct of the Plaintiff in not taking any steps to stop Tilaknagar from

manufacturing and selling products without purchasing concentrates from UTO is to be considered for twin purposes. The first purpose is to decide whether UTO deserved grant of any temporary injunction in a belated action brought in by it against Tilaknagar. The second purpose is to examine whether the alleged breach committed by UTO constituted acquiescence or waiver so as not to revert title in the marks in favour of UTO. In our view, the conduct of the Plaintiff in maintaining silence for a considerable period of time of 14 years as held by the learned Single Judge is most relevant for the purpose of exercising discretionary jurisdiction of grant of temporary injunction. So far as the second issue of reversion of title is concerned, the same can await final decision of the Suit. However, in our view, the learned Judge has rightly refused to grant temporary injunction in favour of UTO by considering its conduct of maintaining silence for over 14 years.

#### **E. 6 REVIVAL OF LICENSE BY LETTER OF 21 OCTOBER 1997**

46) Coming to the third contention of letter of 21 October 1997 reviving the license arrangement between the parties, the learned Judge has considered execution of the said letter as a mutual mistake. In the said letter of 21 October 1997, signed by both UTO and Tilaknagar, reference is made to the earlier license of 7 July 1983 and the said letter of 21 October 1997 is completely silent about the two ceding letters of 23 February 1987. UTO contends on the basis of letter dated 21 October 1997 that the parties never understood the transaction of assignment of the marks in favour of Tilaknagar through letters of 23 February 1987 and they always intended the transaction to be a mere license right since 1983. We have already upheld the *prima-facie* findings of the learned Single Judge rejecting UTO's case of transaction between the parties from the very beginning to be a mere license and that the two ceding letters of 23 February 1987 constitute transfer/assignment of the

marks. Once no fault is found in the *prima-facie* findings of the two ceding letters of 23 February 1987 constituting a transaction of transfer/assignment of marks, the issue of considering the effect of letter dated 21 October 1997 becomes academic. However, the learned Judge has still proceeded to hold that since the letter dated 21 October 1997 was executed in ignorance of the ceding letters of 23 February 1987, the same was a mutual mistake on the part of the parties. We do not find any element of perversity in this plausible *prima facie* finding recorded by the learned Single Judge. The learned Judge has rightly disbelieved Plaintiff's pleaded case of transaction between the parties being a mere license since beginning and has rightly arrived at a *prima-facie* conclusion that the letters of 23 February 1987 constitute transfer/assignment of the marks. We therefore need not delve any deeper into the issue of the exact effect of the letter dated 21 October 1997. We are therefore not discussing the ratio of the judgment in *Grasim Industries Limited* (supra) relied upon by UTO in support of the contention of legal effect of parties signing the document.

**E. 7 UTO'S ENTITLEMENT TO TEMPORARY INJUNCTION IN ACTION FOR PASSING OFF BASED ON CLAIM OF CROSS BORDER REPUTATION.**

47) On this issue, both the contesting parties are in appeal before us. Tilaknagar is aggrieved by findings of UTO's cross border reputation recorded by the learned Single Judge, whereas UTO is aggrieved by non-grant of temporary injunction despite proving transborder reputation in India. To the extent of findings of cross border reputation of UTO in India, Tilaknagar has filed cross objections.

48) As observed above, UTO's suit is not for infringement of trademarks. It is for passing off and infringement of copyright in the labels. Both parties claim proprietorship in the impugned marks. To seek common

law remedy of passing off, it was necessary for UTO to establish its goodwill in India, where it is seeking restraint order against Tilaknagar.

49) However, the manner in which the application for temporary injunction was pressed before the learned Judge by UTO, it appears that UTO premised its claim as if it is suit against Tilaknagar in respect of its claim of title. The whole case of UTO, as argued before the learned Single Judge, is as if UTO is a proprietor of the marks and Tilaknagar has been committing breaches of the license and therefore needed to be enjoined. Perusal of the plaint filed by UTO would indicate that its claim of goodwill in India is not well supported by the pleadings. In the plaint, UTO has mainly relied upon its reputation in respect of the marks in question outside India and in various parts of the country of the world. The plaint proceeds on a footing that the products with the marks were introduced in India by Tilaknagar after execution of license of 1983. Otherwise, UTO relied upon its sales figure outside India in support of its claim for goodwill. The only statement in the plaint about Indian citizens knowing about impugned marks is found to be in para-17 where it is pleaded that tourists from India visited places in countries where UTO's products under the marks were available. UTO therefore pleaded that the marks were therefore known and popular all over the world, including India.

50) Thus, UTO's claim of passing off has been built in the plaint essentially on the strength of its sales outside India and reputation and goodwill generated outside India, which according to UTO travelled to India and was known to Indians on account of tourists visiting the places where UTO's products were available. The learned Single Judge has accepted the case of UTO of cross-border reputation by holding that if UTO did not have any reputation, Tilaknagar would not have secured its license. While Tilaknagar does not really dispute existence of goodwill of

UTO in various other countries, it is Tilaknagar's case that UTO must establish sales in India to prove its reputation and goodwill for passing off action. According to Tilaknagar, mere existence of cross-border reputation would not be sufficient for proving the actionable claim of passing off. On the other hand, it is the contention of UTO that establishment of goodwill outside India is also sufficient for action of passing off, so long as it is proved that the customers in India had knowledge about UTO's products being sold outside India. Mr. Kadam has relied upon judgments of the Apex Court in *Toyota Jidosha Kabushiki Kaisha* (supra) and *Brihan Karan Sugar Syndicate Private Limited* (supra) in support of the contention of requirement of proving actual sales in India for existence of reputation. On the other hand, Mr. Khambatta has relied upon judgments in *N. R. Dongre Versus. Whirlpool Corporation* (supra), *Daiwa Pharmaceuticals Co. Ltd.* (supra) and *Milmet Oftho Industries and others Versus. Allergan Inc.*<sup>58</sup>, in addition to several other judgments, in support of the contention that actual sales in India is not the test for establishing transborder reputation and goodwill. In our view, it is not necessary to delve deeper into this aspect at this juncture since we have recorded a finding that Plaintiff-UTO is not entitled to temporary injunction on account of silence maintained by it by letting Tilaknagar manufacture and sell its products under the impugned marks for a considerable period of time. The issue of existence of cross-border reputation and goodwill and requirement of proving sales in India for establishing such reputation and goodwill can be decided at the time of final hearing of the suit.

51) We are therefore not inclined to disturb the *prima facie* finding of UTO's cross border reputation recorded by the learned Single Judge by allowing the cross objections filed by Tilaknagar. Similarly, we are not inclined to disturb non-grant of temporary injunction by the learned Single

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58 (2004) 12 SCC 624



Judge in favour of UTO despite recording the finding of cross border reputation in its favour.

**E.7 UTO'S CASE OF PERMISSIVE, ALTERNATIVELY DISHONEST, USE OF MARKS BY TILAKNAGAR**

52) Faced with the situation that UTO did not take any steps to injunct Tilaknagar from using the marks for several years despite Tilaknagar failing to purchase the concentrates, UTO has attempted to salvage the situation by contending that Tilaknagar always made UTO believe that it was selling UTO's products in India. Alternatively, it is contended that Tilaknagar's use of the marks is dishonest and mere passage of time is not an answer to deny injunction in favour of the owner against a dishonest user.

53) Reliance is placed by UTO on various letters exchanged between the parties and their conduct in support of its claim of continuance of use of marks by Tilaknagar with permission of UTO. It is contended on behalf of UTO that the whole basis for assuming acquiescence/waiver on the part of UTO is erroneous as Tilaknagar's conduct, as well as the correspondence that ensued between the parties after 1997, leaves no manner of doubt that Tilaknagar always represented UTO that it was selling UTO's products in India. Reliance is placed on letter dated 21 October 1997 which has already been dealt with hereinabove. By that letter, Tilaknagar promised to purchase specified minimum quantities of concentrates. Reliance is then placed on the fact that the labels used by Tilaknagar on their products continued to bear the statement '*under technical advice of B.V. Utomji, Holland*'. That this representation was made by Tilaknagar to the customers admittedly till the year 2002 and possibly till the year 2008. Reliance is then placed on letters dated 21 January 2002, 4 February 2002, 28 June 2002, 8 July 2002, 1 October 2002, 16 October 2002, 23 October 2002 etc. in support of the



contention that the said correspondence clearly indicates Tilaknagar's eagerness to purchase concentrates from UTO thereby creating a belief in the mind of UTO that Tilaknagar was selling its products in India. Reliance is placed on the fact that Tilaknagar placed order with UTO for purchase of more than 3,000 liters of concentrates on 29 October 1997. It is sought to be contended that both the above conduct, as well as correspondence, has been ignored by the learned Single Judge while passing the first impugned order.

54) In our view, the correspondence and conduct of the parties needs to be viewed in the light of frame of UTO's suit. UTO has claimed in its Suit that it remained the proprietor of the marks and Tilaknagar never acquired title therein. Alternate case of UTO is that the title in the marks reverted in UTO's favour because of breaches committed by Tilaknagar. Thus, UTO's suit is premised fully on alleged breaches committed by Tilaknagar, either of licence or of promise which allegedly was the superadded condition for assignment. Having pleaded the case of breach, can UTO set up the alternate case of permissive use for saving itself of consequences of silence maintained by it in not suing Tilaknagar for several years? The answer, to our mind, appears to be in the negative, particularly viewed in the light of UTO's claim for temporary injunction.

55) Tilaknagar's conduct of either expressing willingness to purchase concentrates from UTO or placing an order for such purchase may not really have any bearing on UTO's claim of reversion of title. It is UTO's plea that the title stood reverted upon commission of breach of promise by Tilaknagar. Therefore, the subsequent correspondence of 2002 becomes irrelevant for the purpose of proving UTO's case of reversion of title. If indeed the title had reverted either in 1987 itself or in 1994 when Tilaknagar admittedly stopped purchasing the concentrates, why UTO did not bring in action to injunct Tilaknagar at that point of time is difficult to

fathom. Mere willingness on the part of Tilaknagar to purchase concentrates from UTO in subsequent years cannot provide an escape route for UTO in respect of the consequences arising out of silence particularly in relation to its relief of temporary injunction. Tilaknagar's alleged representation to its customers in India about products being sold under technical advice of UTO is again not of much relevance for deciding UTO's entitlement for temporary injunction. What is relevant to be considered is Plaintiff's pleaded case in the plaint that it continued to remain owner of the marks in question on account of 1987 letters constituting license or on account of reversion of title in the marks because of Tilaknagar's breach of promise. If UTO remained a registered proprietor of the marks in question and it noticed that Tilaknagar was freely manufacturing and selling its own products under the two marks 'MANSION HOUSE' and 'SAVOY CLUB', it ought to have sued Tilaknagar at earliest point of time and sought an injunction against it.

56) Turning to the alternative plea of UTO of dishonest use of marks by Tilaknagar, the case does not involve admission of UTO's ownership of title in the marks by Tilaknagar. On the contrary, Tilaknagar has staked ownership in the marks based on the letter dated 23 February 1987. Tilaknagar believes that it is the owner of the marks upon execution of letter of 23 February 1987. Its use of the marks after 1987 stems out of the belief that it acquired title in the marks. This belief of Tilaknagar was never questioned by UTO and it took 22 long years for UTO to file suit claiming ownership in the marks. Therefore, the case does not involve surreptitious passing off products by Tilaknagar under the marks. On the other hand, the case involves dispute about title of the marks and nature of transaction between the parties. *Prima facie* therefore Tilaknagar's use of the marks cannot be treated as dishonest for ignoring the silence on the part of the UTO in not suing Tilaknagar at the earliest point of time. Mr. Khambata has cited several judgments in support of contention that the

shield of long user is not an answer to dishonest user. Since we are *prima facie* of the view that the use of Tilaknagar is not dishonest, we are not burdening the judgment by discussing the ratio of those judgments, particularly since we are deciding an appeal against order arising out of provisions of Order XXXIX Rules 1 and 2 of the Code.

57) In *M/s Power Control Appliance Versus. Sumeet Machines Pvt. Ltd.* (supra) it is held by the Apex Court that equitable relief of injunction can be denied in case involving unexplained delay and where the balance of convenience is overwhelmingly in favour of Defendant. The learned Single Judge has analyzed the conduct of UTO in para 95 of the judgment as under :-

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

(emphasis added)

58) As rightly held by the learned Single Judge, UTO permitted Tilaknagar to build a huge trade in India unhindered by any objection or action initiated by UTO. By this conduct, UTO permitted the customers in India to believe that the product that they were purchasing is of Tilaknagar. It permitted Tilaknagar to build goodwill and reputation of the products without using UTO's concentrates. It did not object to Tilaknagar

developing its own recipes for the products. The conduct of UTO in siting back and permitting Tilaknagar to develop its goodwill and independent trade in India has rightly been considered as a factor against UTO by the learned Single Judge and we do not find any manifest error in the same.

59) What must also be borne in mind is the fact that UTO is without any injunction for the last 16 long years after filing of the suit in the year 2009. Tilaknagar has been admittedly selling the products under the impugned marks from 1987 without any restriction. By now, period of 38 long years has elapsed when Tilaknagar has been manufacturing and selling the products under the impugned marks. As observed above, the suit is kept pending by the parties for the last 16 long years, and it is necessary that the same is taken up for final disposal at some point of time. If UTO is without any injunction for the last 16 long years and when period of 14 long years has elapsed after dismissal of its Notice of Motion seeking temporary injunction, we see no reason why any injuncting relief can now be granted in favour of UTO at this distant point of time. Instead, it will be in the interest of all the parties that the suit itself is taken up for decision in an expeditious manner. This is yet another factor why we are of the view that the first impugned order passed by the learned Single Judge on 22 December 2011 does not warrant any interference.

60) We are therefore not inclined to disturb the first impugned order dated 22 December 2011 passed by the learned Single Judge dismissing UTO's motion for temporary injunction. In our view, therefore UTO's Appeal No.66/2012 as well as Tilaknagar's cross objections deserve dismissal.

**F. CORRECTNESS OF SECOND IMPUGNED ORDER DATED 7 FEBRUARY 2025**

61) As observed above, though UTO's Notice of Motion seeking temporary injunction came to be rejected by the first impugned order dated 22 December 2011, Notice of Motion No. 1287/2010 filed by Tilaknagar in its Counterclaim No.6/2010 continued to remain pending. The said Motion was moved before this Court on 10 September 2014 by Tilaknagar after learning that UTO had assigned and transferred 50% of its purported rights in the two marks to Defendant Nos.3 and 4 (ABD) to the counterclaim. This Court however kept Tilaknagar's Notice of Motion No.1287/2010 pending by directing vide order dated 10 September 2014 that the Defendants to the counterclaim shall not introduce any products in the subject trademarks without the leave of the Court. Though such leave was granted by this Court to UTO and ABD on 10 September 2014, it appears that they did not apply to this Court seeking leave for introduction of their products in India for a considerable period of time. It is only on 20 June 2023 that ABD filed Interim Application (L.) No. 16999/2023 seeking leave of the Court for introduction of the products under the trademark 'MANSION HOUSE' in the State of West Bengal in terms of labels and registration secured by it. When the Interim Application (L) No. 16999/2023 came up for hearing, Tilaknagar apparently pressed its pending Notice of Motion No.1287/2010 possibly because opposing the prayers of UTO and ABD to introduce products in India also meant restraining them from doing so, which was the relief claimed in pending Notice of Motion No.1287/2010. The learned Single Judge has decided Tilaknagar's Motion for temporary injunction, as well as ABD's Interim Application by a common judgment and order dated 7 February 2025. The learned Single Judge has dismissed Tilaknagar's application for temporary injunction and has allowed the Interim Application filed by ABD by permitting it to introduce its products in the State of West Bengal under the

mark 'MANSION HOUSE'. Commercial Appeal (L) Nos. 6622 of 2025 and 6617 of 2025 are filed by Tilaknagar challenging the common judgment and order dated 7 February 2025 to the extent of rejection of its application for temporary injunction and also to the extent of grant of relief in favour of ABD respectively.

62) While opposing Tilaknagar's application for temporary injunction and for pressing ABD's application for introduction of goods in the State of West Bengal, the UTO and ABD essentially pressed into service the doctrine of reversion of title in the impugned marks by relying on the provisions of Section 31 of the Transfer of Property Act. This attempt was objected to by Tilaknagar contending that the issue of reversion of title in favour of UTO has already been decided in the first impugned order dated 22 December 2011 and that therefore it was not open for UTO to once again agitate the very same issue.

63) It must be observed that UTO made a specific representation before the learned Single Judge passing the second impugned order that '*he has submitted that ABD is not inviting any findings from this Court contrary to the findings given in the said judgment dated 22.12.2011*'. Thus, UTO as well as ABD proceeded on a footing that the findings recorded in the first impugned order dated 22 December 2011 remained binding *qua* the parties subject to pendency of Appeal No.66/2012. In short, UTO and ABD did not make any attempt, and in our view rightly so, to urge before the learned Single Judge passing the second impugned order that there was error in the first impugned order dated 22 December 2011.

64) Now that we have upheld the first impugned order dated 22 December 2011, the issue for consideration is whether the learned Single Judge was justified in dismissing Tilaknagar's motion for injunction



and granting permission to ABD to introduce its products in West Bengal under the mark MANSION HOUSE.

**F. 1 WHETHER FIRST IMPUGNED ORDER DECIDES THE ISSUE OF REVERSION OF TITLE**

**65)** The hotbed of controversy between the parties before the learned Single Judge passing the second impugned order was whether the first impugned order decides the issues of reversion of title. This issue has been discussed to some extent by us while determining the correctness of the first impugned order.

**66)** Since UTO and ABD pressed the point of reversion of title and since Tilaknagar raised the plea that the issue of reversion has already been *prima-facie* decided in the first impugned order dated 22 December 2011, the learned Judge took up for consideration the issue as to whether the said issue was indeed decided in the first impugned order dated 22 December 2011. The learned Single Judge has held that though the issue of reversion of title was framed in para-86 of the judgment dated 22 December 2011, no findings are recorded on that issue. It is held that UTO's application for temporary injunction was rejected on the grounds of acquiescence, abandonment and waiver of right to enforce the conditions in the letters dated 23 February 1987. The learned Judge has accordingly concluded that the issue of reversion of title was required to be considered and decided as the same would not conflict with the findings on transfer or waiver in the first impugned judgment. The relevant findings recorded by the learned Single Judge in the second impugned judgment are as under :-

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.

*(emphasis added)*

67) Thus, the learned Judge passing the second impugned order has held that though the issue was formulated in para-86 of the first impugned order, the same has not been decided. We accordingly proceed to examine whether the issue of reversion of title has indeed been decided in the first impugned order of 22 December 2011. We have already culled out some of the findings recorded in the first impugned order while examining the approach of the learned Single Judge while deciding UTO's entitlement for temporary injunction. At the cost of repeating the exercise of reproduction of some of those findings, we extract paragraphs 88 to 91 of the first impugned order for the purpose of deciding the controversy of decision of issue of reversion of title in the first impugned order :-

88. During these sixteen years, the plaintiffs proceeded on the basis that by the documents dated 23rd February 1987, the trademarks had been transferred or assigned to the defendant. The plaintiffs knew at least from the year 1994 that the defendant had not purchased the concentrates from them. I have disbelieved the case in paragraph 27 of the plaint regarding the defendant having represented that it was manufacturing the products sold under the said marks utilising the concentrates purchased from the plaintiffs as it had an adequate stock thereof. This is clear, inter-alia, from

the plaintiffs advocate's letter dated 7th August, 2003. It was, therefore, clear to the plaintiffs that the defendant was manufacturing products sold under the said marks contrary to the terms and conditions of the arrangement contained in the document dated 7th July, 1983 as well as the documents dated 23<sup>rd</sup> February, 1987. The plaintiffs did nothing to prevent the defendant from doing so. Nor did the plaintiffs call upon the defendant to cease and desist doing so. The inference is that the plaintiffs did not do so as they had considered their having transferred or assigned the marks to the defendant. What is, however, more important is that their failure to do so indicates that they had abandoned their rights under the documents dated 23<sup>rd</sup> February, 1987, especially the right to have the defendant purchase the concentrates from them and to use the same in the products sold under the said marks. The reason for the plaintiffs not having even insisted upon their rights is immaterial. However, the fact that they did not enforce their rights or even insist upon the same from 1994 to the year 2003 indicates a strong prima facie case in favour of the defendant that this was due to the plaintiffs having lost interest in the Indian market probably due to the economic scenario and the laws regarding prohibition in India or the enforcement thereof during that period. Whatever be the reasons, the fact is that the plaintiffs from the year 1994 to 2003 permitted the defendant to sell their products under the said marks without, in turn, insisting upon the defendant fulfilling the terms and conditions thereof in favour of the plaintiffs. The alleged breaches by the defendant of the documents dated 23<sup>rd</sup> February, 1987, were, therefore, waived by the plaintiffs.

89. Thus, even assuming that the defendant was guilty of a breach of its obligations under the document dated 23<sup>rd</sup> February, 1987, or the document dated 7th July, 1983, it would make no difference whatever. In fact, it is difficult to hold that the defendant was guilty for not having purchased the concentrates from the plaintiffs. Neither the documents dated 7th July, 1983, read with the document dated 21<sup>st</sup> October, 1987, nor the documents dated 23<sup>rd</sup> February, 1987, stipulated the price. The absence of the price being stipulated is another matter altogether. During the course of correspondence, there appear to have been some negotiations regarding the price at which the concentrates were to be procured. Firstly, this correspondence was in the course of negotiations. Further, unless and until the price was determined, it is difficult to hold that the defendant had committed a breach of the terms and conditions of any of the documents as regards its obligations to purchase the concentrates. Even assuming that there was a breach on the part of the defendant in manufacturing and selling its products under the said marks without using the concentrates, the correspondence indicates quite clearly that the plaintiffs had abandoned their rights to have the same enforced and simultaneously permitted the defendant to use the trademarks on

such products without any objection whatever, at least unto 7th August, 2003.

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

68) It would also be useful to quote the findings recorded in para-85 of the judgment holding that the transfer/assignment of the marks in favour of Tilaknagar was complete upon execution of the documents and that the same was not dependent on any further act/deed on the part of the parties. Para-85 of the judgment reads thus :-

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

*(emphasis added)*

69) It would also be necessary to reproduce the findings recorded by the learned Judge in para-76 of the judgment where it is held that there was no breach on the part of Tilaknagar of promise to buy concentrates :-

It is difficult then to state at this stage that there was a breach even as regards buying concentrates on the part of the defendant.

70) In para 95 of the first impugned order, the learned Judge held that the conduct of Tilaknagar was consistent with claim of ownership of the marks. It is held :-

The defendant's conduct in the present case is also consistent with the claim of exclusive rights in the said marks.

71) Holistic reading of the above quoted findings would indicate that in the first impugned order, the learned Judge has essentially held as follows :-

- (i) That the transfer/assignment was complete on execution of ceding letters dated 23 February 1987 and such assignment was not dependent on any acts/deeds on the part of any of the parties.
- (ii) UTO's contention of reversion of title in the marks is premised on breach of promise to buy concentrates by Tilaknagar and that Tilaknagar did not commit any breach of promise to buy concentrates.
- (iii) UTO abandoned the right to have the concentrates purchased from it by Tilaknagar and since the said right was abandoned, there could be no breach of any promise and even if there was any breach, the same was waived by UTO.

72) We find that the learned Single Judge, who formulated the issue of reversion of title in para-86 of the first impugned order, approached the same in a different perspective. The issue of reversion of title undoubtedly depended on the factual dispute of commission of breaches by Tilaknagar. The learned Single Judge, while passing the first impugned order, has

conducted *prima facie* inquiry into the issue of commission of breaches and has held that Tilaknagar has not committed the breach of promises. The finding of absence of breach is on twin accounts of (i) non-specification of price for procurement of concentrates and (ii) UTO abandoning the right to have the concentrates purchased. If the breach itself is not *prima facie* proved, the question of reversion of title would not arise. It is in this sense that the learned Single Judge passing the first impugned order has not accepted UTO's case of reversion of title.

73) Perusal of findings recorded by the learned Single Judge in the first impugned order indicates that the learned Judge has *prima-facie* not accepted the case of UTO of reversion of title. The claim of reversion of title is thus formulated, considered and not accepted by the learned Judge, while refusing to grant injunction in favour of UTO. We therefore do not agree with the findings recorded in the second impugned order that the first impugned order does not answer the issue of reversion of title in the impugned marks in favour of UTO. Mere absence of specific finding of rejection of reversion claim would not mean that the same is not decided. Establishment of breach of promise is *sine qua non* for claiming reversion of title. Since breach of promise itself is not established, question of recording finding on reversion of title did not arise. The learned Judge has thus not accepted UTO's claim of reversion of title while delivering first impugned judgment dated 22 December 2011. UTO thus lived with the reality of non-acceptance of claim of reversion of title for 14 long years. Having lived with such reality for 14 long years, in our view it was not open for UTO to raise the very same issue once again while opposing Defendant's Notice of Motion for injunction filed in the counterclaim.

74) Since UTO made a statement that it was not inviting any observations adverse to the one recorded in the first impugned order, it

becomes questionable as to whether the finding of absence of breach of promise could be revisited in the second impugned order.

75) In fact, adjudication of the very same contention of reversion of title while delivering second impugned judgment has resulted in somewhat incongruous situation where the first impugned judgment does not accept UTO's claim of reversion of title whereas the second impugned judgment delivered after 14 years later, holds UTO to be the proprietor of the marks by accepting the theory of reversion. It is desirable that uniformity is maintained in the findings recorded in interlocutory orders passed in same proceedings. The Apex Court in *Vishnu Traders* (supra) has made the following observations :-

3. In the matters of interlocutory orders, principle of binding precedents cannot be said to apply. However, the need for consistency of approach and uniformity in the exercise of judicial discretion respecting similar causes and the desirability to eliminate occasions for grievances of discriminatory treatment requires that all similar matters should receive similar treatment except where factual differences require a different treatment so that there is assurance of consistency, uniformity, predictability and certainty of judicial approach.

76) The above principle is reiterated by the Supreme Court in *Hirendra Pal Singh* (supra). In the present case the two interlocutory orders passed in same Suit, has resulted in two contradictory *prima facie* findings on the issue of ownership of title. The first impugned order does not accept UTO's case of it being the exclusive owner of the marks (and consequently Tilaknagar being a mere licensee or dishonest user), whereas the second impugned order holds that the ownership of the marks has reverted in UTO's favour. In our view, it was not open for UTO to seek a *de novo* inquiry into the title and the position as obtained since passing of the first impugned order needs to be continued till decision of the Suit.



77) It is contended on behalf of UTO that Tilaknagar's counterclaim is based on title and that therefore, in its capacity as Plaintiff, Tilaknagar was required to prove its title to the marks and therefore enquiry in the title was warranted while passing the second impugned order. True it is that Tilaknagar is the Plaintiff in the counterclaim and while securing injunction in its favour, in ordinary circumstances, Tilaknagar needs to prove title in respect of the marks in its counterclaim, which is based on title. However merely because UTO's position has changed from Plaintiff in Suit to Defendant in counterclaim, the same cannot be a ground for seeking findings contrary to the one recorded in the first impugned order. The true indicator, to our mind, is this: if UTO is to be held as the exclusive owner of the marks, can the first impugned order be sustained ? In that case, Tilaknagar would become either a licensee or dishonest/unauthorised user of UTO's exclusively owned marks. Thus, declaration of exclusive ownership of UTO in the second impugned order actually renders the first impugned order erroneous. In our view therefore, it was not open for UTO to seek a fresh inquiry into the title.

78) We accordingly conclude by holding that the contention of reversion of title raised by UTO is not accepted in the first impugned order and therefore it was not permissible for UTO to raise it once again during the course of adjudication of Motion filed by Tilaknagar and Application filed by ABD.

## **F. 2 REVERSION OF TITLE UNDER SECTION 31 OF THE TRANSFER OF PROPERTY ACT**

79) The most contentious issue between the parties, during the course of hearing of the Appeals, is about the effect of provisions of Section 31 of the Transfer of Property Act on the transaction of assignment of trademarks vide ceding letters of 23 February 1987. Before proceeding to



examine the issue, it must be observed at the very outset that UTO never relied upon the provisions of Section 31 of the Transfer of Property Act while pressing its Motion for temporary injunction in the year 2011. However, when it came to decision of Tilaknagar's application for injunction filed in its counterclaim, the whole thrust of UTO was on the provisions of Section 31 of the Transfer of Property Act. As observed above, if Tilaknagar was not to press its Motion for temporary injunction, which was pending for 16 long years, there would have been no occasion for the learned Judge to go into the issue of applicability of provisions of Section 31 of the Transfer of Property Act for examining the contention of reversion of title, which was once not accepted in the first impugned judgment. Be that as it may. Somehow, Tilaknagar was advised to press its Motion for temporary injunction 16 years after filing of the counterclaim and it has invited adverse findings on applicability of provisions of Section 31 of the Transfer of Property Act.

80) Before dealing with highly contentious issue of applicability of provisions of Section 31 of the Transfer of Property Act to the transaction of ceding of the marks vide letters dated 23 February 1987, it must be borne in mind that UTO's case of reversion of title has *prima-facie* not been accepted in the first impugned order dated 22 December 2011. All that is presented by UTO while opposing Tilaknagar's Motion for temporary injunction, 14 years later, is same argument by giving flavor of provisions of Section 31 of the Transfer of Property Act.

81) Section 31 of the Transfer of Property Act deals with incorporation of condition of ceasing of transfer upon happening/non-happening of specified event. Section 31 provides thus :-

**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.

82) There is great deal of debate between the parties as to whether Section 31 is only an enabling provision allowing the parties to the transaction to incorporate a condition of reversion of title upon happening of specified uncertain event or whether the provision contemplates automatic reversion of title on happening of the specified event. It is Tilaknagar's case that the manner in which Section 31 of the Transfer of Property Act is couched, it merely carves out an exception to the earlier provisions of the Act and enables the parties to the transaction to superadd a condition of transfer of property shall cease to exist in the event of happening of specified uncertain event. Tilaknagar therefore contends that in a transaction, where such is condition is superadded, parties need to seek a declaration from a Court of reversion of title as the superadded condition is a mere contractual term, enforcement of which must be secured through Court's decree. On the other hand, it is UTO's contention that Section 31 of the Transfer of Property Act provides for automatic cessation of transfer of property upon happening of specified uncertain event. Lengthy submissions are advanced on behalf of the rival parties and several case laws are relied upon to support respective contentions on the above issue, which is now the hotbed of controversy between the parties.

83) No doubt, the issue of reversion of title in the marks in favour of UTO on account of alleged breach of promise to buy concentrates is an important issue which needs to be answered while deciding the suit. However, there are multiple reasons why we are not inclined to record any findings on that contentious issue. The issue of reversion of title was

specifically argued before the learned Single Judge while delivering the first impugned judgment dated 22 December 2011. UTO's contention of reversion of title is same as was raised while passing the first impugned order, but was presented in a new package in the form of Section 31 of the Transfer of Property Act. The issue could not have been reagitated by UTO while deciding another interlocutory application in same proceedings. In UTO's Appeal No.66/2012, no interim relief is granted with the result that UTO has lived with the reality of non-acceptance of its claim of reversion of title for the last 14 long years. UTO has not commenced trial of the suit which is pending for 16 long years and the same needs to be taken up for decision at some point of time rather than letting parties litigate over the issue of interlocutory injunction endlessly. Rather than this Court recording its *prima-facie* findings on the issue of reversion of title in the light of provisions of Section 31 of the Transfer of Property Act, it is appropriate that the learned Trial Judge decides the said issue finally by proceeding ahead with the trial of the suit. Also, even if this Court decides the contentious issue of reversion of title by examining lengthy arguments and by discussing dozens of judgments quoted in support of respective contentions, such decision would still be mere *prima-facie* determination, which would not bind the learned Judge deciding the suit finally. The proper course of action is to record final findings on the issue by the learned trial Judge by proceeding with trial of the suit.

84) For above reasons, we are not inclined to record our *prima facie* findings on the issue of reversion of title in the impugned marks in favour of UTO by examining the effect of provisions of Section 31 of the Transfer of Property Act. In our view the issue needs to be decided at the time of final hearing of the Suit. We are therefore not burdening the judgment by discussing various judgments cited by the rival parties on the issue of reversion of title.

### **F.3 BALANCE OF CONVENIENCE**

85) Even if we were to hold that UTO has made out a *prima-facie* case on the issue of reversion of title in the marks under the provisions of Section 31 of the Transfer of Property Act, in our view the balance of convenience clearly lies against UTO and in favour of Tilaknagar. The transaction of assignment/transfer of marks has taken place on 23 February 1987. In the first impugned judgment, the learned Judge has held that the transaction of assignment was complete and the same was not dependent on further act/deed on the part of any of the parties. The said finding has remained undisturbed for the last 14 long years. It is undisputed position that Tilaknagar has been manufacturing and selling its own recipes without purchasing concentrates from UTO since the year 1987 by asserting its title in respect of the marks. Such manufacture and sale of products in India has been taking place for the last 38 long years, unhindered by any restraint order passed against Tilaknagar. Tilaknagar's manufacture and sale of products under the impugned marks is consistent with its claim of proprietorship in the marks. UTO has not manufactured or sold even a single bottle under the impugned marks in India for the last 38 long years after execution of ceding letters dated 23 February 1987. UTO did not sue Tilaknagar for a considerable period of time asserting its claim of title. UTO itself appears to be confused about the exact nature of transaction as it has raised inconsistent pleas of documents of 1987 constituting merely a license, as well as reversion of title on account of breach of promise. As held above, the learned Single Judge has rightly refused to grant injunction in favour of UTO by the first impugned judgment dated 22 December 2011.

86) Even after rejection of its prayer for temporary injunction, UTO was free to manufacture and/or sell its own products in India as no injunction operated against it. UTO and ABD were granted leave to apply

for introduction of products in India by order dated 10 September 2014. However, after rejection of its prayer for temporary injunction on 22 December 2011, UTO did not make any attempts to introduce its products in India for a considerable period of time. After failing to secure injunction against Tilaknagar, UTO apparently transferred 50% ownership in the marks in favour of ABD sometime in August 2014. Though this Court granted leave to UTO and ABD to seek permission of the Court for introduction of products in India by order dated 10 September 2014, neither UTO nor ABD filed any such application to introduce the products for next nine long years. Such application was filed by ABD for the first time in the year 2023. All these factors would clearly go against UTO and ABD while considering the balance of convenience.

87) UTO is yet to commence its business in India, which is most vital consideration to be put in the scales for determining the balance of convenience. Here the observations of the Apex Court in *Wander Ltd.* (supra) are relevant :-

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

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

The interlocutory remedy is intended to preserve in status quo, the rights of parties which may appear on a prima facie case. The court also, in restraining a defendant from exercising what he considers his legal right but what the plaintiff would like to be prevented, puts into the scales, as a relevant consideration whether the defendant has yet to commence his enterprise or whether he has already been doing so in which latter case considerations somewhat different from those that apply to a case where the defendant is yet to commence his enterprise, are attracted.

(emphasis and underling added)

88) If the objective of preserving *status quo* is to be achieved, the current status of Tilaknagar alone manufacturing and selling the products in India under the impugned marks will have to be continued till decision of the suit. In our view therefore, upon putting in the scales the factum of UTO not commencing its enterprise in India, the balance of convenience clearly gets tilted in favour of Tilaknagar and against UTO.

89) Also, UTO's passing off action is based on its claim of invasion of its business. As of now, it is an admitted position that UTO has not commenced any business in India. In India only one entity is manufacturing and selling products under the impugned marks, which is Tilaknagar. By seeking leave of this Court, UTO's assignee (ABD) has proposed to commence the business in India into the product under the tradename Mansion House. By now, the Indian consumers have associated the products under the impugned marks as that of Tilaknagar. UTO has permitted Tilaknagar to develop its trade in India. This status between the parties, which has prevailed for several decades, needs to be preserved till decision of the suit.

#### **F.4 PUBLIC POLICY**

90) As observed above, passing of second impugned order dated 7 February 2025 has resulted in a situation where Tilaknagar is not restrained from manufacturing/selling products under the impugned marks and UTO is also not injuncted from doing the very same act. If both the orders are permitted to stand, the same would result in utter confusion in the minds of the customers where both Tilaknagar and UTO would sell same products under the same marks.

91) 'One mark, one source and one proprietor' is the settled principle of law aimed at achieving the public policy of avoiding confusion amongst



the consumers. The net result of the second impugned order is that ABD will introduce the same alcoholic product under brand name MANSION HOUSE in the State of West Bengal. Since there is no injunction against UTO and ABD, they will introduce their products under the same marks all over India as they need not seek leave of the Court on account of dismissal of Tilaknagar's Notice of Motion. Soon, all the States in India will see sale of same alcoholic products under same tradenames of MANSION HOUSE and SAVOY CLUB of Tilaknagar and UTO/ABD. This would create utter confusion in the minds of the consumers, who have been purchasing products of only Tilaknagar in India since 1987 in absence of even a single bottle being made available for sale by UTO in India.

92) In para 41 of the judgment in *Power Control Appliances Versus. Sumeet Machines Pvt. Ltd.* (supra) the Apex Court has held as under :-

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

(emphasis added)

As of now, there is only one manufacturer and seller of alcoholic products under the impugned marks in India. It would therefore be appropriate that the same situation is continued till the suit is decided rather than creating confusion amongst the consumer by letting UTO and ABD also to introduce their products.

93) Reliance is placed by UTO and ABD on provisions of Section 28(3) and 33(2) of the Trademarks Act in support of contention that both Tilaknagar and UTO/ABD can be permitted to sell their products in India till decision of the Suit. Section 28 of the Trademarks Act provides thus :-



**28. Rights conferred by registration.**

(1) Subject to the other provisions of this Act, the registration of a trade mark shall, if valid, give to the registered proprietor of the trade mark the exclusive right to the use of the trade mark in relation to the goods or services in respect of which the trade mark is registered and to obtain relief in respect of infringement of the trade mark in the manner provided by this Act.

(2) The exclusive right to the use of a trade mark given under sub-section (1) shall be subject to any conditions and limitations to which the registration is subject.

(3) Where two or more persons are registered proprietors of trade marks, which are identical with or nearly resemble each other, the exclusive right to the use of any of those trade marks shall not (except so far as their respective rights are subject to any conditions or limitations entered on the register) be deemed to have been acquired by any one of those persons as against any other of those persons merely by registration of the trade marks but each of those persons has otherwise the same rights as against other persons (not being registered users using by way of permitted use) as he would have if he were the sole registered proprietor.

Section 33 of the Trade Marks Act provides thus :-

**33. Effect of acquiescence.**

(1) Where the proprietor of an earlier trade mark has acquiesced for a continuous period of five years in the use of a registered trade mark, being aware of that use, he shall no longer be entitled on the basis of that earlier trade mark—

- (a) to apply for a declaration that the registration of the later trade mark is invalid,
- or
- (b) to oppose the use of the later trade mark in relation to the goods or services in relation to

which it has been so used, unless the registration of the later trade mark was not applied in good faith.

(2) Where sub-section (1) applies, 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.

94) In our view, provisions of Sections 28(3) and 33(2) govern situations of existence of two or more similar trademarks. Here we are concerned with the same trademarks over which Tilaknagar and UTO are fighting. Tilaknagar has developed huge trade in the impugned trademarks for the last over 38 long years as against UTO not selling a single bottle in

Indian market. We are of the view that in the peculiar facts and circumstances of the present case, permitting both UTO and Tilaknagar to sell same products under the same marks would be against the public interest. Therefore following the test in *Wander Ltd.* it would be more appropriate to continue the *status quo* which has existed for 38 long years since execution of ceding letters and for 14 years after passing of the first impugned judgment dated 22 December 2011 for some more time till the suit is decided finally. Such a course of action would prevent confusion in the minds of Indian consumers. If UTO has waited for such a long time for introduction of its products in India, it can wait for some more time till the Suit gets finally decided. Also of relevance is the fact that after 9 long years of grant of leave, ABD filed application for introduction of product under the mark 'MANSION HOUSE' only in the State of West Bengal. In our view, UTO and ABD can wait for some more time before introducing their products under the trademark 'MANSION HOUSE' in one of the Indian States.

#### **F.5 ARGUMENT OF SUPPRESSION AND PROSECUTION HISTORY ESTOPPEL**

95) Much is argued on behalf of UTO that Tilaknagar suppressed the pleadings in suit filed by it before Hyderabad Court where it adopted alleged contradictory stand of the marks being dissimilar, which is contrary to the pleadings in its counterclaim. Therefore, arguments of suppression for denial of equitable relief of injunction as well as prosecution history estoppel were pressed into service by UTO before the learned Single Judge passing the second impugned order. The learned Judge has accepted both the contentions of UTO for denying injunction in favour of Tilaknagar.

96) However, what appears to have been ignored is the position that the argument of suppression, as well as prosecution history estoppel, were very much available with UTO while pressing its application for temporary injunction in 2011. The Hyderabad Suit was filed by Tilaknagar on 9 October 2009 after the present Suit was filed by UTO on 5 March 2009. However, for reasons unknown, UTO never raised the contention of suppression and prosecution history estoppel at the time of passing of the first impugned order. This shows that UTO apparently did not find the pleadings in Hyderabad Suit relevant for pressing its claim against Tilaknagar. However, while pressing ABD's application for introduction of products in the State of West Bengal and while opposing Tilaknagar's Application for temporary injunction, UTO pressed the argument of suppression, which has found favour with the learned Single Judge passing the second impugned order. The learned Single Judge has criticized Tilaknagar for not disclosing the factum of filing of Hyderabad Suit in its counterclaim and Notice of Motion. However, by the time the Motion was taken up for hearing, there were multiple disclosures made by Tilaknagar about Hyderabad suit in various Affidavits filed in the year 2014.

97) UTO's conduct in not arguing suppression and estoppel is sought to be explained by contending that those objections became relevant while deciding the claim of Tilaknagar for injunction in its capacity as Plaintiff rather than deciding UTO's application for temporary injunction. Since aim of both the motions filed by UTO and Tilaknagar was same, i.e. of restraining each other based on rival claims of ownership, UTO's conduct of not raising the pleas of suppression and estoppel while passing of the first impugned order would assume importance. Be that as it may. In our view, it is not necessary to delve deeper into this aspect as UTO has

lived with the reality of non-introduction of any products in India under the impugned marks for the last 38 long years and more particularly for 14 long years after passing of the first impugned order. The balance of convenience is clearly against UTO and in favour of Tilaknagar. In order to avoid confusion in the minds of the customers, which is also in public interest, the two rival entities cannot be allowed to manufacture and sell products under the same marks particularly when UTO has not sold a single bottle of alcohol in India under the impugned marks for 38 long years.

98) We have already expressed that hearing of the suit deserves to be expedited. We are informed that the issues in the suit have already been framed by order dated 26 February 2013. It is appropriate that the parties lead evidence before the learned trial Judge in support of their respective claims expeditiously so that the suit and the counterclaim can be taken to their logical end in an expeditious manner.

#### G. CONCLUSION

99) The conspectus of the above discussion is that the first impugned order dated 22 December 2011 deserves to be upheld. Since we have held that the first impugned order did not accept UTO's claim of reversion of title, the finding of reversion of title in favor of UTO recorded in the second impugned order needs to be aligned with the finding in the first impugned order. Also, the resultant status in the Indian market prevailing for the last 14 years after passing of the first impugned order need not be disturbed and needs to be preserved till the suit is decided. For that purpose, the second impugned order will have to be set aside.

## H. ORDER

100) We accordingly proceed to pass the following order :-

- (i) Judgment and order dated 22 December 2011 passed in Notice of Motion No. 993/2009 filed in Suit No. 632/2009 is upheld and consequently Appeal No. 66/2012 filed by UTO is dismissed.
- (ii) Judgment and order dated 7 February 2025 passed in Notice of Motion No. 1287/2010 filed in Counterclaim No.6/2010 and passed in Interim Application (Lodg.) No. 16999/2023 is set aside and consequently Commercial Appeal (Lodg.) No. 6617/2025 and Commercial Appeal (Lodg.) No.6622/2025 filed by Tilaknagar are allowed.
- (iii) UTO and ABD shall continue the current status of non-introduction of their products in India under the impugned marks MANSION HOUSE and SAVOY CLUB till decision of the Suit.
- (iv) The learned Trial Judge is requested to expedite hearing of Commercial IP Suit No.2/2009 and to make an endeavor to decide the same in an expeditious manner.
- (v) It is clarified that the findings recorded in the judgment are *prima facie* and the learned Single Judge shall not be influenced by the same while deciding the suit finally.

101) With the above directions, all the three Appeals are **disposed of**.

[SANDEEP V. MARNE, J.]

[CHIEF JUSTICE]

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