

IN THE HIGH COURT OF JUDICATURE AT MADRAS

Reserved on : 27.01.2025

Pronounced on : 05.02.2025

CORAM:

THE HON'BLE MR. JUSTICE ABDUL QUDDHOSE

O.A.Nos.744 and 745 of 2024

in

C.S.(Comm.Div.)No.190 of 2024

Tractors and Farm Equipment Limited,
Chennai.

.. Applicant/plaintiff

vs.

Massey Ferguson Corp,
USA.

Rep. By its Authorised Signatory

.. Respondent/defendant

For Applicant : Mr.C.Aryama Sundaram, Senior Advocate,
Mr.A.L.Somayaji, Senior Advocate
Mr.P.S.Raman, Senior Advocate

Mr.Krishna Srinivasan, Senior Advocate
for M/s.Ramasubramaniam Associates

For Respondent : Mr.R.Sankarnarayanan, Senior Advocate
Mr.R.Parthasarathy, Senior Advocate
Mr.Rishab Gupta, Advocate
Assisted by Mr.Mithun V.Thanks,



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Ms.Shreya Gupta,
Mr.Bikram Chaudhuri
Mr.Mukul Baveja
Ms.Prachi Gupta
Mr.Abhijeet Sadikale
Ms.Akhila Jayaraj
Mr.Suhrith Parthasarathy
Mr.Allwin Godwin
Mr.Pratik Singvi
Mr.Keyur Jaju
Mr.Barathwaj, T

COMMON ORDER

This Court is rehearing the interlocutory applications in these suits pursuant to the directions issued by the Division Bench of this Court through its common judgment dated 18.11.2024 passed in O.S.A.(CAD) Nos.138 and 139 of 2024. By the aforesaid judgment, the Division Bench, while remanding the matter to the learned Single Judge, set aside the order dated 17.10.2024 passed in O.A.No.745 of 2024 in C.O.S.(Comm.Div.)No.190 of 2024 and directed the parties to the dispute to maintain status-quo until the interlocutory applications are reheard by the learned Single Judge afresh and finally disposed of.

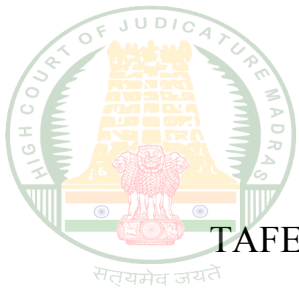
2. The dispute revolves upon the usage of the trademark "Massey Ferguson" (MF) by Tractors and Farm Equipment Limited (TAFE). To



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to avoid repetition of facts, this Court is not repeating the same, since the Division Bench in its common judgment dated 18.11.2024 referred to supra has succinctly narrated the facts, which lead to the filing of the suits and injunction applications by both the parties to the dispute. This Court is only deciding the interlocutory applications and for the purpose of adjudicating the same, it would suffice to consider the respective contentions of both the parties to the dispute and thereafter adjudicate applying the trinity tests of (a) prima-facie case (b) balance of convenience; and (c) irreparable hardship.

3. Massey Ferguson Corp is hereinafter referred to as 'MFC'; Tractors and Farm Equipment Limited is hereinafter referred to as 'TAFE'; the Joint Venture Agreement dated 31.10.1960 entered into between Massey Ferguson Limited (MFL) and Amalgamations (Private) Limited is hereinafter referred to as 'the 1960 JV Agreement'; the Trademark Users Agreement dated 17.03.1978 executed between MFC and TAFE is hereinafter referred to as 'the 1978 TM Agreement'; and the Trademark Registered User Agreement dated 18.03.1994 entered into between Massey Ferguson Corp (Delaware) Inc. (MFC Delaware) and



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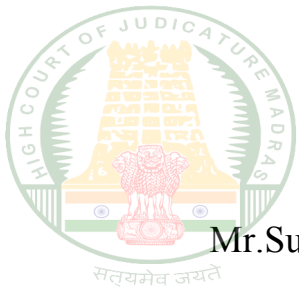
TAFE is hereinafter referred to as 'the 1994 TM Agreement'.

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4. In O.A.No.744 of 2024, TAFE prayed for an interim injunction to restrain MFC from holding out or representing that it is the owner, proprietor, rights holder of the MF brands/trademarks, including by amending MFC's website or that of AGCO, the parent company of MFC, pending disposal of the suit.

5. In O.A.No.745 of 2024, TAFE prayed for an interim injunction to restrain MFC from interfering with the TAFE's use of the MF brands/trademarks, pending disposal of the suit.

6. TAFE is represented by Mr.C.Aryama Sundaram, Mr.A.L.Somayaji, Mr.P.S.Raman and Mr.Krishna Srinivasan, learned Senior Counsels. MFC is represented by Mr.R.Parthasarathy and Mr.R.Sankaranarayanan, learned Senior Counsels, and Mr.Rishab Gupta, learned counsel, and they are assisted by Mr.Mithun V.Thanks, Ms.Shreya Gupta, Mr.Bikram Chaudhuri, Mr.Mukul Baveja, Ms.Prachi Gupta, Mr.Abhijeet Sadikale, Ms.Akhila Jayaraj,



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Mr.Suhrith Parthasarathy, Mr.Allwin Godwin, Mr.Pratik Singvi,

Mr.Keyur Jaju and Mr.T.Barathwaj, learned counsels.

7. Submissions of Mr.C.Aryama Sundaram, learned Senior Counsel, for TAFE:-

a) Pursuant to the 1960 JV Agreement, TAFE was incorporated and after the incorporation, TAFE has manufactured tractors and other allied equipments for more than 60 years. About 95% of the products manufactured by TAFE carry MF brands/trademarks.

b) Although the 1960 JV agreement, the 1978 TM Agreement and the 1994 TM Agreement referred to a limited number of products, TAFE has manufactured and marketed about 500 products bearing the MF brands/trademarks.

c) Except the 1994 TM Agreement, the other agreements, including the 1960 JV Agreement, have admittedly not been terminated. The 1994 TM Agreement is confined to about five products only. Therefore, even if such agreements were to be terminated, TAFE cannot be prevented from using the MF brands/trademarks in view of the 1960 JV Agreement continuing to subsist and the use of these



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brands/trademarks on numerous products with the knowledge and consent of MFC.

d) Although the 1978 TM Agreement and the 1994 TM Agreement make a reference to supervision by MFC regarding the quality of products sold and marketed by TAFE using MF brands, TAFE was allowed to function without any supervision from 1960 onwards. In fact, TAFE applied for and obtained multiple patent and design registrations in respect of their tractors and allied products with the full knowledge and consent of MFC. Consequently, the licensing was naked and the licensor has abandoned its rights over the MF brands/trademarks.

e) Prior to the incorporation of TAFE, MFC had attempted to set up business in India through its subsidiary Massey Ferguson (India) Ltd. (MFL), which acted as MFC's distributor in India. However, this business failed miserably and thereby all assets of MFL were transferred to TAFE entity. As per Clause 4 of the JV Agreement, TAFE is the sole entity dealing with tractors and equipment under MF brands in India.

f) MFC is an entity incorporated under the laws of USA. MFC holds certain trademark registration in India for the 'Massey Ferguson' and other related MF brands, against which, TAFE has filed cancellation



actions.



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WEB COPY g) MFC by not exercising any quality control over the products sold under the MF brands by TAFE in India over the last six decades has abandoned all its rights in the MF brands in India.

h) MF brands are associated by the public with the quality of goods and services offered solely by TAFE, in respect of which, MFC has had no role to play over a period of 60+ years. MFC does not even have the ability to manufacture goods and offer services of the same quality as those provided by TAFE, since MFC does not have access to the relevant know-how, all of which has been developed and held by TAFE.

i) TAFE's business conducted under the MF brands in India engages/caters to;

i) over 5600 direct employees;

ii) over 1,00,000 people in rural areas through dealership and network accounts;

iii) TAFE's suppliers, which comprise of 346 MSMEs as tier-1 suppliers and 13315 MSMEs as tier-2 suppliers, provide employment to over 1600000; and



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iv) above all, over 10,00,000 farmers are currently owning TAFE's MF products and being serviced directly by TAFE.

j) The critical and crucial facts which constitute the background to the present suit is to be traced to the refusal of TAFE to sign on the dotted lines on the standstill agreement that was proposed by the Chairman/CEO of AGCO, the parent company of MFC, on 15.04.2024, to extend the arrangement of standstill agreements entered into by the parties earlier by 5 years. A standstill agreement was entered into between TAFE and AGCO in 2014 for 5 years in spirit of partnership and this was extended in 2019 for 5 years, which was lapsed on 30.04.2024, and it has provided that TAFE shall not increase its holdings in AGCO beyond its current levels (which now stands at 16.3%). TAFE having become the single largest shareholder of AGCO was perceived as a threat for the Chairman/CEO position and power. In the discussion in March/April, 2024, AGCO's Chairman/CEO not only wanted further extension of the standstill agreement for 5 more years but wanted to compel TAFE to participate in share buyback plans of AGCO to bring down TAFE's holdings in AGCO. However, TAFE has signed only one



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year extension of the Standstill Agreement on 24.04.2024 and refused to participate in AGCO's buyback on the legitimate expectation that the commercial partnership between the parties will continue as earlier. However, AGCO, after deceptively getting TAFE to sign the one year standstill agreement, immediately two days thereafter, on 26.04.2024, issued notices purportedly terminating various commercial agreements and trademark agreements entered into between the parties in a clear illegal and unlawful attempt to coerce TAFE.

k) Having made out a prima-facie case and having established balance of convenience and irreparable hardship, interim injunction sought for by TAFE in these applications has to be granted by this Court, otherwise, irreparable loss and hardship will be caused to TAFE and other entities, who are associated with TAFE, and public interest will also be affected as there are several licensees and farmers who have purchased tractors and other farm equipments from TAFE under the MF brands, for which, no one else except TAFE will be in a position to service those tractors.

l) The question whether the trademarks pertaining to MF brands were obtained by MFC or not, cannot be adjudicated in interlocutory



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applications and it is a matter for trial.

WEB COPY m) Admittedly, MFC does not manufacture tractors or other allied equipments in India. Since the suits and interlocutory applications are limited to the use of MF brands/trademarks in India, there is no immediate threat for MFC and therefore, no prejudice will be caused to MFC if the parties to the dispute are directed to go for trial.

n) If on the other hand TAFE is prevented from using the MF brands/trademarks in addition to their products, irreversible injury would be caused to them, which cannot be compensated in terms of money.

8.Submissions of Mr.A.L.Somayaji, learned Senior Counsel, for

TAFE:-

A bare perusal of the plaint in the present suit and the termination suit makes it clear that the termination suit was filed by TAFE to enforce its contractual obligation, whereas the present suit has been filed for declaration of a legal right, and therefore, the cause of action in both the suits are not identical. There must be identical cause of action in both the suits to attract the bar of Order 2 Rule 2 CPC. Further, the question whether the cause of action in the present suit and the termination suit is



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identical or not, is a triable issue and therefore, the same cannot be decided without letting in evidence.

9.Submissions of Mr.P.S.Raman, learned Senior Counsel, for

TAFE:-

The case on hand is a fit case for dispensation with the requirement of Section 12-A of the CC Act, since the suit clearly contemplates grant of interim injunction. Initially, the suit was filed before the Commercial Court at Egmore in COS (SR) No.464 of 2024 on 08.07.2024, along with a formal application seeking dispensation of requirement of Section 12-A of the CC Act. However, vide order dated 16.08.2024, the plaint was returned by the Egmore Commercial Court. Aggrieved by the same, TAFE filed an appeal before the Division Bench of this Court, whereby, vide its order dated 27.08.2024, the Division Bench dismissed the said appeal and upheld the order passed by the Egmore Commercial Court. Within 2 days thereafter, TAFE re-presented the plaint before this Court along with a separate application seeking dispensation with the requirement of Section 12-A of the CC Act. However, the Registry of this Court directed TAFE to remove the said



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application and after compliance, the suit was numbered on 01.10.2024.

Therefore, the said series of events make it clear that TAFE has sought for urgent interim reliefs. By citing a recent judgment of the Hon'ble Supreme Court in the case of *Yamini Manohar Vs. T.K.D. Keerthi [2024 (5) SCC 815]*, learned Senior Counsel submits that there is no mandatory requirement to file a formal application seeking dispensation with Section 12-A of the CC Act.

10.Submissions of Mr.Krishna Srinivasan, learned Senior Counsel, for TAFE:-

In relation to termination of contract by AGCO International for supply by TAFE to AGCO International for Turkey, the parties were referred to mediation and it is still going on. He would further submit that to protect the interest of TAFE, *status quo* in the present case ought to be maintained pending final adjudication of the suit and in fact, MFC itself has admitted in their counter affidavit stating that status quo should be maintained.



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11. Brief submissions of Mr.R.Sankaranarayanan and

Mr.R.Parthasarathy, learned Senior Counsels for MFC, are as follows:-

a) The 1960 JV Agreement, the 1978 TM Agreement and the 1994 TM Agreement recognized MFC or its predecessors-in-interest as the registered proprietors of the MF brands/trademarks. In each of the above agreements, TAFE is permitted to use the trademarks either as a permitted user or a registered user.

b) The 1994 TM agreement provides for no fault termination by issuing a six months' notice. Such a termination notice was issued on 26.04.2024 by MFC and the six month period expired on 25.10.2024.

c) TAFE is estopped from taking a plea of abandonment of trademark by MFC. MFC, having exercised supervisory control over TAFE's usage of MF trademarks, the question of abandonment of the trademark by MFC does not arise. A false and frivolous plea has been taken by TAFE that MFC has abandoned its MF trademarks insofar as India is concerned.

d) Clause 11 of the 1994 TM Agreement imposes an obligation on TAFE not to do anything which impairs the rights of the proprietor in the trademarks forming the subject of these appeals. In flagrant breach of



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the stipulation, TAFE has filed cancellation applications before the Registrar of Trademarks in Mumbai, New Delhi and Kolkata, and also filed applications for registration of deceptively similar trademarks before the Registrar of Trademarks, Chennai. Therefore, MFC was constrained to issue the Second Termination Notice to terminate the 1994 TM Agreement with immediate effect.

e) MFC has also filed a civil suit in C.S.(Comm.Div.) No.193 of 2024 before this Court seeking *inter alia* an order of permanent injunction against TAFE to restrain the use of the trademarks specified in Schedule I to the 1994 TM Agreement.

f) The 1978 TM Agreement as well as the 1994 TM Agreement enable MFC to terminate the licence granted to TAFE, and MFC having terminated the license in terms thereof, has established that they are the sole proprietor of the trademarks mentioned in those TM Agreements, and no one else can use MF trademarks without their permission.

g) TAFE are the owners of other trademarks, which are also used by them, and therefore, the termination of the trademark user agreement will not have any impact on TAFE, whereas, if TAFE is allowed to use MF trademarks, the reputation of MFC in the Indian Market will be



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grately jeopardized on account of irregularities committed by TAFE and MFC will be put to irreparable hardship, if status-quo is allowed to continue. The balance of convenience is also in their favour for vacating the status-quo order.

h) Plea of abandonment of MF trademarks is barred under the doctrine of election. TAFE has accepted its position as a licensee continuously ever since the trademark license was granted by MFC in their favour in the year 1960 and TAFE has chosen to file a license suit to protect licensor-licensee relationship under the 1994 TM agreement by challenging the termination of the 1994 TM Agreement. In the license suit, TAFE has demonstrated its intention to continue to use MF trademarks and therefore, TAFE cannot now change its stand by claiming that MFC has abandoned their MF brands/trademarks in India.

i) The suit filed by TAFE has to be rejected for non-compliance with Section 12A of the Commercial Courts Act, 2015 (in short “the CC Act”). TAFE has demonstrated no urgency whatsoever for the dispensation of 12A requirement. TAFE re-filed the present suit on 29.08.2024 after it was returned by the Egmore Commercial Court on 16.08.2024. However, it took no immediate steps to seek interim relief



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and on the other hand, it has moved the suit only on 01.10.2024, i.e., 33 days after presenting the suit and 46 days after the Egmore Court returned the plaint. Further, these steps were in response to MFC's Second Termination Notice on 27.09.2024 and the filing of suit by MFC on 28.09.2024.

j) The suit filed by TAFE is barred under Order II Rule 2 CPC, since the cause of action in the later suit (i.e., the present suit) is the same as in the earlier suit (i.e., the license suit). In the license suit, TAFE has pleaded that the cause of action arose on 26.04.2024 (i.e., First Termination Notice). Similarly, in the present suit, TAFE has pleaded that the cause of action arose on the same date, i.e., 26.04.2024 (First Termination Notice). Hence, as per TAFE's own pleadings, the cause of action for both the suits are one and the same. TAFE has failed to seek leave of Egmore Commercial Court under Order II Rule 2 CPC for institution of the second suit (present suit).

k) The plea of naked licensing cannot be a ground to seek a relief of declaration to declare that TAFE is the owner of MF trademarks in India. At best, it can be used only as a defence to resist a suit for infringement by a registered proprietor and/or licensor. The standard of



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proof for the proponent of the naked licensing defence is very high and they must meet a stringent standard of proof. Since most of the agreements contain quality control clauses, the question of naked licensing does not arise. MFC has produced documents to prove that inspection and quality control measures were exercised by them over TAFE.

l) In any event, the prayer sought for by TAFE is mutually exclusive. TAFE having preferred proceedings for rectification of registration and for independent registration of its name, cannot maintain the present suit as it is hit by the doctrine of election.

m) The suit is barred by limitation. Article 58 of the Schedule to the Limitation Act, 1963, provides for a limitation period of 3 years for filing a suit for declaration, and this period runs from the date on which the cause of action first arose. In the suit, TAFE claims that the cause of action arose on 26.04.2024 with the termination of the 1994 Agreement. However, TAFE has raised a defence stating that the cause of action is materially different and for the present suit, the cause of action arose when MF failed to exercise quality control. TAFE, in its plaint, has not disclosed any date on which it has become the owner of the MF



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trademarks, but, it has stated that it has been making modified versions of tractors from 1961, and no inspection or quality control was exercised at any point of time. Since TAFE has never sought to claim ownership for over 60 years and in fact, signed the 1994 agreement, which confirms the ownership of MFC over MF marks, it would mean that the suit is also hit by delay, laches and acquiescence.

n) The relief sought for by TAFE is barred by law, since there is no provision in the Trade Marks Act, which deals with the concept of bare-licensing/naked licensing on account of the alleged abandonment of the registered trademark. Trade Marks Act provides only for the cancellation of the registration of registered user under Section 50 of the Trade Marks Act on account of non-compliance with the provisions of quality control under the license agreement. Further, the only specific provision in the Trade Marks Act that addresses abandonment is Section 47, which governs the removal of a trademark from the register due to non-use for a continuous period of five years and no bonafide intention to use the trademarks at the time of registering the marks. There is no corresponding statutory mechanism under the Trade Marks Act granting an applicant the right to claim ownership of another party's registered



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mark via an alleged 'naked licensing' scenario. In other words, the scheme of the Act provides no basis for asserting that a registered trademark is forfeited and ownership appropriated by another simply on account of 'naked licensing'. The present suit is framed based on the law prevailing in USA, and drawing its inspiration from judicial pronouncements in India as well as UK. Even the UK statute does not have a *pari materia* provision for naked licensing. The position in the USA is that the effect of naked licensing is that the mark becomes generic. It was codified as a form of 'involuntary abandonment', distinct and separate from non-use, which has been the only statutorily recognised form of abandonment in India and UK. Therefore, once a mark becomes generic or becomes incapable of acting as a trademark, the applicant cannot claim any legal right or character into and upon such a generic mark. This is why the argument of naked licensing is only used as a shield in defence and not a sword to seek any affirmative right. The only way to read naked licensing into the Trade Marks Act is by reading it into Section 9(3)(a) as an absolute ground for refusal, and thereafter, bringing it within the ambit of Section 57 as a ground for rectification. If that is so, the mark becomes one that is not capable of registration and



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the applicant can seek no right into and upon the mark.

WEB COPY o) No prima-facie case, much less a strong prima-facie case, has been made out by TAFE. TAFE has not made out any such case on documents filed by it and in any event, the statutory law on the subject, i.e., the Trade Marks Act, 1999, effectively bars it from doing so. Various provisions of the TM Act both singularly read and read in the collective, are salient, and they are as follows:-

i) Section 31 of the TM Act stipulates that the original registration of a trademark and of all subsequent assignments and transmissions of the trademarks shall be prima-facie evidence of the validity thereof. In the present case, it is undisputed that MFC is the registered proprietor of the marks. Section 28 of the TM Act stipulates that the registered proprietor of a trademark has the exclusive right to use the mark. On a reading of Sections 31 and 28, it becomes clear that there can be no assailment of the validity of MFC's ownership over the MF marks at this interlocutory stage. Since prima-facie it is seen that MFC is the owner of the MF brands/trademarks, MFC alone is entitled to the exclusive usage of their trademarks. Therefore, any interim order granted by this Court in favour of TAFE would effectively run counter to the Trade Marks Act



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and would tantamount to rewriting the statutory law.

WEB COPY ii) Section 48(2) of the TM Act states that “permitted use of a trademark shall be deemed to be used by the proprietor thereof, and shall be deemed not to be used by a person other than the proprietor.....” On a reading of Section 48(2) with the definition contained in Section 2(r), it is clear that any use of the MF trademarks by TAFE over the years is essentially deemed to be a use of those marks by MFC. Thus, both TAFE's plea of alleged abandonment of the MF trademarks by MFC and its claim of ownership over the MF trademarks, are unsustainable on account of Section 48(2) read with Section 28 of the TM Act.

p) TAFE is now seeking an order of interim injunction, which will effectively thwart the mandate of the Trade Marks Act. TAFE has been a mere licensee of the MF trademarks under the license agreements, which stand terminated as on date. Grant of interim injunction in favour of TAFE will effectively give sanctity to the unauthorised use of MF trademarks, which otherwise constitutes infringement, and is liable to be enjoined under the scheme of the Trade Marks Act. The principle of one mark, one source and one proprietor is universally accepted in trademark law, and therefore, if interim injunction is granted, then this



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would be against this principle.

WEB COPY q) Balance of convenience is in favour of MFC and no irreparable injury will accrue to TAFE. MFC is not making any claim over the patents obtained by TAFE. TAFE remains free to manufacture and market tractors under its alternative brands, such as, TAFE, Eicher and IMT. Indeed, it has already bolstered its presence in the international market by venturing into multiple jurisdictions, such as, Mexico and Europe, with its TAFE branded tractors. Therefore, it will suffer no serious prejudice through a denial of interim relief.

12. Submissions of Mr.Rishab Gupta, learned counsel, for MFC:-

The dispute with respect to MFC's exercise of quality control and MFC's license to TAFE to use the MF trademarks on the concerned products is a contractual issue that is governed by the terms of the individual agreements, namely, 1961 Technical Assistance Agreement, 1994 Trade Mark Registered Users Agreement, 2010 Intellectual Property License and Technical Assistance Agreement and 2012 Farm Machinery/Distributor Agreement. Even under the Trade Marks Act, 1999, the question of whether a licensor has prescribed, and complied



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with, quality control measures, is determined on the basis of the license

agreement executed by it. Therefore, these disputes are to be resolved

under the dispute resolution forum provided under those individual agreements in accordance with the terms of those individual agreements.

In this regard, it is pertinent to note that FMDA arbitration is already underway in London under the ICC Rules between TAFE and MFC.

Under the FMDA arbitration, the proceedings of the arbitration will reveal that TAFE and MFC have agreed to go for mediation to resolve

quality control disputes between them. Courts have held that there is no necessity to file a separate application under Section 45 of the

Arbitration and Conciliation Act, 1996, in case of international commercial arbitration, to refer the dispute to arbitration.

DISCUSSION:

13. These applications are being re-heard by this Court pursuant to the directions issued by the Division Bench of this Court through its common judgment dated 18.11.2024 passed in O.S.A.(CAD) Nos.138 and 139 of 2024 and C.M.P.Nos.24707 and 24708 of 2024. Eventhough the Division Bench in the aforesaid judgment has made it clear that the



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observations made in its common judgment are solely intended for the purpose of disposing of the appeals, the Division Bench has however recorded the undisputed fact in paragraph 13 of its judgment dated 18.11.2024 that from a business perspective, MFC, as on date, has not entered the Indian Market directly or indirectly (through a licensing agreement or the like), and TAFE continues to manufacture and sell tractors and other farm equipments by applying the MF brands/trademarks. The Division Bench has also observed that the situation on ground has not changed since 26.04.2024, being the date of first termination notice issued by MFC to TAFE. The Division Bench has also observed that mediation proceedings are also ongoing and the possibility of an amicable and wholesale resolution of the dispute cannot be ruled out. The Division Bench, after recording the aforesaid undisputed facts, came to the conclusion that the interest of justice warrants the preservation of the *status quo* outlined above so as to ensure that irreversible changes do not occur. The aforesaid fact as recorded by the Division Bench has not been disputed by MFC before this Court as well.



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14. Apart from the above, the following facts are also undisputed:-

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a) The Joint Venture Agreement dated 31.10.1960 entered into between Amalgamations Private Limited and Massey Ferguson Limited with the intention to manufacture, assemble, distribute, sell and service tractors and other farm equipments under 'MASSEY FERGUSON' trademarks has not been terminated by MFC till date.

b) At the time of TAFE's incorporation in the year 1960, Amalgamations group through its subsidiary Simpson & Co. held 49% shares of TAFE and remaining 51% shares were held by MFL. As on date, MFC's group company, AGCO Holding BV Netherlands, holds 20.7% shares in TAFE and remaining 79.3% shares are held by Simpson & Co. and other related persons/entity. Similarly, TAFE currently owns 16.3% shares in AGCO Corporation, parent company of MFC.

c) Clause 6 of the Joint Venture Agreement dated 31.10.1960 entered between Amalgamations Private Limited and Massey Ferguson Limited makes it clear that TAFE was to be the sole entity dealing with tractors and farm equipments under the MF brands in India. Till the termination notice dated 26.04.2024 issued by MFC, TAFE was exclusively using the MF brands in India, i.e., for a period of more than



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60 years. Subsequent to the issuance of the termination notice by MFC, TAFE has filed cancellation actions against some of MFC's trademark registrations in respect of the MF brands.

d) MFC as on date does not have the facility to manufacture goods and offer services in relation to tractors and farm equipments in India. MFC has also not sold by itself in India any product under the MF brands for the past 60 years.

e) TAFE has in its rolls thousands of employees. They have also entered into several dealership contracts with dealers for the sale of their equipments under the trademark “MASSEY FERGUSON”.

f) The tractors sold by TAFE under the trademark “MASSEY FERGUSON” are very much in use in India in the agricultural sector. Several farmers are being benefited by it.

g) TAFE was incorporated in the year 1960 and after its incorporation until 1978, they were using the MF brands openly, continuously and extensively in relation to the products manufactured by it without any trademark license agreement in place with MFC.

h) Only through the 1978 TM Agreement entered between TAFE and MFC, the terms and conditions for the usage of the trademark license



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were set out in writing.

WEB COPY i) Under the 1978 TM Agreement, there is a reference only to tractor models, MF 1035 and MF 245, and TAFE could use the licensed marks only if it was registered as a registered user. However, TAFE has been using the MF brands in relation to various other models sold in the Indian market.

j) The 1978 TM Agreement was terminated by the Indian government with effect from 29.08.1986. From 29.08.1986 upto 18.03.1994, i.e., for a period of 8 years, TAFE used the MF brands without a trademark license agreement, similar to the period from 1960 to 1978.

k) Clause 2 of the 1994 TM Agreement discloses the obligation of the parties to register TAFE as the sole registered user of the MF brands in India and this agreement also did not impose any obligation of payment of royalty / remuneration by TAFE. The said 1994 TM agreement also did not fix the term of the usage of the trademark license by TAFE.



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15. Apart from the aforesaid undisputed facts, TAFE also claims

the following:-

a) They have obtained 55 patent registrations and 31 design registrations for various technologies and designs developed by TAFE in-house with respect to the tractors and equipments sold under the MF brands.

b) TAFE has spent extensively on advertising the MF brands and has launched various novel campaigns incurring huge advertisement costs. TAFE claims that from the financial year 2007-2008 to 2023-2024, they have spent over Rs.1113 crores towards product development and over Rs.8351 crores towards market development.

c) They have been using the MF brands along with its corporate mark 'TAFE' over the past six decades.

d) TAFE has won several awards marketed under the MF brands. They have also claimed that they have received testimonials from various parties, which includes its dealers and customers.

e) TAFE has also claimed that MFC has not exercised actual quality control over TAFE's use of the MF brands. They have also claimed that MFC's global website and website of AGCO do not mention



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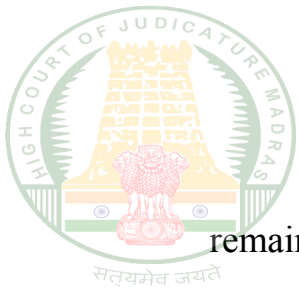
India as one of the geographical locations where MFC or AGCO directly or through licensing offer tractors and equipments under the MF brands.

f) By not exercising any quality control measures, MFC has abandoned its right in the MF brands in India and has distanced itself from the conduct of the Indian 'Massey Ferguson' business leaving the same to the total discretion of TAFE.

g) TAFE has single handedly established the entire 'Massey Ferguson' business in India and has operated the same for over six decades without any support or input from MFC. By not exercising any form of quality control over the use of the MF brands by TAFE in India, MFC has completely abandoned its rights in the MF brands and the same are now exclusively associated by the Indian public only with TAFE.

h) Any disruption in TAFE's business conducted under the MF brands will have irreversible financial impact on TAFE, its distributors, vendors and clients. The harm due to stocks/materials being held at TAFE and dealers alone will be in excess of Rs.2000 crores, besides impact on financiers/financial institutions.

i) 99.55% of tractors and farm equipments are being manufactured and sold by TAFE in India using only the MF brands and only the



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remaining percentage is being used through the other brand names of

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j) TAFE has through its Research and Development (R&D) activities launched over 30+ tractor models and 500+ tractor model variants over MF brands. TAFE has developed dealership network across the country and covers 95% of the Indian tractor market.

16. The suit in C.S(Comm.Div.)No.190 of 2024 has been filed by TAFE against MFC on the ground that MFC has abandoned its trademark 'MASSEY FERGUSON' in India, as they have not exercised quality control measures over TAFE, who has been using the MF brands continuously without any interruption from 1960 onwards. TAFE has therefore taken the plea of naked licensing. When a trademark licensor fails to supervise its licensee and allows the licensee to depart from the licensor's quality standards, it may be deemed 'naked licensing', that results in abandonment of the trademark.

17. The basic function of a trademark is not only to distinguish between the goods or services of one proprietor from those of others but



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also to ensure a certain level of quality on all goods bearing the same trademark. This is known as the quality function of a trademark. It is pertinent to note that the quality function does not require the quality of the goods to be of supreme quality, rather, it implies that the quality of goods bearing the same trademark consists of the same level of quality. Thus, in a license, it is the obligation of the proprietor that the goods manufactured by the licensee are consistent with the goods manufactured by the proprietor, so as to ensure there is no market confusion as to the source of goods. This requires the proprietor to exercise quality control measures while granting licenses to use the trademark, as a deviance in the quality would cause confusion.

18. A naked license is a situation where a license is granted by the proprietor, but, the proprietor has no quality control measures over the licensee. Such licenses are barred by law and the implications of granting a naked license in favour of any licensee can extend upto the revocation or cancellation of the monopolistic rights granted to the proprietor.



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19. The concept of naked licensing under the trademark law finds its roots in the US. The rationale behind the abandonment of rights by granting naked licenses under the US law is that naked licenses are inherently deceptive, as an uncontrolled trademark license may allow the licensee to change the quality of the products, resulting in the failure of the quality function of the trademark. Thus, a naked license is considered abandonment as the licensor fails to fulfil his duty to protect his mark's reputation.

20. The Trade Marks Act, 1999, does not provide any explicit provision prohibiting the concept of naked licenses nor does India have a strong mechanism to ensure quality control between the goods of the proprietor and the licensee. However, Sections 49 and 50 of the Trade Marks Act provide for certain conditions wherein the proprietor is under obligation to keep a quality check on the licensee. For instance, Section 49(1)(b)(i) of the Trade Marks Act provides that whenever any person has to be registered as a registered user of a mark (not being the original proprietor), the registered proprietor has to provide an affidavit along with the application explicitly stating, among other things, the degree of



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control over such permitted use. Further, Section 50(1)(d) of the Trade Marks Act provides that the registration of a registered user may be cancelled by the Registrar on an application filed by any person on the ground that any stipulation in the agreement regarding the quality check is either not enforced or not been complied with. However, these provisions will be applicable only when the licensee is registered as a registered user under Section 49 of the Trade Marks Act, which is not mandatory in India. Further, these provisions only provide that the registration as a registered user shall be cancelled by the Registrar of Trade Marks, and not the registration of the mark itself, unlike the situation in the USA, where the mark is deemed abandoned.

21. Under the Trade Marks Act, a permitted use may or may not be registered. This raises an important question – why does the Indian law allow a dichotomy between a registered permitted user and an unregistered permitted user? The answer to this question can be found under Sections 52 and 53. Section 52 provides that a registered user may take action for infringement of the trademark in his own name as if he was the registered proprietor of the mark. Further, Section 53 provides



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that an unregistered permitted user cannot take action for infringement.

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22. MFC denies that the trademark license granted to TAFE amounts to naked licensing, as, according to them, the trademark license agreements contain the right of MFC to monitor quality control of the goods manufactured and sold by TAFE by using the MF brands. To establish whether MFC has exercised quality control measures in respect of the goods manufactured and sold by TAFE by using the MF brands, MFC has placed before this Court the following instances:-

a) Letter dated 11.05.1999 from AGCO Limited to TAFE concerning the violation of the terms regarding the export of Massey Ferguson-branded tractors.

b) Email dated 05.12.2011 sent by the AGCO Group to TAFE regarding the approval of an oil seal update specifically for the 'MF240', 'MF245', and 'MF2605' models manufactured in India by TAFE.

c) Minutes of the meeting dated 19.11.2013 and 21.11.2013 between the AGCO Group and TAFE where AGCO Group inspected the workings of the tractors at premises in Kanchipuram and Maduranthakam.



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d) Email trails from 21.02.2013 to 12.03.2013 sent to the AGCO Group by Al-Ghodwa Group reporting repeated issues with the MF290 tractor model due to certain failures in a component which were procured from TAFE and were of Indian origin.

e) Email dated 14.08.204 from TAFE to the AGCO Group regarding a brake rod failure issue observed in its manufacturing plant, attributing the problem to increased material hardness, which led to brittleness during welding.

f) Minutes of the joint meeting dated 18.11.2015 and 19.11.2015 between representatives of AGCO Group and TAFE in Chennai/Madurai, India, to discuss key areas for improving product quality.

g) Emails between 05.09.2016 and 16.09.2016 between the AGCO Group and TAFE regarding a scheduled visit by AGCO Group to inspect TAFE'S manufacturing sites at TAFE from 7.11.2016 to 11.11.2016.

h) Emails dated 21.12.2016 and 22.12.2016 wherein AGCO representatives engaged in detailed correspondence with TAFE regarding the technical specifications and validation data required to introduce new, higher-powered Massey Ferguson



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tractor models, MF290T and MF295T.

i) AGCO Group and TAFE'S Steering Committee met in Chennai dated 01.03.2018. The topics of discussion, inter alia, included the potential for higher horsepower tractors in the Indian domestic market. AGCO'S product management team was presented with market expectations and demand projections, focusing on both immediate and mid-term needs.

j) Email dated 18.06.2019 written by the AGCO Group to TAFE regarding air filter issues in the MF 290 and MF 275 models of tractors manufactured by TAFE.

k) Email dated 08.06.2020 by AGCO providing access to TAFE to the Massey Ferguson Brand Manual in response to a request from TAFE's Head of Corporate Communications.

l) Email exchanges from 13.12.2016 to 09.07.2020 between the AGCO Group and TAFE, wherein TAFE requested AGCO Group to share the standard RAL colour code and texture for fender inner trims, head liner, mat (black / grey) and dashboards since it was entering into the tooling of the accessories of the MF 2635 tractors with an alternate supplier.

m) AGCO Group's letter dated 11.03.2021 to



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TAFE highlighting concerns over its unsatisfactory performance in three critical areas.

n) Email dated 15.06.2023 wherein AGCO shared the updated MF logo design with TAFE for incorporating it across designated tractor components, including the hood, steering wheel cap, and instrument console, to ensure a consistent brand identity across all markets.

o) Minutes of the meeting dated 15.12.2023 between AGCO Group and TAFE wherein AGCO group raised concerns regarding TAFE'S "Operating Performance in the Key Domestic Markets of India, Bhutan, and Nepal," highlighting subpar performance impacting AGCO Group's interests in these regions.

p) Letter dated 26.02.2024 by AGCO to the Applicant recording the key points discussed during the meeting held on 23.02.2024 in London between the AGCO Group and TAFE.

23. MFC also claims that through the opposition petitions filed by them before the trademark registry against third parties, who had applied for trademark registration for deceptively similar trademarks, MFC had exercised quality control measures. The details of the opposition



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petitions filed against third parties before the trademark registry have

also been given by MFC through the documents filed before this Court

and the reference number of the said opposition petitions is stated

below:-

PO – 4310001856; GN2189; GN2183;

GN2425; GN2405; GN2282; GN2288;

GN2424; and GN2382.

24. Whether or not a given level of quality control and inspection is sufficient is determined on a case-by-case basis, however, in all instances, it must be sufficient to meet the reasonable expectations of the customers.

25. Trademark licenses are, as a general matter, permitted if the trademark owner exercises sufficient control over the nature and quality of the licensee's products or services marketed and sold in connection with the licensed mark. Quality control in this context is referring, of course, to consistency of quality, not the level of quality. The purpose of the quality control requirement is to protect the consumer. If the licensor does not exercise sufficient quality control, the consumer may be lured



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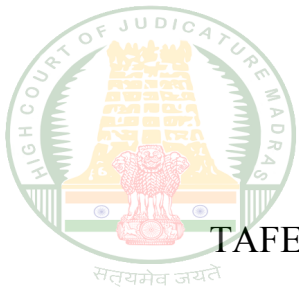
into a mistaken belief as to the nature and quality of products bearing the licensed mark. In the case on hand, TAFE and MFC were having a special relationship from 1960 onwards. Through the 1960 JV Agreement, MFC became 49% share holder in TAFE. They continue to hold shares in TAFE even now. A special relationship was in existence between TAFE and MFC from 1960 onwards and in fact, only on account of the special relationship, even without the trademark license agreements, TAFE was permitted to use MF brands in India from 1960 to 1978 and only in the year 1978, a formal trademark license agreement was entered into between TAFE and MFC. Excepting for few instances placed on record before this Court by MFC, where they claim that quality control measures were taken over TAFE's products using the MF brands, the said few instances at the interlocutory stage without oral evidence cannot be tested whether those few instances will suffice for the purpose of proving that MFC had exercised actual quality control measures over TAFE's products using the MF brands. TAFE has been using the MF brands from 1960 onwards continuously without any legal hurdles until the termination of the trademark license by MFC through their termination notices dated 26.04.2024 and 27.09.2024. By their long,



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continuous and uninterrupted usage, TAFE would have certainly invested huge amount of money towards setting up their factories/infrastructure and for marketing their business under the MF brands, though the figures given by TAFE with regard to the expenditures may not be correct. Admittedly, TAFE has a dealership network with various dealers all over India for the sale of MF brands of tractors / farm equipments.

26. It is also to be noted that all the agreements between TAFE and MFC do not contain quality control clauses. MFC has also not terminated the 1960 JV Agreement entered with TAFE for the reasons best known to them and may be due to the special relationship they have been having with TAFE. MFC has terminated only the 1994 TM Agreement with TAFE, without assigning any reasons for the said termination. If the termination of the license by MFC was on account of the quality control issues, MFC could have very well disclosed the same in the termination letters. A categorical plea has been taken by TAFE in the suit that MFC did not exercise quality control measures in respect of the goods manufactured and sold by TAFE by using the MF brands.



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TAFE also claims that by the long, continuous and uninterrupted usage of MF brands by them, MF brands deemed to have been abandoned by MFC in India, since they have not exercised the right of quality control over TAFE's products using the MF brands. The JV Agreement with TAFE entered into as early as in the year 1960 continues to remain valid as the said agreement has not been terminated by MFC. This goes to show that there is a special relationship existing between TAFE and MFC even now. Therefore, it is surprising to note as to why no reasons have been given in the termination notices issued by MFC for terminating the 1994 TM Agreement.

27. Generally, the quality control measures involve the following:-

- a) Whether the licensee was required to provide product samples to the licensor prior to selling the products and whether the licensee did in fact adhere to this approval process.
- b) Whether the quality control measures are effective in generating consistent quality.
- c) Whether the licensor enforces the quality control measures.
- d) The frequency of inspections by the licensor.
- e) The thoroughness of the inspections.
- f) Whether the parties have agreed upon when,



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how often, and under what circumstances inspections will take place.

g) Evidence of an actual decrease in quality relative to the trademark owner's products/services.

h) Whether the licensor has the right to terminate the license in the event of derogation from the quality control standards.

i) Whether the licensor's quality control measures are mandatory.

j) The degree to which the public expects local variation in the products or services.

k) How potentially dangerous the products or services are to the public.

l) Whether there are restrictions on the degree to which the licensee may modify the products in connection with which the mark is used.

m) The percentage of the licensee's relevant inventory that is supplied by the licensor.

n) The licensor's knowledge of the licensee's quality control procedures.

o) Whether a "special relationship exists" between the parties; taking into account, among other factors, how close a working relationship the licensor and licensee have, whether the owners of the licensor and licensee are related in a familial sense, and whether and to what extent there is an overlap of ownership and/or management between the licensor and licensee.



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WEB COPY 28. A determination as to whether or not a trademark owner/licensor maintains sufficient quality control over a licensee's products or services is a fact-intensive analysis, which cannot be decided in these interlocutory applications, and it can be decided only after trial.

29. Admittedly, MFC does not own any factory in India and the entire infrastructure establishment and the dealership network for the manufacture and sale of tractors and other farm equipments in India, has only been built by TAFE and they alone have the supervisory control with regard to the day-to-day affairs.

30. TAFE also claims the following:-

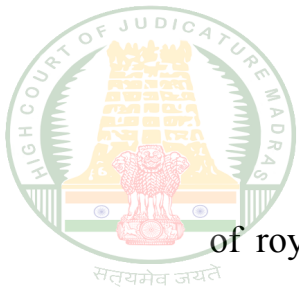
- a) They engage over 5600 direct employees.
- b) They engage 1,00,000 people in rural areas through dealership and network accounts.
- c) Their suppliers, which comprises of 346 MSMEs as tier-1 suppliers and 13315 MSMEs as tier-2 suppliers, provide employment to over 16,00,000; and above all, over 10,00,000 farmers are currently owning TAFE's MF products and being serviced directly by TAFE.



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WEB COPY 31. The trademark license agreements which have been terminated by MFC through their termination notices, on a prima-facie consideration, reveal that they pertain only to few models, though MFC claims that their trademark license granted to TAFE is for all products manufactured and sold by TAFE by using the MF brands. With the available materials placed on record, this Court cannot decide at the interlocutory stage without any oral evidence as to whether the trademark license agreements entered into between the parties cover all products manufactured and sold by TAFE under the MF brands as the license agreements refer to few products only.

32. It is also to be noted that the 1978 TM Agreement was terminated by the Indian Government on 29.08.1986 and from then till 18.03.1994, i.e., for a period of another 8 years, TAFE used MF brands without a trademark license agreement, similar to the period from 1960 to 1978. Clause 2 of the 1994 TM Agreement captured the obligation of the parties to register TAFE as the sole registered user of the MF brands in India. That agreement also did not impose any obligation of payment



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of royalty / remuneration on TAFE and it was not for any fixed term.

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TAFE also claims that they have used MF brands in relation to its 30+ models and 500+ model variants including models, such as, MF 5118, MF 6026, MF 7235, MF 241 and MF 9000, and also for various other implements, all designed and developed by TAFE through its R & D team. TAFE also claims that they have obtained 55 patent registrations and 31 design registrations for various technologies and designs developed by TAFE in-house with respect to the tractors and farm equipments sold under the MF brands. TAFE also claims that they have spent extensively on advertising the MF brands and has launched various novel campaigns including by engaging celebrity, bollywood actors, for promoting their products under the MF brands. TAFE also claims that they have won several awards for its tractors marketed under the MF brands and they have also received raving testimonials from various parties including dealers and customers, all of whom associate MF brands with TAFE alone. Though the aforesaid contentions of TAFE have been denied by MFC, this Court at this interlocutory stage cannot ignore TAFE's contentions with regard to its credentials.



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33. An email dated 02.09.2016 sent by MFC has also been placed on record by TAFE, which states that “there is no control or influence related to this investment”, which, according to TAFE, is an admission on the part of MFC that they do not have any quality control over the business conducted by TAFE under the MF brands in India, though a different interpretation is given by MFC's counsels during their course of submissions in support of MFC. Though TAFE may not have directly exercised ownership over MF brands, it cannot be construed that TAFE cannot claim that MFC has abandoned the MF brands in India. There are materials placed on record before this Court for and against TAFE's contentions before this Court that MFC has abandoned their MF brands in India.

34. The Trade Marks Act also provides for statutory defences insofar as the trademark infringement claims are concerned, which includes the defences of honest and concurrent user . Admittedly, TAFE has filed rectification petitions before the trademark registry to cancel the trademark registrations which were earlier granted to MFC for their MF brands on the ground that MFC has abandoned their trademarks insofar



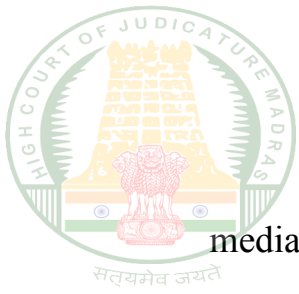
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as India is concerned. The said rectification petitions are pending on the file of the trademark registry.

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35. Acquiescence is also a statutory defence available to TAFE for the usage of MF brands by them in India under the Trade Marks Act. Though MFC claims that the question of acquiescence by them does not arise by referring to certain letters dated 31.07.2012 and 06.08.2013, those letters are old ones and as seen from them, it cannot be conclusively established that there was no acquiescence on the part of MFC for TAFE using the MF brands in India.

36. It is also to be noted that mediation of the dispute between TAFE and MFC is under progress through a court appointed Mediator, namely, by Hon'ble Mr.Justice V.Ramasubramanian, former Judge of the Hon'ble Supreme Court of India. The Madurai Bench of this Court, vide its order dated 08.08.2024 and 16.08.2024 passed in CRP(MD) Nos.1830 to 1833 of 2024, had directed the aforesaid Mediator to mediate all the disputes, which includes the present one between the parties, and the mediation is ongoing. Therefore, at this interlocutory stage, when



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mediation is in progress and that too, when voluminous evidence has been filed by both the parties in support of their respective contentions, which requires in-depth analysis, which can be done only after trial, this Court is of the considered view that *status quo* as on date has to be necessarily maintained by both the parties to the dispute till the disposal of the suit, considering the irreversible loss that may be caused to TAFE by their long, continuous and uninterrupted usage of MF brands for the past more than 60 years in India. If the status quo is not maintained till the disposal of the suit, it will lead to a chain reaction resulting in multiplicity of legal proceedings involving third parties.

37. MFC has raised a ground that TAFE failed to comply with Section 12-A of the CC Act by instituting pre-suit mediation. The said contention has to be rejected by this Court for the following reasons:-

a) As per the decision of the Hon'ble Supreme Court in *Yamini Manohar's case (cited supra)*, there is no mandatory requirement to file a formal application seeking dispensation of pre-suit mediation.

b) The plaint averments clearly contemplate the necessity for TAFE to seek for urgent reliefs without instituting pre-suit mediation.



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The suit was filed originally before the Commercial Court at Egmore in C.O.S.(SR) No.464 of 2024 on 08.07.2024. TAFE had also claimed

urgent interim relief and had also filed formal application seeking dispensation of requirement of Section 12A of the CC Act. However, by order dated 16.08.2024, the plaint was returned by the Egmore Court. As against the same, on 21.08.2024, TAFE filed a Civil Miscellaneous Appeal in C.M.A.No.2335 of 2024, whereby the Division Bench of this Court, vide its order dated 27.08.2024, dismissed the appeal and upheld the order passed by the Egmore Commercial Court.

c) On 29.08.2024, i.e., 2 days after the Division Bench order, TAFE re-presented the plaint before this Court. Along with the plaint, TAFE sought to file a separate application seeking dispensation with requirement of Section 12A of the CC Act, as was filed before the Commercial Court at Egmore. However, High Court Registry directed TAFE for removal of dispensation application due to the practice followed by this Court of not requiring such an application. Thereafter, Registry examined the re-presented plaint and the suit documents and raised procedural objections which were beyond the control of TAFE. After rectification of the defects, the suit was numbered on 01.10.2024

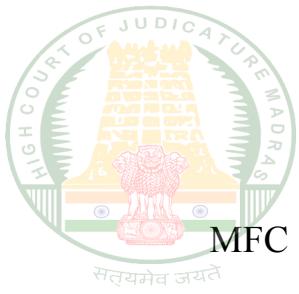


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and thereafter, TAFE moved these interlocutory applications on 04.10.2024 itself. The said series of events make it clear that TAFE has not only sought urgent interim reliefs in the suit but has also duly prosecuted the suit diligently.

d) Interim injunction reliefs were granted in favour TAFE by this Court on 17.10.2024. As against the said order, O.S.A (CAD) Nos.138 and 139 of 2024 were preferred and in the said appeals, objection under Section 12A was specifically raised by MFC. The Division Bench of this Court, vide its order dated 18.11.2024, while remanding the matter, directed both the parties to maintain *status-quo*. The Division Bench did not go into the question of the alleged non-compliance of Section 12A of the CC Act, despite the fact the Division Bench had granted a status quo order, which goes to show that the Division Bench was satisfied that the plaint filed by TAFE contemplated urgent interim reliefs favouring TAFE which are supported by materials/evidence. If not for the said fact, the Division Bench would not have granted the status quo order.

e) TAFE also contends that grant of urgent injunctive reliefs in favour of TAFE is essential not only to protect TAFE's legal rights but also to protect public interest. According to TAFE, any interference by



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MFC with TAFE's usage of MF brands, pending disposal of the suit,

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f) This Court, after giving due consideration to the contentions of TAFE for not having exercised pre-suit mediation, is of the considered view that only due to the fact that there was an imminent threat of disruption in TAFE's business in India on account of the termination notices issued by MFC, TAFE was constrained to file the suit on an urgent basis without going for pre-suit mediation. Having used the MF brands for more than 60 years continuously without any legal hurdle whatsoever, all of a sudden, MFC's termination of the trademark license agreement issued in favour of TAFE will certainly jeopardize the business interest of TAFE, which has been being built by them over a long period of time from 1960 onwards. After giving due consideration to the aforesaid factors, this Court is of the view that TAFE has not violated Section 12A of the CC Act for not having gone for pre-suit mediation.

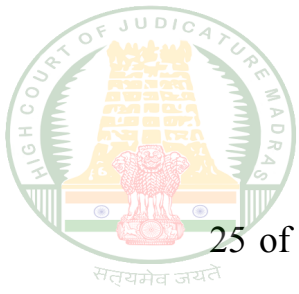


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38. The next defence raised by MFC in the injunction application filed by TAFE is that the suit is hit by Order II Rule 2 CPC, since the cause of action in the earlier suit (termination suit) filed by TAFE in C.O.S.No.117 of 2024 is identical to the cause of action for filing the present suit in C.S.(Comm.Div.) No.190 of 2024. According to MFC's counsels, since no leave was sought for by TAFE as per Order II Rule 2 CPC in the earlier suit filed in C.O.S.No.117 of 2024, the present suit is not maintainable as it is hit by Order II Rule 2 CPC. It is settled law that for bar under Order II Rule 2 to apply, the cause of action under the two suits should be 'identical' and not 'similar'. The Hon'ble Supreme Court in the case of *Kunjan Nair Sivaraman Nair Vs. Narayanan Nair [2004 (3) SCC 277]* held that Order II Rule 2 sub-rule(3) requires that the cause of action in the earlier suit must be the same on which the subsequent suit is based. Therefore, it is clear that there must be identical cause of action in both the suits to attract the bar of Order 2 Rule 2 CPC.

39. MFC's own case, as seen from their pleadings, is that the cause of action under the termination suit (C.O.S.No.117 of 2024) and the present suit are substantially similar. The same is reflected in paragraph



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25 of the common counter affidavit filed by MFC. It is not MFC's case

WEB COPY that the cause of action under the two suits are identical and for the said reason itself, the maintainability objection raised under Order II Rule 2 CPC by MFC is unsustainable at the interlocutory stage and if at all the same can be proved only after trial.

40. TAFE in paragraph 11F of the amended plaint of the termination suit (C.O.S.No.117 of 2024) has reserved its right to file a declaratory suit to declare that the MF brands belong to TAFE. The relevant portion of paragraph 11F of the amended plaint is extracted hereunder:-

“11F. While the present suit is a suit against the termination of the 1994 Agreement and for a permanent injunction against the termination and against all actions to interfere with the rights of the plaintiff under the 1994 Agreement, the Plaintiff, by way of abundant caution, reserves its right to institute appropriate proceedings including but not limited to filing of a declaratory suit that the brand rights of the MF Brand has vested and belongs to the Plaintiff and also seek the leave of the Court to merge the present suit with the proposed declaratory suit when filed to



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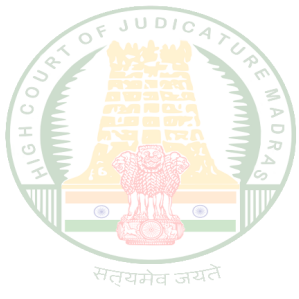
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protect its right in and to the MF brands as matter of law in India."

41. The Hon'ble Supreme Court in *Uniworld Logistics Pvt. Ltd. Vs. Indev Logistics Pvt. Ltd. [2024 SCC Online SC 1698]* has also held that the plaintiff having reserved its rights in the first suit, there was neither any relinquishment at any stage, nor omission to claim relief. Further, the question as to whether the cause of action in the present suit and the termination suit (C.O.S.No.117 of 2024) is identical or not is a triable issue and cannot be decided without any oral evidence. Therefore, at this interlocutory stage, this Court cannot decide as to whether the present suit is hit by Order II Rule 2 CPC or not. Further, on a prima-facie consideration, as stated supra, this Court is of the view that the previous suit in C.O.S.No.117 of 2024 and the present suit cannot be held that both the suits arise out of the same cause of action, and are identical.

42. The cause of action in C.O.S.No.117 of 2024 reads as follows:-

“The cause of action for the instant Suit has arisen in Chennai within the territorial jurisdiction



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of this Hon'ble Court where the Plaintiff not only has its place of business but also distributes and sells its products under the MF brands, on various dates when discussions have taken place between the representatives of the Plaintiff Company and the Defendants over 6 decades since the year 1960, more particularly on 28.02.2003 when the discussions took place between the representatives of Plaintiff Company and Defendant No.2 at the Plaintiff's corporate office in Chennai, on 03.08.2007 when the representative of the Plaintiff Company signed the Letter Agreement delineating measures to address potential ramifications arising from changes in ownership between the parties, on 31.07.2012 when Defendant No.1 issued a letter to the Plaintiff company regarding the branding of "over the tractor combine" product line, on 06.08.2013 when Defendant No.2 issued a letter to the Plaintiff Company regarding the MF trademark usage on implements to the Plaintiff's Company's Corporate office at Chennai and to which address the Defendants have issued the Termination Notice dated 26.04.2024, the consequences of which give rise to a continuing cause of action.”



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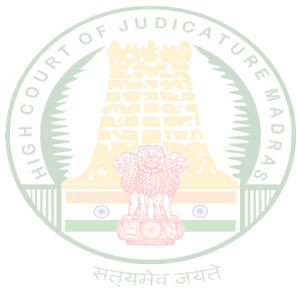
WEB COPY 43. The cause of action in the present suit in C.S.(Comm.Div.)

No.190 of 2024 reads as follows:-

“47. As set out in detail above, the cause of action for the present suit first arose when, on 8.07.2024, the Plaintiff was served with the Defendant's Egmore 2 suit filed before the Egmore Commercial Court (i.e., within the jurisdiction of this Hon'ble Court), in which the Defendant challenged the Plaintiff's ownership rights in the MF Trademarks covered by the 1994 TM Agreement and other similar to the MF Trademarks.

48. Further, the cause of action again arose when, in August 2024, the Defendant as a part of its online searches discovered that on 20.07.2024 the Defendant has filed the Registration Applications seeking registration of trade marks which are identical and/or deceptively similar to the MF Trademarks in the Trademark Registry at Chennai (which is the Defendant's place of business and also has their registered as well as business office) and Cancellation Applications in relation to the MF Trademarks in the Trademark Registries at Mumbai, Delhi and Kolkata.

49. The cause of action again arose on 24.09.2024, when the Plaintiff's trademark agents,



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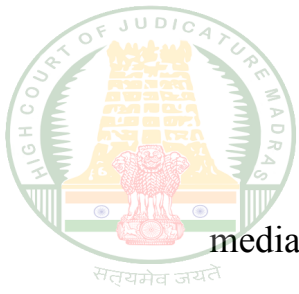


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Remfry and Sagar were served with six Cancellation Applications (Table 2 above, Sr Nos. 1, 2, 5, 7, 10, 11) by the Trademark Registry.”

44. The cause of action for filing the first suit by TAFE is in respect of the cancellation of the specified trademark license agreements by MFC. Those trademark license agreements on a prima-facie consideration covers only certain products. However, subsequent to the first termination notice, MFC has claimed that TAFE does not have the right to use any of the MF brands, though the trademark license agreements on a prima-facie consideration covers only certain products. Only under those circumstances, TAFE was constrained to file the present suit and there seems to be no necessity for them to seek to seek leave under Order II Rule 2 CPC in the earlier suit filed by them. On a prima-facie consideration, this Court is of the view that the cause of action are different for both the suits.

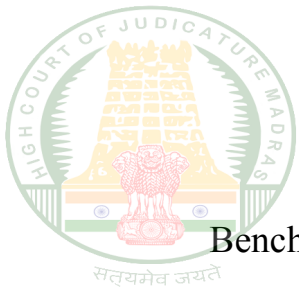
45. Admittedly, as highlighted above, mediation before the Hon'ble Mr.Justice V.Ramasubramanian, former Judge of the Hon'ble Supreme Court, is under progress between TAFE and MFC, and the said



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mediation covers all aspects of the disputes between the parties. Both the TAFE's representative and MFC's representative are also participating in the said mediation. The mediation has been commenced only recently. However, as stated before this Court by MFC's counsels, MFC wants the suit to be proceeded parallelly along with the ongoing mediation between the parties to the dispute. This Court is surprised with such a stand being taken by MFC. The ongoing mediation between the parties to the dispute, namely, TAFE and MFC through a court appointed mediator, that too, by a former Judge of the Hon'ble Supreme Court, also weighs in the mind of this Court for not changing the *status quo* order granted by the Division Bench of this Court eventhough the Division Bench of this Court has directed this Court to rehear the applications and dispose of the same uninfluenced by any of the observations of the Division Bench.

46. As stated above, the Division Bench, while remanding these applications for fresh consideration, has also recorded the undisputed fact that the mediation is in progress and that an amicable settlement between the parties of the dispute cannot be ruled out. The Division



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Bench has also recorded the undisputed fact that TAFE has been dealing with the MF brands from 1960 onwards till the date of the termination notice issued by MFC on 26.04.2024. The very same ground has been raised by MFC in these applications objecting to the grant of the interim injunction order in favour of TAFE. Eventhough the Division Bench in its order has made it clear that any observation made by the Division Bench will not have any bearing for adjudicating these applications, the undisputed fact recorded by the Division Bench in its order about the uninterrupted usage of MF brands by TAFE for more than 60 years and the ongoing mediation before a retired Judge of the Hon'ble Supreme Court will certainly strengthen the case of TAFE for this Court to continue the status quo order granted by the Division Bench of this Court till the disposal of the suit.

47. The CC Act stipulates strict timelines for the disposal of the suit. When strict timelines are fixed for the disposal of the main suit, this Court spending considerable amount of time in deciding the interlocutory applications will defeat the objectives of the CC Act, namely, speedy disposal of the commercial disputes. This Court has already spent



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considerable amount of time in these interlocutory applications as seen

from the following events:-

a) A learned Single Judge of this Court had granted an order of interim injunction as prayed for in these applications in favour TAFE.

b) Aggrieved by the same, the matter was taken up on appeal before the Division Bench of this Court by MFC.

c) The Division Bench by its order dated 18.11.2024 set aside the order of the learned Single Judge and remanded the matter back to this Court once again after directing the parties to maintain the status-quo, and this Court was directed to dispose of the applications after hearing the parties afresh.

d) This Court has disposed of these applications today after hearing the parties at length and after giving due consideration to the pleadings and the documents filed by the respective parties, which is voluminous in nature.

e) TAFE's interest has been protected pending disposal of the suit. Initially, a learned Single Judge of this Court had granted an order of interim injunction on 17.10.2024. However, the said interim injunction order was modified by the Division Bench into a status-quo order. Due

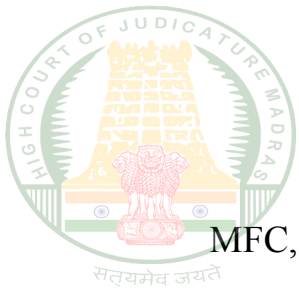


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to the said interim protection, admittedly, the termination of the trademark license has not come into effect.

48. When strict timelines have been fixed under the CC Act for the disposal of the main suit itself, Courts should not be burdened with spending considerable amount of time in disposing of interlocutory applications. The case on hand is one such case that due to the protracted arguments in interlocutory applications, no progress could be shown for the disposal of the main suit. Since a prima-facie case, balance of convenience and irreparable hardship have been established by TAFE in their favour, necessarily, status-quo order granted by the Division Bench of this Court has to be continued till the disposal of the suit.

49. It is for the first time before this Court, that too, only during the course of the arguments in these applications, MFC has raised a plea that since some of the agreements entered into between the parties contain an arbitration clause, the suit and the connected applications filed by TAFE are not maintainable. Mr.Rishab Gupta, learned counsel for



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MFC, who has raised the said ground, also relied upon a judgment of the

Hon'ble Supreme Court and would submit that there is no necessity for

MFC to file a separate application under Section 45 of the Arbitration and Conciliation Act, seeking for reference of the dispute to arbitration.

Admittedly, MFC has also filed a suit before this Court in C.S.(Comm.Div.) No.193 of 2024 seeking to protect its interest. If MFC

claims that there exist an arbitration agreement with TAFE pertaining to the subject matter of the dispute, they would have made the claim by

initiating arbitration proceedings, but, having chosen to file a suit

themselves before this Court against TAFE, they are estopped from

raising such a plea. Further, it is to be noted that in none of the pleadings

filed by MFC before this Court, they have taken a plea that the suit filed

by TAFE is not maintainable on account of the arbitration clause

contained in the agreements entered into between TAFE and MFC. The

said plea was also not taken before the Division Bench of this Court.

The decision of the Hon'ble Supreme Court relied upon by the learned

counsel for MFC dealt with a case involving different facts and did not

deal with a case wherein for the first time that too only during the course

of the arguments pursuant to an order passed by the Division Bench of



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this Court, an oral plea has been raised that the suit is not maintainable on the ground that there exists an arbitration agreement between the parties to the dispute. The defence of arbitration taken by MFC through an oral plea made by its counsels during the course of their submissions, is a frivolous plea and it does not deserve any merit whatsoever.

50. Another oral plea has been taken by MFC claiming that the suit filed by TAFE is barred by limitation on the ground that TAFE did not claim ownership of MF brands/trademarks, despite the fact that TAFE was permitted to use the MF brands by MFC since 1960 itself when the JV Agreement was entered into. It is seen from the pleadings of MFC before this Court that no specific plea has been taken by them that the suit filed by TAFE is barred by limitation. Admittedly, the cause of action for the suit arose only after MFC terminated the trademark license agreement in April, 2024. Since the trademark license was terminated in April, 2024, TAFE was constrained to file the present suit immediately thereafter. Hence, the plea of limitation taken by MFC is devoid of any merit and has to be rejected outright by this Court.



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WEB COPY 51. This Court is deciding only interlocutory applications and not the main suit and therefore, there is no necessity for this Court to individually consider each of the judgments relied upon by both the counsels. An application seeking interim injunction is decided either for or against a party by applying the trinity tests, namely, (a) prima-facie case (b) balance of convenience; and (c) irreparable hardship. A prima-facie case is a legal claim that is supported by enough evidence to justify a verdict in the claimants favour. It is a Latin term that translates as “at first sight” or “on the face of it”. Balance of convenience is a legal test that courts use to decide whether to grant temporary injunction or not. It weighs the potential benefits to the plaintiff and the public against the potential harm to the defendant. Irreparable loss/hardship is a loss that is too serious or bad to be fixed or restored.

52. In the case on hand, TAFE has been using the MF brands continuously without interruption whatsoever since 1960 and only in the month of April, 2024, on account of invocation of the termination clause of the license agreement, there became a stumbling block for TAFE to



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use the MF brands/trademarks. MFC also as on date does not have any factory to commence production of MF brands of tractors/farm equipments in India. Either they will have to engage the services of another trading/manufacturing partner, who is already in the field, or they need to build infrastructure by building up new factories for the production in India. TAFE by its long existence in India from 1960 onwards is having the requisite infrastructure for the manufacture of tractors/farm equipments and they have built up a large network of dealers and reputation all over India. If the status-quo order granted by the Division Bench of this Court is not extended until the disposal of the suit, it will cause huge loss and hardship only to TAFE and not MFC, which cannot be compensated in terms of money as it would be an irreversible loss to TAFE. Balance of convenience is certainly in favour of TAFE for continuation of the status-quo order granted by the Division Bench of this Court. While deciding an application seeking for interim injunction, the Court should exercise the discretion judiciously. In the case on hand, since TAFE has made out a prima-facie case and they have also established balance of convenience and irreparable loss, necessarily this Court has no other option left except to continue the status-quo order



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granted by the Division Bench of this Court till the disposal of the suit.

WEB COPY 53. For the foregoing reasons, these applications are disposed of in the following manner:-

(i) The parties to the dispute, namely, TAFE and MFC, are directed to maintain status-quo with regard to the subject matter of the dispute till the disposal of the suit.

(ii) These applications are disposed of by this Court uninfluenced by any of the observations made by the Division Bench of this Court.

(iii) It is made clear that any observation made by this Court in this common order either for/against any of the parties to the dispute for the purpose of adjudicating these applications will not have any bearing when this Court is disposing the main suit.

(iv) The observations made against any of the parties to the dispute in this common order can be overturned if the said party is able to produce



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evidence during trial to disprove those observations.

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Post the matter for filing of the written statement by the defendant
in C.S.(Comm.Div.) No.190 of 2024 on 06.03.2025.

05.02.2025

Index: Yes
Speaking order
Neutral citation : Yes
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ABDUL QUDDHOSE, J.

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O.A.Nos.744 and 745 of 2024
in
C.S.(Comm.Div.)No.190 of 2024

05.02.2025