

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

% **Date of decision: 28th May, 2021.**

+ **FAO (COMM) 41/2021 & CM No.6428/2021 (for stay)**

**BLACK DIAMOND TRACK PARTS
PRIVATE LIMITED AND ORS.**

.... Appellants

Through: Mr. Nishant Dutta, Mr. Praveen
Chaturvedi, Ms. Jyoti Chaturvedi and
Mr. Pradeep Bharadwaj, Advs.

Versus

**BLACK DIAMOND MOTORS
PRIVATE LIMITED**

....Respondent

Through: Ms. Malvika Trivedi, Sr. Adv. with
Mr. Nitin Nayyar and Mr. Nipun
Katyal, Advs.

CORAM:

HON'BLE MR. JUSTICE RAJIV SAHAI ENDLAW

HON'BLE MR. JUSTICE AMIT BANSAL

[VIA VIDEO CONFERENCING]

RAJIV SAHAI ENDLAW, J.

1. This appeal, under Section 13(1A) of the Commercial Courts Act, 2015 read with Order XLIII Rule 1(r) of the Code of Civil Procedure, 1908 (CPC), impugns the order dated 25th September, 2020 of the Commercial Court-01, South District, New Delhi, allowing the application under Order XXXIX Rules 1&2 of the CPC of the respondent/plaintiff Black Diamond Motors Private Limited, in CS(COMM) No.184/2020 filed against the appellants/defendants (i) Black Diamond Track Parts Pvt. Ltd., (ii) Black

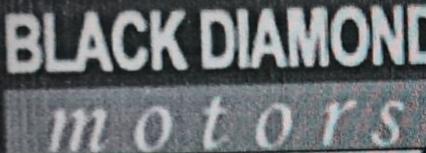
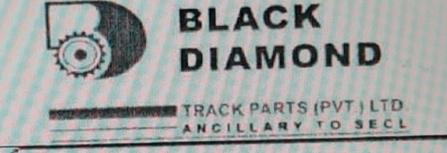
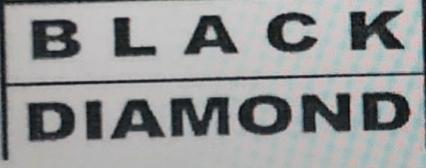
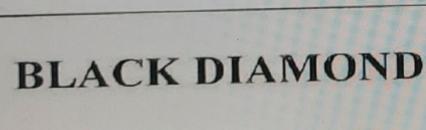
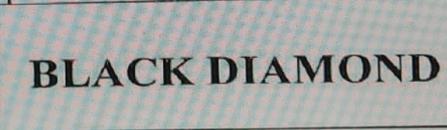
Diamond Equipments Pvt. Ltd., (iii) Raminder Singh Bhatia, (iv) Simardeep Singh Bhatia, (v) Parvinder Singh Bhatia, (vi) Charanpal Singh Bhatia, (vii) Satbir Singh Bhatia and (viii) Soumita Mitra wife of Simardeep Singh Bhatia, for permanent injunction to restrain infringement of trade mark and passing off and for ancillary reliefs.

2. The appeal came up first before us on 17th February, 2021 and thereafter on 1st March, 2021, when the counsel for the respondent/plaintiff appeared on advance notice. Finding, (a) that the respondent/plaintiff, for the same reliefs as claimed in the suit from which this appeal arises, had earlier invoked the territorial jurisdiction of the Courts at Bilaspur, Chhattisgarh; (b) that the said Court had declined interim relief to the respondent/plaintiff; (c) that the appeal of the respondent/plaintiff to the High Court of Chhattisgarh had also stood dismissed; (d) that the respondent/plaintiff thereafter withdrew that suit with liberty to file again; (e) that it was thereafter that the suit, from which this appeal arises, was instituted at Delhi; (f) that the respondent/plaintiff, in Delhi had succeeded in getting the interim relief which was declined to it by the Court at Bilaspur as well by the High Court of Chhattisgarh; and, (g) that the impugned order had not given due weightage to the said facts, while posting the appeal for hearing on 8th April, 2021, the impugned order was directed to remain in abeyance and it was clarified that there was no restraint on the appellants/defendants from using the mark which they, by the impugned interim order, had been restrained from using.

3. On 8th April, 2021, the hearing was adjourned to 13th May, 2021. The counsels were heard on 13th May, 2021 and 19th May, 2021 and order/judgment reserved.

4. The suit, from which this appeal arises, was filed by the respondent/plaintiff, *inter alia* pleading (i) that the respondent/plaintiff, since the year 2005, was carrying on business of manufacture and sale of Trippers, Tip-Trailers, Flat Bed Trailers, Ash Handling Bulkers and Tailor made Carriers (hereinafter, for the sake of convenience, called "subject goods"); (ii) that the trade mark 'BLACK DIAMOND' was being used by the family of the Directors of the respondent/plaintiff, since the year 1983, in relation to a number of businesses *inter alia* of manufacture and sale of mining machineries and spare parts and the respondent/plaintiff also adopted the mark 'BLACK DIAMOND' for its business; (iii) that 'BLACK DIAMOND' is the most essential feature of the trade mark / label of the respondent/plaintiff; (iv) that under an oral family settlement between the members of the family of the Directors of the respondent/plaintiff, the right to use the trade mark 'BLACK DIAMOND' in relation to the subject goods came to the respondent/plaintiff; (v) that immediately prior to the oral family settlement of 31st March, 2014, the family was carrying on businesses of, (a) Mining Machinery and Spares, in the names of Black Diamond Equipments Pvt. Ltd. (appellant/defendant No.2), Black Diamond Track Parts Pvt. Ltd. (appellant/defendant No.1) and Pawan Industries, (b) Hotels, in the name of Blue Diamond Associates, (c) subject goods, in the name of Black Diamond Motors Pvt. Ltd. (respondent/plaintiff), and of (d) Civil Construction, in the names of S.S. Developers and P.S. Associates, (vi) that in accordance with the family settlement, (a) the business of

manufacture of subject goods in the name of respondent/plaintiff Black Diamond Motors Pvt. Ltd. and of Civil Construction in the names of S.S. Developers and P.S. Associates, came to the share of Pushpinder Singh Bhatia and Pawandeep Singh Bhatia, Directors of respondent/plaintiff, and (b) the businesses of manufacture of mining machinery and spares in the names of appellant/defendant No.1 Black Diamond Track Parts Pvt. Ltd., appellant/defendant No.2 Black Diamond Equipments Pvt. Ltd. and Pawan Industries and of Hotels in the name of Blue Diamond Associates, came to the share of appellant/defendant No.5 Parvinder Singh Bhatia; (vii) that all family members jointly agreed not to interfere or to compete in one another's business and it was agreed that neither party shall enter into the business of the other party under the Black Diamond formative/artistic/trade name/trade mark/label; (viii) that the aforesaid family settlement was implemented; (ix) that in view of said family settlement, the respondent/plaintiff, since the year 2005 has been using the mark 'BLACK DIAMOND' in relation to subject goods and has acquired goodwill with respect thereto; (x) that the respondent/plaintiff, on 22nd July, 2009 also applied for registration of the trade mark 'BLACK DIAMOND' and its formative variants in relation to goods under Class 12 viz. subject goods; (xi) that the appellants/defendants have started carrying on business in respect of subject goods, under the trade mark 'BLACK DIAMOND', 'BLACK DIAMOND TRACK PARTS' and 'BLACK DIAMOND TRAILER TECH'; (xii) that the word 'BLACK DIAMOND' is essential feature of the respondent/plaintiff's trade mark; (xiii) that the trade marks of the respondent/plaintiff and the appellants/defendants are as under:

PLAINTIFF'S SAID TRADE MARK/LABEL/TRADE NAME	DEFENDANT'S IMPUGNED TRADE MARK/LABEL/TRADE NAME
	
	
	

(xiv) that the appellants/defendants are not entitled to use the trade mark 'BLACK DIAMOND' in relation to subject goods, in view of the family settlement dated 31st March, 2014; (xv) that the appellants/defendants, in or about the year 2018, i.e. after four years of the family settlement, started acting in breach thereof by carrying on business in subject goods in the name of 'BLACK DIAMOND'; (xvi) that the appellant/defendant No.1, on 31st March, 2018, applied for registration of the trade marks 'BLACK DIAMOND TRAILER TECH' and 'BLACK DIAMOND TRACK PARTS' in Class 12, claiming use since 28th January, 1991; (xvii) that the respondent/plaintiff opposed the said applications and which are still pending consideration; (xviii) that the appellant/defendant No.1, on 24th July, 2018 applied for getting Trade Certificate before the Regional Transport Officer, Bilaspur in relation to the subject goods and the same shows that prior to 24th July, 2018, the appellants/defendants were

never in the said business; (xix) that the appellants/defendants have also applied for cancellation of the registration in favour of the respondent/plaintiff, of the label mark 'BLACK DIAMOND' in Class 12 and which application is also pending; (xx) that the adoption by the appellants/defendants of the trade mark 'BLACK DIAMOND' in relation to the subject goods is dishonest and *mala fide*; (xxi) that the appellant/defendant No.1 earlier had permission only to manufacture mining machinery and spare parts and applied for permission to manufacture subject goods, only on 12th April, 2018; (xxii) that it is also evident from the website of the appellants/defendants, that they have entered into the business of subject goods, only in or about 2017-2018; (xxiii) that the appellants/defendants are guilty of infringing the respondent/plaintiff's registered trade mark qua Class 12 goods; (xxiv) that the acts of the appellants/defendants are also in violation of the family settlement and injurious to the respondent/plaintiff and intended to deceive the purchasers; (xxv) that the respondent/plaintiff, in June, 2018, filed a suit before the District Judge, Bilaspur, Chhattisgarh, seeking to restrain the appellants/defendants from using the mark 'BLACK DIAMOND' in relation to the subject goods; (xxvi) however the Court of the Additional District Judge, Bilaspur, before which the said suit was pending, vide order dated 6th August, 2019, dismissed the application of the respondent/plaintiff for interim relief; (xxvii) that the respondent/plaintiff filed an appeal to the High Court of Chhattisgarh, against the dismissal of the application for interim relief, but the said appeal was also dismissed on 24th October, 2019; and, (xxviii) that as the respondent/plaintiff felt necessity to incorporate more facts in the plaint, the respondent/plaintiff filed an application in the Court

of the Additional District Judge, Bilaspur, before which the suit was pending, to withdraw the said suit with liberty to apply afresh, and which suit was dismissed as withdrawn with liberty to file afresh, on 4th January, 2020.

5. The suit, from which this appeal arises, was filed on 20th July, 2020 i.e. after more than six months after withdrawal of the earlier suit (with liberty to file afresh) for the same reliefs. The said suit came up first before the Commercial Court on 20th July, 2020 itself, when while issuing summons thereof, notwithstanding that the respondent/plaintiff, since the year 2018 had been unsuccessful in getting the interim relief in the proceedings earlier instituted in the Courts at Bilaspur and that the High Court of Chhattisgarh had also not found the respondent/plaintiff entitled to interim relief, vide *ex-parte* ad-interim order, the appellants/defendants were restrained from using the trade marks 'BLACK DIAMOND', 'BLACK DIAMOND TRACK PARTS' and 'BLACK DIAMOND TRAILER TECH' in respect of subject goods, all falling in Class 12 and a commission issued to visit the premises of the appellants/defendants. We must record, that the Commercial Court, while so granting *ex-parte* ad-interim injunction, did not give any reasons (i) for the urgency to grant *ex-parte* relief especially when the respondent/plaintiff was without interim relief for over two years; and, (ii) for granting relief, that too *ex-parte*, which after hearing, had been declined to the respondent/plaintiff vide detailed judgments of the Coordinate Court at Bilaspur and of the High Court of Chhattisgarh.

6. Needless to state, the appellants/defendants contested the suit by filing a written statement, *inter alia* pleading (a) that the suit was not

maintainable and was in abuse of the process of the Court, in view of the proceedings earlier taken by the respondent/plaintiff in the Court at Bilaspur; (b) that the 'BLACK DIAMOND' brand was founded in the year 1981; (c) that the appellant/defendant No.2 Black Diamond Equipments Pvt. Ltd. was the first user of the trade mark 'BLACK DIAMOND'; (d) that the appellant/defendant No.1 Black Diamond Track Parts Pvt. Ltd. was the second user of the trade mark 'BLACK DIAMOND'; (e) that the respondent/plaintiff Black Diamond Motors Private Limited was the third and last user of the trade mark 'BLACK DIAMOND'; (f) that no family settlement, as claimed by the respondent/plaintiff, took place on 31st March, 2014 or at any other time; (g) that Pushpinder Singh Bhatia, Director of the respondent/plaintiff, had however separated from the group/family, in December, 2013; (h) that no restraint/restriction on use of the trade mark 'BLACK DIAMOND', by the Directors/Promoters of the other Black Diamond Group of Companies, in relation to any goods, was ever agreed to; (i) that the respondent/plaintiff and the appellants/defendants not only share 'BLACK DIAMOND' as a name but also as a trade mark, for whichever business in whichever goods they may carry on; (j) that since the businesses were being carried on through the vehicles of companies, there could have been no oral settlement as claimed by the respondent/plaintiff and had there been any settlement as claimed by the respondent/plaintiff, the same would have been reflected in the resolutions of the Board of Directors of the said companies; (k) that even if there were any deficiencies in the plaint in the suit filed by the respondent/plaintiff at Bilaspur and for the reason whereof the said suit was required to be withdrawn, the fresh suit ought to have been filed in the Courts at Bilaspur only, where the

respondent/plaintiff as well as the appellants/defendants are carrying on business and the filing of the present suit at Delhi shows *mala fides* of the respondent/plaintiff; (l) that 'BLACK DIAMOND' has always been an essential feature of the trade/business of all the firms of the erstwhile family and all the said firms and family members have a right to use the 'BLACK DIAMOND' trade mark; (m) that 'BLACK DIAMOND' trade mark, besides in the name of the respondent/plaintiff, was also registered under Class 12 in the names of Uday Shankar Yadav, Jitendra Pratap Bhai Vasani and Mahalaxmi Rubber Profiles India and the respondent/plaintiff was thus not the sole registered proprietor thereof and not entitled to any relief for this reason also; (n) that the appellants/defendants, because of prior use of trade name and trade mark 'BLACK DIAMOND', could not, in terms of Section 34 of the Trade Marks Act, 1999, be prevented from using the same; (o) that the respondent/plaintiff has no special right to use the 'BLACK DIAMOND' trade mark; (p) that Chhattisgarh, especially Korba is one of the top coal hubs of the country; coal transportation is an old business in Chhattisgarh; Black Diamond Group of Companies also had some experience in transportation, tools and maintenance and wanted to develop various branches related with coal business and thus set up the various companies/firms; (q) that the logo used by the appellants/defendants for their business of subject goods, is entirely different from the label of the respondent/plaintiff; and, (r) that the registration in Class 12 in favour of the respondent/plaintiff does not give any advantage to the respondent/plaintiff over the appellants/defendants because the appellants/defendants are the prior users of the said trade mark and their logo is different from the label registration of the respondent/plaintiff.

7. The Commercial Court, not only as aforesaid granted *ex-parte* interim relief in favour of the respondent/plaintiff, but has after hearing the parties, vide the impugned order confirmed the interim injunction in favour of the respondent/plaintiff and against the appellants/defendants, by restraining the appellants/defendants from using the 'BLACK DIAMOND', 'BLACK DIAMOND TRACK PARTS', 'BLACK DIAMOND TRAILER TECH' marks in respect to subject goods. A perusal of the impugned order, comprising of 25 paragraphs, shows that the Commercial Court, (i) in paragraphs 1 to 15 of the impugned order, has recorded the pleas and contentions of the respondent/plaintiff and/or of the counsel for the respondent/plaintiff; (ii) thereafter, in paragraphs 16 and 17 has recorded the pleas and contentions of the appellants/defendants and their counsel; (iii) in paragraphs 18 to 21, has discussed the law in general relating to ingredients of *prima facie* case, irreparable loss and injury and balance of convenience, required to be satisfied for granting an interim injunction; (iv) in paragraph 21 has observed, that to an ordinary, unwary customer and purchaser, use of trade mark/label 'BLACK DIAMOND' is quite likely to cause confusion regarding the true source of the goods; and, (v) thereafter, in paragraph 22, has allowed the application of the appellants/defendants for interim relief and restrained the appellants/defendants as aforesaid.

8. It would thus be evident, that in the impugned order, there is no discussion or analysis of the merits of the pleas and contentions of the respective parties and no reason given, why the Commercial Court accepted the arguments and contentions of the counsel for the respondent/plaintiff and rejected the arguments of the counsel for the appellants/defendants.

9. We are afraid, the impugned order does not meet the parameters prescribed to constitute a judgment, as an order on an application under Order XXXIX Rules 1&2 of the CPC is, since determines the rights of the parties. The impugned order, in our view, is liable to be set aside on this ground alone.

10. Be that as it may, on the basis of pleadings of the parties, we enquired from the senior counsel for the respondent/plaintiff,

(I) Why is the respondent/plaintiff not disentitled from any interim relief, for the reason of having indulged in forum shopping, by withdrawing the suit with liberty to file afresh from the Courts at Bilaspur/Chhattisgarh, after being unsuccessful in obtaining interim relief; it is felt that though in view of the liberty granted by the Court at Bilaspur, the suit at Delhi cannot be said to be not maintainable but the respondent/plaintiff having indulged in forum shopping, is disentitled from interim relief, which is discretionary and to be granted only if the Court has been approached *bona fide* and with clean hands; the action of withdrawing the suit from a Court which refused to grant interim relief and thereafter choosing to file the suit in another Court, does not reflect *bona fides* of the respondent/plaintiff and does not show the respondent/plaintiff to have approached the Courts at Delhi with clean hands.

(II) Whether not the plea of the respondent/plaintiff, of oral family settlement whereunder use of the trade mark 'BLACK DIAMOND' in relation to Class 12/subject goods had fallen to the share of the respondent/plaintiff only, and which plea was controverted by the

appellants/defendant, in the absence of any resolutions of the Board of Directors of the entities/companies through which the family was carrying on business, *prima facie* unbelievable at this stage and the respondent/plaintiff, till establishes the said plea, cannot restrain the appellants/defendants from carrying on business in Class 12/subject goods under the family mark of 'BLACK DIAMOND'.

(III) Whether not the appellants/defendants No.5&3 Parvinder Singh Bhatia and his son Raminder Singh Bhatia qualified as prior users of the label mark 'BLACK DIAMOND' in relation to Class 12 goods, within the meaning of Section 34 of the Act, having been Directors of the respondent/plaintiff since the time the respondent/plaintiff commenced business in the subject goods under the mark 'BLACK DIAMOND' as well as at the time when the registration thereof was applied in the year 2009 and till grant thereof in January, 2014.

11. The contention of the senior counsel for the respondent/plaintiff qua Query No.(I) aforesaid is, (a) that once the Court at Bilaspur has permitted the respondent/plaintiff to withdraw the suit with liberty to file afresh, the said suit is deemed to have been wiped out and of no avail and denial of interim order therein to the respondent/plaintiff cannot come in the way of the respondent/plaintiff being entitled to interim order from this Court; (b) that the plaint in the suit filed at Bilaspur was very sketchy and all the requisite pleas had not been taken; it was for this reason that the respondent/plaintiff chose to withdraw the suit and was granted permission therefor, to file a plaint taking all the requisite pleas; (c) that all the requisite pleas have been taken in the plaint filed in the suit at Delhi and on the basis

whereof the respondent/plaintiff has been found to have made out a case for ad-interim injunction; and, (d) that no question of comity of Courts or *res-judicata* arises on the basis of the orders of the Court at Bilaspur and of the High Court of Chhattisgarh, the proceedings in which the said orders were made, having been permitted to be withdrawn with permission to file afresh. Reliance is placed on (i) *Chhaganlal Pratapchand Vs. State of Gujarat* 1969 SCC OnLine Guj 10, where referring to *Patel Chunibhai Dajibhai Vs. Narayanrao Khanderao Jambekar* AIR 1965 SC 1457, it was held that when withdrawal of a suit with liberty to bring a fresh suit is permitted, the effect is that in the eyes of law, there is no such suit filed; (ii) *Sarguja Transport Service Vs. State Transport Appellate Tribunal, M.P., Gwalior* (1987) 1 SCC 5, holding that when a suit is withdrawn with liberty to file afresh, the question of *res-judicata* does not arise; and, (iii) *Messer Holdings Limited Vs. Shyam Madanmohan Ruia* (2016) 11 SCC 484, holding that when a suit is withdrawn, any order passed in the suit or by any Court in a proceeding arising from the suit, automatically lapses and any act or omission of any party to the said suit in pursuance to such orders would be without legal efficacy.

12. We enquired from the senior counsel for the respondent/plaintiff, that even if the requisite pleas had not been taken in the plaint in the suit filed at Bilaspur, whether not it was open to the respondent/plaintiff to apply for amendment of the said plaint, to take all the requisite pleas.

13. The senior counsel for the respondent/plaintiff stated that the amendment required in the plaint was a major one and would have amounted to virtually re-drafting the plaint and which was not found to be

feasible and it was for this reason that the suit was sought to be withdrawn with liberty and the Court at Bilaspur, being satisfied therewith, allowed the suit to be withdrawn and granted liberty to sue afresh.

14. The contention of the counsel for the appellants/defendants is, that the suit was withdrawn only for the reason that interim relief had been denied to the respondent/plaintiff. It is stated, that the interim relief was denied for the reason of the respondent/plaintiff having concealed material facts and the same reason prevailed with the High Court of Chhattisgarh also to dismiss the appeal preferred by the respondent/plaintiff against denial of interim relief.

15. We have perused the English translation of the order of the Bilaspur Court of denial of interim relief, as well as the order of the High Court of Chhattisgarh, of dismissal of appeal preferred thereagainst and find the said Courts to have held, (i) that the respondent/plaintiff had concealed that there were family relations between the Directors of the respondent/plaintiff and the appellants/defendants companies; (ii) that the respondent/plaintiff had not approached the Court with clean hands; (iii) that the respondent/plaintiff made 'BLACK DIAMOND' its brand, at a latter point of time than the appellants/defendants and the appellants/defendants were the former users of the 'BLACK DIAMOND' brand and logo and could not be stopped from doing their business under the said brand and logo; (iv) that while the appellants/defendants companies had been using the brand 'BLACK DIAMOND' since the year 1983, the respondent/plaintiff was incorporated only in the year 2005 and obtained registration of the mark only in the year 2014; (v) that in such a situation, the business of the appellants/defendants

would be affected if temporary injunction was issued; (vi) that no relevant documents had been produced to show that the respondent/plaintiff was suffering in any manner from the actions of the appellants/defendants; (vii) that neither of the ingredients of *prima facie* case, irreparable loss and injury and balance of convenience, were in favour of the respondent/plaintiff; (viii) that as the appellants/defendants were the prior user of the brand name, they could not be prevented from using the said brand; (ix) that there was nothing to show that any of the customers were confused; (x) that the Directors of the respondent/plaintiff were fully aware of the use of the trade mark 'BLACK DIAMOND' by the appellants/defendants; (xi) that in view thereof, in spite of obtaining registration, the respondent/plaintiff could not disturb the right of the appellants/defendants to use the mark 'BLACK DIAMOND', as a prior user; (xii) that the rights conferred by registration are subject to the rights of the prior user under Section 34 of the Act; and, (xiii) that both sides were running business in the same field and in the absence of any evidence regarding shifting of customers from one side to another, no question of any irreparable injury arose.

16. It would thus be seen that the Court at Bilaspur as well as the High Court of Chhattisgarh, on the same facts as before this Court, did not find the respondent/plaintiff to have made out a case for ad-interim injunction against the appellants/defendants. Merit is thus found in the contention of the appellants/defendants, that the 'real reason' for the respondent/plaintiff to withdraw the suit from the Court at Bilaspur, was denial till the High Court, of the interim relief.

17. To test our said view, we enquired from the senior counsel for the respondent/plaintiff, that even if the respondent/plaintiff felt that the suit earlier filed was required to be withdrawn with liberty to file afresh, why did the respondent/plaintiff not re-file the suit at Bilaspur only and why was the need felt to take a second chance, at far away Delhi.

18. We may in this context notice, that all the Directors of the respondent/plaintiff and the appellants/defendants are residents of Bilaspur and the respondent/plaintiff and the appellants/defendants companies also have their registered offices at Bilaspur. It is the admitted case of the respondent/plaintiff, that Bilaspur is the hub of coal mining and on the contrary there is no coal mining activity in Delhi, though it was suggested during the hearing that a large number of coal mining companies who are purchasers of equipment therefor including the Class 12/subject goods, have their offices at Delhi and thus Delhi Courts also have jurisdiction.

19. The senior counsel for the respondent/plaintiff contended, that Delhi is the capital, also of Intellectual Property Rights disputes and the lawyers and the Courts at Delhi deal with a large number of trade mark cases and for this reason, the respondent/plaintiff chose to take a second chance at Delhi, rather than at Bilaspur.

20. Though there can be no doubt that once the suit is permitted to be withdrawn with liberty to file afresh, no pleas, on the basis thereof can be taken in the subsequent suit, of Order II Rule 2 of CPC or of *res-judicata* etc., but in our view nothing prevents the Court from, at least at the stage of grant/non-grant of interim relief, taking notice of the said facts to test the *bona fides* of the respondent/plaintiff.

21. Taking notice of the aforesaid facts, it is found, that the respondent/plaintiff, in its anxiety and keenness to immediately restrain the appellants/defendants from using the mark 'BLACK DIAMOND' in relation to the subject goods, after having failed to obtain interim relief from the Courts at Bilaspur/Chhattisgarh, chose to try their luck in the Courts at Delhi and with the said design, withdrew the suit at Bilaspur with permission to file afresh; the said design of the respondent/plaintiff indeed bore fruit inasmuch as the respondent/plaintiff, inspite of having failed till the High Court in the first round, in the second round succeeded to get *ex-parte* injunction restraining the appellants/defendants and a Commissioner sent to the premises of the appellants/defendants at Bilaspur and Korba, and not at Delhi where the suit was filed. Needless to state, that if the respondent/plaintiff had taken the second chance also in the Courts Bilaspur and Chhattisgarh only, in view of denial of the interim relief in the suit earlier filed, in the subsequent suit also no interim relief could have been granted.

22. The question which arises is, whether such conduct of the respondent/plaintiff is *bona fide* and if not, whether it disentitles the respondent/plaintiff to the interim relief, which is discretionary, and awarded on equitable principles.

23. In our view, withdrawal of the proceedings, even if with liberty to file afresh, does not obliterate the proceedings so filed, so as to make the same invisible even for drawing inference of forum shopping therefrom. As far as the judgments cited by the senior counsel for the respondent/plaintiff are concerned, (i) in *Chhaganlal Pratapchand* supra, a Government notification

entitled the plaintiff in a suit dismissed for non-prosecution before settlement of issues, to refund of court fees and the question for adjudication was whether the plaintiff in a suit which was withdrawn with liberty to bring a fresh suit, under the said provision was also entitled to refund of court fees; and, (ii) the question for adjudication in *Sarguja Transport Service* supra was whether after withdrawal of a petition under Article 226 of the Constitution of India, a fresh petition on the same cause of action could be filed; it was held that the principles underlying Order XXIII Rule 1 of the CPC extend to such situation also and a fresh petition could not be filed. The observations in the said judgments, relied upon by the senior counsel for the respondent/plaintiff, were in the said context and cannot be extended to the present position. As far as *Messer Holdings Limited* supra is concerned, the same merely holds that the orders passed during the pendency of a suit which has been withdrawn, lapse on withdrawal of the suit; the same nowhere lays down that the pleadings in a suit which has been withdrawn, cannot be looked at for the purposes of admission, adverse inference etc.; the same also nowhere lays down that such a suit cannot be looked at to adjudicate the plea of re-litigation or abuse of the process of the Court.

24. The counsel for the appellants/defendants in his written arguments, in this context has made apposite reference to, (a) *Union of India Vs. Cipla Ltd.* (2017) 5 SCC 262. The same unequivocally holds, "A classic example of forum shopping is when a litigant approaches one Court for relief but does not get the desired relief and then approaches another Court for the same relief" and "Another form of forum shopping is taking advantage of a view held by a particular High Court in contrast to a different view held by

another High Court" and "Another category of forum shopping is approaching different Courts for the same relief by making a minor change in the prayer clause of the petition"; and, (b) *Allied Blenders and Distillers Pvt. Ltd. Vs. Amit Dahanukar* 2019 SCC OnLine Del 8898 where the suit filed in Delhi, after the subsidiary of the plaintiff had failed to get the interim relief in a suit earlier filed at Bombay, was held to be by way of forum shopping and in abuse of the process of the Court.

25. Mention may also be made of the fact that the decision in *Sarguja Transport Service* supra was referred to in a latter decision in *Sarva Shramik Sanghatana (K.V), Mumbai Vs. State of Maharashtra* (2008) 1 SCC 494 and it was held that *Sarguja Transport Service* supra would apply only where the first petition was withdrawn in order to do bench hunting or for some other *mala fide* purpose. Mention may yet further be made of *Shridhar Gupta Vs. NDMC* AIR 2015 Delhi 48 (DB), where finding that the petitioner, after failing to satisfy the Court in an earlier writ petition, had withdrawn the same, the second writ petition was held to be by way of re-litigation and in abuse of the process of the Court.

26. In light of the aforesaid, if the practice, as indulged in by the respondent/plaintiff were to be approved of and encouraged, then considering the multiple options of territorial jurisdiction available to a plaintiff in a suit for permanent injunction to restrain infringement of trade mark and/or passing off, a plaintiff, after failing to get interim relief in one Court, would successively approach other Courts, making litigation a game of chance and a mockery of. Such conduct, we have no doubt whatsoever,

amounts to abuse of the process of the Court and needs to be strongly condemned.

27. We may in this context notice that Courts, all over the country, having huge pendency and arrears, are liberal in granting requests for withdrawal of proceedings pending before them and in granting liberty to file afresh. Similarly, the defendants/opposite party in the proceedings being withdrawn, rarely challenges the grant of liberty to file afresh. The order of the Court at Bilaspur permitting the respondent/plaintiff to withdraw the suit with liberty to file afresh and the conduct of the appellants/defendants of allowing the said order to attain finality, has to be seen in this light.

28. Rather, we are surprised that the Commercial Court, on 20th July, 2020, notwithstanding the plea in the plaint with respect to the earlier suit and of denial of interim injunction till the High Court therein, issued *ex-parte* order of injunction against the appellants/defendants. The Commercial Court, though wrote a long order granting the *ex-parte* injunction, chose not to deal with the factum of the earlier suit and denial of interim injunction till the stage of the High Court therein. Similarly, in the impugned order, though the same is noticed as a plea/contention of the counsels but again, there is no discussion, as aforesaid, as to why the respondent/plaintiff, in spite of having indulged in forum shopping, was entitled to interim injunction. The respondent/plaintiff has in the pleadings, not given any plausible reasons for indulging in such conduct. Unlike in a shop in a market place, no litigant can be permitted to move from one Court to another, trying his/her luck and/or bargain.

29. We are thus of the view that the respondent/plaintiff was/is not entitled to interim injunction and the appeal is entitled to be allowed, on this ground alone.

30. However, for the sake of completeness, we may deal with the merits of the matter also.

31. Qua our Query No.(II) supra, we may notice that the respondent/plaintiff, in the suit from which this appeal arises, has pleaded:

"All members jointly pledged not to interfere or compete in one another's business. It was agreed that neither party shall enter into the business of other party under 'BLACK DIAMOND' formative/artistic/trade name/Trademark/label/domain name or any other trade mark/label/trade name/domain name similar/deceptively similar thereto. Parvinder Singh went one step further and committed that during his presence his son Raminder Singh will not come in competition with Black Diamond Motors/Pushpinder Singh."

However, save for a bare plea, there is nothing to show that any steps were taken in pursuance to the aforesaid agreement, if any. Merit is found in the contention of the counsel for the appellants/defendants, that since both Parvinder Singh and Pushpinder Singh Bhatia, being head of their respective two branches of the family which separated, were carrying on business not in their proprietary/individual names but through the vehicle of limited companies, had there been any such settlement, in implementation thereof, there would have been resolutions of the Board of Directors of the companies to the aforesaid effect.

32. Though the aforesaid constitutes a crucial plea in the claim of the respondent/plaintiff at Delhi, inasmuch as else the respondent/plaintiff

admits use by the appellants/defendants also of the mark 'BLACK DIAMOND' since prior to use by the respondent/plaintiff, but a perusal of the plaint in the suit filed by the respondent/plaintiff at Bilaspur does not show the respondent/plaintiff to have taken any such plea therein. When a crucial plea of fact without which there is no entitlement to relief claimed, is not taken in a legal proceeding and even in an appeal arising therefrom and is taken for the first time in the second round, after failing in the first, the presumption is, of the same being an afterthought and/or having been fabricated after realising that without pleading the same, the relief sought cannot be obtained. The explanation verbally given, of the Advocates at Delhi being more well-versed in the subject than the Advocates at Bilaspur and Chhattisgarh, cannot be accepted. At least at the interim stage, no relief on the basis thereof be granted. It also appears, that Pushpinder Singh Bhatia, being the Director of the respondent/plaintiff, was honest, till at Bilaspur and on coming to Delhi to institute the suit from which the appeal arises, has turned dishonest.

33. The senior counsel for the respondent/plaintiff has not been able to make any arguments qua our Query No.(II) above and has not been able to *prima facie* establish any such agreement as pleaded to be part of any family settlement. Merely because in the separation between two branches of the family, the company through the vehicle of which the family was carrying on business in the subject goods, fell to the exclusive share of Pushpinder Singh Bhatia, does not *ipso facto* lead to the inference that Parvinder Singh Bhatia and his son Raminder Singh Bhatia had agreed not to carry on business in the subject goods or through the vehicle of the companies which had fallen to their exclusive share and the name of which companies also

has 'BLACK DIAMOND' as component thereof. Once Parvinder Singh Bhatia and his son Raminder Singh Bhatia have been carrying on business in mining equipment under the trade mark 'BLACK DIAMOND', ordinarily business in cognate and allied goods relating to mining industry would also be under the trade mark 'BLACK DIAMOND', to reap advantage of the goodwill thereof.

34. The contention of the senior counsel for the respondent/plaintiff with respect to our Query No.(III) is, that once the respondent/plaintiff is the registered proprietor of the mark 'BLACK DIAMOND' in relation to goods in Class 12, in which the subject goods fall, the respondent/plaintiff, *de hors* the family settlement pleaded is entitled to restrain the appellants/defendants from using the same/similar mark for the purposes of marketing the subject goods. With respect to the reasoning given by the High Court of Chhattisgarh, of Section 34 of the Trade Marks Act, the senior counsel for the respondent/plaintiff contended that for the appellants/defendants to have any right under Section 34 of the Act to continue using the mark 'BLACK DIAMOND', it was incumbent on the appellants/defendants to show that the appellants/defendants were using the mark 'BLACK DIAMOND' in relation to the subject goods since prior to registration in favour of the respondent/plaintiff and which the appellants/defendants have failed to do. It was argued that though the appellants/defendants claimed dealing in the said goods since before, but applied for permission to manufacture and applied for Road Transport Licence for the subject goods only in the year 2018 i.e. after registration dated 8th January, 2014 in favour of the respondent/plaintiff and dating back to 22nd July, 2009 when the application for registration of trade mark in Class 12 was made. Reliance was placed on

(i) *Power Control Appliances Vs. Sumeet Machines Pvt. Ltd.* (1994) 2 SCC 448, (ii) *Kamat Hotels (India) Ltd. Vs. Royal Orchid Hotels Ltd.* 2011 (4) Mh.L.J. 71 and (iii) *Pioneer Nuts & Bolts Pvt. Ltd. Vs. Goodwill Enterprises* MANU/DE/2305/2009 (DB).

35. Per contra, the counsel for the appellants/defendants contended that under the old Motor Vehicle Rules, there was no need for taking the licence from Road Transport Officer.

36. Needless to state, the senior counsel for the respondent/plaintiff controverts.

37. We, for the time being, will proceed on the premise that the appellants/defendants, till separation on 31st March, 2014 and till the year 2018, were not manufacturing the subject goods except through the vehicle of respondent/plaintiff.

38. Section 34 of the Trade Marks Act provides that nothing in the said Act shall entitle the proprietor of registered trade mark to interfere with or restrain the use by any person of a trade mark, identical with or nearly resembling it, in relation to goods or services in relation to which that person or his predecessor in title has continuously used that trade mark, from a date prior to the use of the said trade mark by registered proprietor thereof in relation to those goods or services or prior to the date of registration of the trade mark in respect of those goods or services in the name of the proprietor thereof, whichever is the earlier.

39. What emerges from the pleadings and contentions of respondent/plaintiff itself is, (a) that the mark 'BLACK DIAMOND' was adopted by the family of the Directors of the respondent/plaintiff and the

appellants/defendants, as far back as in the year 1983 and was used qua all the businesses commenced by the family through different entities/companies viz. appellants/defendants No.1&2; (b) that the respondent/plaintiff company was incorporated in the year 2005 and the business in subject goods falling in Class 12, was commenced through the vehicle of the respondent/plaintiff, also using the same mark 'BLACK DIAMOND'; (c) that appellants/defendants No.5 & 3 Parvinder Singh Bhatia and his son Raminder Singh Bhatia as well as Pushpinder Singh Bhatia were the Directors of the respondent/plaintiff till 31st March, 2014 i.e. when the respondent/plaintiff commenced the business in the subject goods in or about the year 2005 under the mark 'BLACK DIAMOND' as well as in the year 2009 when application for registration of label mark 'BLACK DIAMOND' in relation to Class 12 goods in the name of respondent/plaintiff was made as well as in January, 2014 when the said registration was granted; (d) thus, appellants/defendants No.5 & 3 i.e. Parvinder Singh Bhatia and his son Raminder Singh Bhatia also, till 31st March, 2014 were using the mark 'BLACK DIAMOND' for business in Class 12 goods, in the name and style of the respondent/plaintiff; and, (e) however when Pushpinder Singh Bhatia decided to separate from the family, the respondent/plaintiff fell to the share of Pushpinder Singh Bhatia and appellants/defendants No.5 & 3 Parvinder Singh Bhatia and Raminder Singh Bhatia exited from the Board of Directors of the respondent/plaintiff.

40. Though the respondent/plaintiff carrying on family business in the subject goods fell into the lap of Pushpinder Singh Bhatia but as aforesaid, there is nothing to show that there was any agreement that appellants/defendants No.5 & 3 Parvinder Singh Bhatia and his son

Raminder Singh Bhatia would not carry on the business which, when the family was one, was being carried on in the name and style of respondent/plaintiff or would not carry on the said business under the mark 'BLACK DIAMOND'. It cannot be lost sight of, that Parvinder Singh Bhatia and his son Raminder Singh Bhatia had been carrying on other mining related businesses in the name of 'BLACK DIAMOND' and in which, according to the respondent/plaintiff also there was considerable goodwill; ordinarily, a new business, particularly in allied/cognate goods is commenced in the same trade mark which is established and recognized in the market.

41. The contention of the senior counsel for the respondent/plaintiff that the appellants/defendants were not using 'BLACK DIAMOND' mark in relation to Class 12 goods, thus cannot be accepted because the appellants/defendants No.5 & 3 i.e. Parvinder Singh Bhatia and his son Raminder Singh Bhatia, till separation on 31st March, 2014, were very much part and parcel of the respondent/plaintiff and were as such using the mark 'BLACK DIAMOND' in respect to Class 12 goods also. Rather, the respondent/plaintiff, incorporated in the year 2005, became entitled to use the mark 'BLACK DIAMOND' in relation to Class 12 goods, only for the reason of being a company incorporated by the Bhatias aforesaid, who and their predecessors had adopted the said mark way back in the year 1983 and who were using the said mark for all their mining businesses. In such a situation, it is not open to Pushpinder Singh Bhatia who is now in control of the respondent/plaintiff, to, using the garb of a corporate veil, contend that the other family members viz. Parvinder Singh Bhatia and his son Raminder Singh Bhatia who till 31st March, 2014 were part and parcel of

respondent/plaintiff, were not using the mark 'BLACK DIAMOND' for Class 12 goods.

42. Supreme Court, in *Sohan Lal Vs. Amin Chand* (1973) 2 SCC 608 held that on dissolution of a partnership between three brothers, the two brothers who decided to carry on the same business by constituting another partnership, were not entitled to appropriate the trade marks of the erstwhile partnership and to restrain the third brother from use of the said trade marks; accordingly, the interim injunction granted was varied to the extent of allowing the use of the trade mark. In *Kalinga Gudakhu Udyog Vs. Konark Gudakhu Factory* MANU/DE/0776/1989 and *Bagla and Co. Vs. Bagla Cosmetics* MANU/DE/1625/2000 (FAO(OS) No.206/2000 preferred whereagainst was dismissed on 7th February, 2005), this Court also held that since the adversaries were off shoots of the original family business carried on jointly, at the interim stage it could not be said which party was entitled to restrain other from using the trade mark of the original family business. Similarly, a Coordinate Bench of this Court in *Jaininder Jain Vs. Arihant Jain* MANU/DE/1843/2009, finding that the trade mark, for long had been used as a family mark, refrained from issuing any interim order. Mention may also be made of (i) *Jaggi Ayurvedic Pharmacy Vs. Jaggi Ayurvedic Research Foundation* 166 (2010) DLT 136 and (ii) *Manmohan Plastic Pvt. Ltd. Vs. Ganpati Plastic Industries* MANU/DE/2116/2014. Though in most of the said cases the family was carrying on business through the vehicle of a partnership firm and the family concerned in the present case was carrying on business through the vehicle of companies but in our view, such closely held companies with only family members as shareholders and

directors, are akin to a family partnership and the principles applicable in the said judgments, at least at this stage, would apply.

43. As far as the judgments aforesaid relied upon by the senior counsel for the respondent/plaintiff are concerned, the senior counsel, on enquiry, fairly admitted that the facts in none of the judgments were as in the present *lis*; however the facts of *Power Control Appliances* supra were stated to be the closest to those of the present case. *Power Control Appliances* supra was a dispute between a mother and son. The Single Judge and the Division Bench of the High Court had declined to grant interim injunction, though finding in favour of the mother, for the reason of acquiescence i.e. the mother having permitted the son to market the goods under the registered mark belonging to her. It was in these facts, that the Supreme Court, differing from the reason of acquiescence, granted interim injunction in favour of the mother. We do not find the said facts to be anywhere close to the facts of the present case. The present is not a case of the appellants/defendants having used the trade mark 'BLACK DIAMOND' with the permission of respondent/plaintiff; rather here the appellants/defendants were using the trade mark 'BLACK DIAMOND' in their own right, including with respect to the subject goods.

44. During the hearing, we enquired from the senior counsel for the respondent/plaintiff, whether at the time of obtaining registration of the label mark with respect to Class 12 goods, it was informed that the appellants/defendants were also using the mark 'BLACK DIAMOND' or that the use by the respondent/plaintiff of the said mark, was under permission from members of the Bhatia family.

45. The answer was in the negative.

46. We may also notice that the registration in favour of the respondent/plaintiff is not of a word mark but of a label mark. Once as held above, the appellants/defendants, at least at the interim stage cannot be restrained from using the mark 'BLACK DIAMOND' even in relation to Class 12 goods, a comparison of the label of the respondent/plaintiff with the label of the appellants/defendants, on the premise that both are entitled to use 'BLACK DIAMOND', shows that the two cannot be said to be identical. While the label of the respondent/plaintiff uses the word "Motors" in conjunction with the mark 'BLACK DIAMOND', the label of the appellants/defendants uses the word "Trailertech" in conjunction with 'BLACK DIAMOND'. The label mark of the appellants/defendants also contains a picture of the front of a truck/trailer and which is missing in the registered label mark of the respondent/plaintiff. The said differences, in our opinion, are enough to differentiate the two and to eliminate the possibility of any confusion.

47. The counsel for the appellants/defendants also contended that the customers/clients of the subject goods are not unknown persons but persons with whom the respective parties have had long association and identify and recognize and differentiate between the appellants/defendants No.5 & 3 Parvinder Singh Bhatia and his son Raminder Singh Bhatia on the one hand and Pushpinder Singh Bhatia on the other hand.

48. Be that as it may, during the hearing we enquired from the counsel for the appellants/defendants, whether the appellants/defendants, to further

differentiate their goods from that of the respondent/plaintiff were willing to, on their label mark, also indicate the name of the Director/s.

49. The counsel for the appellants/defendants, after obtaining instructions, stated that the appellants/defendants were willing to write "Raminder Singh Bhatia Group" on the label mark of the appellant/defendant No.1 Black Diamond Track Parts Pvt. Ltd. and the words "Parvinder Singh Bhatia Group" on the label mark of the appellant/defendant No.2 Black Diamond Equipments Pvt. Ltd., while dealing in the subject goods falling in Class 12.

50. The appellants/defendants are bound down to their aforesaid statement, till the disposal of the suit before the Commercial Court. The readiness with which the appellants/defendants accepted the said proposal also reflects on lack of any *mala fides* on the part of the appellants/defendants or of any intent to pass off their Class 12 goods as those of the respondent/plaintiff.

51. We, here are concerned with the peculiar facts aforesaid, of a separation in the family resulting in separation of the businesses in different names, being jointly carried on by all the members of the family, with all businesses commenced from time to time using the same trade mark as was earlier being used by the family members and their predecessors who sowed the seeds of the said business. In this state of affairs, it is not deemed appropriate to, at the interim stage, restrain one part of the family. The loss suffered by the said part of the family would be irreparable. Moreover, with the appellants/defendants having undertaken as aforesaid, the possibility of any confusion in the market, even if existed, has been eliminated and thus the balance of convenience is also in favour of the appellants/defendants.

52. Though the counsel for the appellants/defendants in his written note of arguments has also contended that Courts at Delhi have no territorial jurisdiction but since the said plea has also been subject matter of another order in the suit on an application of the appellants/defendants under Order VII Rule 11 of the CPC, it is not deemed expedient to return any finding in this order in this respect.

53. Resultantly, the impugned order cannot be sustained and the appeal is allowed and the impugned order set aside. Axiomatically, the application of the respondent/plaintiff for interim relief stands dismissed. However, the appellants/defendants are bound down with their statement/undertaking aforesaid and directed to, while dealing in the Class 12/subject goods, on their trade mark / label mark, indicate the source thereof as undertaken above.

54. The respondent/plaintiff to also pay to the appellants/defendants costs of this appeal, assessed at Rs.50,000/-.

55. The appeal is disposed of.

RAJIV SAHAI ENDLAW, J.

AMIT BANSAL, J.

MAY 28, 2021

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