

06.04.2023
sayandeep
Sl. No. 01
Ct. No. 05

WPA 24933 of 2022

Paul Brothers and another
-Versus-
Union of India and others

Mr. Suman Dutta
Mr. Avishek Guha
Mr. Surojit Dasgupta
Ms. Akansha Chopra

....for the petitioners

Mr. N.L. Singhanian
Mr. Avinash Kankani

.....for the respondent Nos. 1 & 2

Mr. Bimalendu Das
Ms. Shomrita Das
Mr. Shomrik Das

.....for the respondent No. 6

Mrs. Pampa Dey Dhabal
Mr. Krishna Deo Das

.....for the respondent Nos. 4 & 5

Mrs. Somali Mukhopadhyay
Mrs. Debarati Das

.....for the respondent No. 7

All the parties are represented. The last order passed by this court on 4th April, 2023 recorded that the matter would be listed today under the heading “For Orders”.

The order is as follows:

The petitioners claim to be in the business of manufacture and sale of pharmaceutical products and the auction-purchasers of 14 trade marks through a public auction conducted under the provisions of the Insolvency and Bankruptcy Code, 2016. The petitioners pray for a writ of mandamus against the Trade Marks Registry, Kolkata, to revoke an assignment of 7 of the said 14 trade marks in favour of the respondent no. 6

and also to restore the trade marks in favour of the respondent no. 3 being a company which went into liquidation on 13.4.2021.

Before proceeding any further, the parties should be described and their relationship with each other explained in detail.

The 14 trade marks were owned by the respondent no. 3, Duckbill Drugs Private Limited which went into liquidation by an order of the NCLT dated 13.4.2021. The trade marks relate to medicinal products. These trade marks were the subject matter of an e-auction sale notice published on 23.4.2022 as part of a public auction of sale of the respondent no. 3/ Duckbill Drugs Private Limited as a going concern under the provisions of the IBC. The petitioner no. 1 participated in the e-auction and was declared as the successful bidder. A sale certificate was issued by the respondent no. 7 who was the liquidator at the relevant point of time, in favour of the petitioner no. 1 on 11.5.2022 confirming the sale of the respondent no. 3 as a going concern including the assets mentioned in the annexure to the Sale Certificate. The sale certificate mentions the trade marks registered in the name of the company and include the 14 trade marks. The petitioner however later came to know that 7 of the 14 trade marks mentioned in the sale certificate were registered in the name of the respondent no. 6. The

petitioners also came to know that the 7 trade marks were assigned in favour of the respondent no. 6 by a Deed of Assignment dated 3.4.2017 for a sum of Rs. 7000/-.

The respondent nos. 4 and 5 were erstwhile Directors of the respondent no. 3 (company in liquidation) and the respondent no. 6 is the daughter-in-law of the respondent no. 4.

A short back-story to the writ petition must also be told. The respondent no. 6 filed a Title Suit in the Alipore Court in November, 2022 against the respondent no. 3 (company in liquidation). The respondent no. 6 (plaintiff before the Alipore Court) claimed a decree of declaration that the respondent no. 6 is the registered proprietor of the trade marks and a permanent injunction restraining the defendant (respondent no. 3) from infringing or misappropriating the intellectual property i.e., the trade marks of the respondent no. 6. Upon failing to obtain an ad-interim order from the Court, the respondent no. 6 filed an appeal to this Court in 2023. A Division Bench, by an order dated 24.01.2023, restrained the respondent in the appeal (respondent no. 3) from using the concern trade marks till 31.03.2023. By an order dated 29.3.2023, the interim order was extended till 6.4.2023. The petitioners have applied before the Division Bench for vacating the interim order.

Learned counsel appearing for the respondent no. 6, who is the assignee of the 7 trade marks, raised a preliminary objection as to the maintainability of the writ petition.

The objection relates to the petitioners having an alternative and adequate statutory remedy under The Trade Marks Act, 1999. Learned counsel appearing for the respondent no. 6 submits that the petitioners have a statutory recourse under section 91 of the Act under which a person aggrieved by an order of the Registrar of Trade Marks may file an appeal to the High Court and also under section 57(2) which provides that any person aggrieved by the any entry made in the register without sufficient cause may apply to the High Court or to the Registrar of Trade Marks for expunging and varying the entry. Counsel submits that the petitioners are seeking to set this Court up against the Division Bench by inviting orders which would be inconsistent with the interim order passed by the Division Bench.

The preliminary objection is first being dealt with.

Setting a Court up against another Court is an instance of abuse of process. This pre-supposes an earlier and a later proceeding. The chronology is important since the charge of abuse is made on the later entrant to the proceedings where the subsequent proceeding is alleged to invite a conflict in orders and a confusion in the direction which the proceeding is

meant to take. In other words, the later litigant takes a chance to obtain orders from a Court in the face of existing orders which are obviously not to the liking of the litigant who had filed proceedings first.

In the present case, the charge of abuse or giving birth to multiple litigations in respect of the subject matter of dispute is not on the petitioners but on the respondent no. 6.

The petitioners filed the present writ petition on 14.11.2022 with the respondent no. 6 as a party. The respondent no. 6 thereafter instituted the Title Suit in Alipore Court in the first week of December, 2022. Upon failing to get interim relief on 12.12.2022, the respondent no. 6 filed the appeal before the Division Bench in January, 2023. The aforesaid makes it clear that respondent no. 6 rushed to file proceedings only after the petitioners filed the present writ petition. Therefore, the charge against the petitioners is contrary to the admitted facts and is hence without basis.

The petitioner cannot also be faulted for not pursuing the statutory remedy available to them. The petitioners have a right under section 57(2) of the Trade Marks Act to apply to the High Court for expunging an entry made in the register of Trade Marks without sufficient cause and this is precisely what the petitioners have done in the instant case. In any event, presence of an alternative and efficacious remedy

including a statutory remedy is not an absolute bar on the jurisdiction of the High Court to entertain a writ petition under Article 226 of the Constitution. The decision to entertain a writ petition is a rule of discretion and more of a self-imposed restraint where the High Court makes an assessment of whether the facts warrant intervention: refer *Shiur Sakhar Karkhana Private Limited v. State Bank of India*;(2020) 19 SCC 592.

The preliminary objection taken on behalf of the respondent no. 6 is hence considered and rejected.

With regard to the substance of the dispute, the petitioner no. 1 is admittedly the auction-purchaser of the 14 trade marks of the company in liquidation which was sold as a going concern along with the 14 trade marks to the petitioner no. 1. 7 of the 14 trade marks form the dispute before the Court. The question is whether the petitioner no. 1, as the auction purchaser of the 7 trade marks, has a right to be protected against the alleged unauthorised use of these trade marks which were part of the assets of the company sold to the petitioner no. 1.

It is an established principle of law that a third party auction-purchaser's interest in the property which has been sold to the auction-purchaser continues to be protected. Once the hammer falls, certain rights accrue to that purchaser which cannot be extinguished other

than in exceptional circumstances such as fraud. This has been the consistent view of the Supreme Court: refer *Janatha Textiles v. Tax Recovery Officer*; (2008) 12 SCC 582, *Valji Khimji and Co. v. Official Liquidator of Hindustan Nitro Product (Gujarat) Ltd.*; (2008) 9 SCC 299. In *Janatha Textiles*, the Supreme Court went to the extent of stating that the auction-purchaser's interest in the auctioned property remains even if the underlying decree is subsequently set aside.

It is equally well-settled that strangers to a decree are protected by the Court since the strangers are not connected with the decree. This protection is necessary to give sanctity to court sales where the expectation is to fetch the best and most fair price for the property. Law makes a clear distinction between a stranger who is a *bona fide* purchaser of the property at an auction sale and a decree-holder purchaser at a court auction. The protection given to the former is of a higher order.

Since the petitioner no. 1 purchased the assets of the company liquidation with the trade marks in Court auction, the petitioners have a legitimate expectation that the Court will come forward to protect the outcome of the auction for which the petitioners paid valuable consideration. Incidentally, the petitioners purchased the company in liquidation and its trade marks for 5 crores whereas the 7 trade marks were assigned in favour of the respondent no. 6 for Rs. 7000/-.

It is also significant that the official liquidator (respondent no. 7) wrote to the Trade Mark Registry on 29.6.2021 requesting the latter to maintain status quo with regard to the trade marks and not entertain any request for transfer of the trade marks from the erstwhile promoters of the company in liquidation. The trade marks were registered in the name of the respondent no. 6 on 18th January, 2022 despite the Registry being put on notice that the Official Liquidator has stepped into the shoes of the respondent no. 3 company.

Further, the transferor (the Official Liquidator) was not given an opportunity to register his comments to the impugned assignment. A mail of 22.3.2023 from the respondent no. 7/Official Liquidator records that service of the concerned notice was defective as the notice was marked to the email address of the authorised agent of the respondent no. 6 who was the assignee herself – and not to the transferor/Official Liquidator.

The points raised on behalf of the petitioners on section 42 of The Trade Marks Act, 1999 also merits consideration. Under section 42, wherein an assignment of trademark, including of unregistered trade marks, is made otherwise than in connection with the goodwill of the business, the assignment shall not take effect unless the assignee applies to the Registrar

for advertisement of the assignment within a maximum time frame of 6+3 months from the date on which the assignment is made. In the present case, the assignment was made on 3rd April, 2017 and there is nothing on record to show that the respondent no. 6 took the steps as required under section 42 or the Registrar of Trade Marks effected the conditions under section 42 for assignment of the trade marks in question. Therefore, *prima facie*, the petitioners have made out a case under section 42 with regard to the impugned assignment.

This Court is aware of the fact that any order permitting the petitioners to use the concerned trade marks would militate against the order of the Division Bench which has restrained the respondents in the appeal from using the concerned trade marks till 6.4.2023 or until further orders, whichever is earlier. Therefore, in view of the facts shown to the Court and the law relevant to such facts, this Court deems it fit to restrain the respondent no. 6 from using the 7 trade marks listed in paragraph 13 of the writ petition till the matter is heard out on affidavits.

Affidavits-in-opposition within three weeks. Reply within a week thereafter. List this matter after four weeks.

Although there was no earlier direction for filing of affidavits, learned counsel appearing for the

respondent no.6 wishes to file her affidavit-in-opposition in court today. The same is, however, taken on record. There shall, however, be no change in the direction for affidavits as stated above.

The date of the last order passed by this court should be recorded as 04.04.23 instead of 04.03.23.

(Moushumi Bhattacharya, J.)