

(2011) 07 BOM CK 0144

In the Bombay High Court

Case No : Notice of Motion No. 3320 of 2010 in Suit No. 2976 of 2010

Kalpataru Properties Private Limited and Others

APPELLANT

Vs

Kalpataru Hospitality and Facility Management Services (P)
Limited

RESPONDENT

Date of Decision : 29-07-2011

Acts Referred:

Companies Act, 1956 — Section 157(1), 157(2), 18, 20, 7
Trade Marks Rules, 2002 — Rule 22

Citation : (2011) 7 ALLMR 579 : (2012) 2 BomCR 308 : (2011) 113 BOMLR
2643 : (2011) 5 MhLj 369 : (2011) 48 PTC 135

Hon'ble Judges : S.J. Vazifdar, J

Bench : Single Bench

Advocate : Virendra V. Tulzapurkar, Amit Jamsandekar, Alka Parelkar and Alka Das, instructed by India Law Services, for the Appellant; S.A. Tawte, for the Respondent

Judgement

S.J. Vazifdar, J.

1 The Plaintiff has sought a permanent injunction restraining the Defendant from using in relation to its business or service, the mark "Kalpataru's" or the word "Kalpataru" or any other deceptively similar word as a part of its corporate name or trading style so as to infringe the Plaintiff's registered trademarks and from so using the said mark as to pass off or enable others to pass off the Defendant's services and/or business as that of the Plaintiffs and/or to indicate any connection with the Plaintiff.

2. Plaintiff No. 2, Property Solutions (India) Private Limited, was incorporated on 27th November, 2000 for the purpose of carrying on the business of facility management, mall management, project management services, including business management services. Plaintiff No. 2 is a part of the Kalpataru group of companies of which Plaintiff No. 1 is the flagship company. Plaintiff No. 2 has been using the trademark KALPA-TARU registered in the name of Plaintiff No. 1

with the permission of Plaintiff No. 1. Plaintiff No. 1 has allowed the 3 NMS3320.10 various companies in its group to use the trademark including as part of their corporate and/or trade name.

3. Plaintiff No. 1 was established in the year 1969 in the name of Kalpataru Construction Overseas Private Limited and it's name was changed to the present name with effect from 6th June, 2006. Plaintiff No. 2, as stated above, was incorporated on 27th November, 2000. The Defendant was incorporated much later on 27th January, 2006. The Plaintiff's case is that the Defendant carries on business similar to the business of Plaintiff No. 2.

4. Plaintiff No. 1 has been using the trademark "KALPA-TARU" written in a stylized manner since 1977. On 14th July, 2003, Plaintiff No. 1 applied for and obtained separate registrations of the Kalpataru device mark in respect of the goods falling under classes 16 and 19. The device is of a tree and below the tree are the words "KALPA-TARU" written in a stylized manner, including a horizontal bar above the words. On 21st January, 2004, the Plaintiff obtained separate registrations of the same Kalpataru device mark under classes 36 and 37. The registration certificate of class 36 is in respect of "insurance, 4 NMS3320.10 real estate affairs included in class 36." The registration certificate of class 37 is in respect of "building constructions, repair, installation services included in class 37."

5. The action for infringement and passing off is also founded upon the case that the said mark is a well known mark has acquired secondary significance in trade circles and has almost become a household name and the Plaintiff would, therefore, be entitled to reliefs even in respect of the goods and services, which are not similar. I have found this case to be well founded in view, inter-alia, of the following facts.

There are twenty partnership firms and companies incorporated under the Companies Act, 1956 in the Kalpataru group involved in a variety of commercial activities. The Plaintiff No. 1 has developed properties all over the city and its extended suburbs and outside Mumbai.

In the advertisements for the sale of units in the properties constructed by the group companies, the name of Plaintiff No. 2 is included, indicating a connection of Plaintiff No. 2 with the Kalpataru group. Plaintiff No. 2 has been carrying on business of providing various services including integrated facilities management services to various commercial and residential complexes, BP Os, IT and ITES, malls, hospitals and industrial organizations. Plaintiff No. 2 has, in the course of its business, been extensively using the said trademark with the permission and licence of Plaintiff No. 1 since the year 2000.

The gross business income of the twenty companies in the Plaintiff's group for the year 2009-2010, was Rs. . 49,000,000,000/-. Most of these companies have used the said trademark extensively. It is important, however, that the gross business income has been enormous not merely in the year 2009, but even in

the previous years. For instance, in the year 2005-2006, i.e. before the Defendant was incorporated, it was Rs. . 12,696,000,000/-. It is also significant to note that the word "Kalpataru" forms a part of the corporate name and trading style of several other group companies and firms involved in a variety of commercial activities.

The advertisements and business promotional expenses of some of the companies in the Kalpataru group increased from Rs. . 3,20,00,000/- in the year 2004-2005 to Rs. .9,34,00,000/-in the year 2009-2010. The Plaintiffs have also referred to several advertisements and other promotional material issued by them and the other companies and firms in the group.

The device mark has been used by the Plaintiffs and many of the other companies in the Kalpataru group extensively in a variety of ways, including on letter-heads, visiting cards and other stationery.

The Plaintiffs have also received several awards, including at the Asia-Pacific Property Awards 2010, the Best Architect Multiple Units Award, and Best Office Development Award, Best High-rise Architects for Towers.

6. In August, 2008, the Plaintiffs noticed an advertisement issued by the Defendant. The advertisement mentions the full name of the Defendant in which the word "KALPATARU"S" is substantially larger than the other words. The advertisement states prominently:

OUR SERVICES: HOUSE KEEPING, GUEST HOUSES MGMT, PROPERTY MGMT, PEST CONTROL and GARDENING

7. The Plaintiffs, accordingly, issued a cease and desist notice dated 25th August, 2008, through its advocate.

The Defendant by its letter dated 18th October, 2008, replied to the same. Several allegations were made, which have been reiterated in the present case. I will refer to them while dealing with the submissions.

The Plaintiff's advocate replied to the same by a letter dated 31st October, 2008.

The Plaintiffs' case is that thereafter it did not notice the said mark being used and therefore, did not file any proceedings.

8(A) An article appeared in the 23rd September, 2010 publication of the Hindustan Times. The article stated that the officials of the Organizing Committee of the Common Wealth Games had found that the performance of the two main Indian vendors for cleaning work including "Kalpataru" was shoddy. The article further states: "Kalpataru which is in charge of cleaning the Games Village residential towers numbered 16 to 34 had been given dressing down and the Organizing Committee had decided to rope in more agencies in view of the said place being found to be filthy by a number of foreign delegates." The article goes on to describe the poor work carried on by "Kalpataru".

(B) Another prominent article appeared in the 29th September, 2010 publication of the Indian Express. In this article too, it is stated that during the evaluation process, the Organizing Committee had disqualified Kalpataru Hospitality, which finally got the bid along with another company. The article further states that the publication was in possession of a copy of the minutes of the 35th meeting of the Organizing Committee whereat a member had given a presentation indicating that the shortlisted firms including "Kalpataru", did not understand the scope of the work and that the Committee evaluated the bids and disqualified "Kalpataru" as they had not met some of the requirements and technical parameter. The article roundly criticised "Kalpataru".

(C) The Plaintiffs relied upon the letters received by them from their customers making enquiries in respect of the articles. This was obviously to indicate the damage that is being done and the prejudice that is being caused as a result of the Defendant passing off its services as those of the Plaintiffs.

9. Mr. Tawte, the learned Counsel appearing on behalf of the Defendants submitted that the articles do not prove the truth of what is stated therein and are purely hear-say evidence. This action for infringement and passing off is not concerned with the truth or falsity or what is stated in the articles. Even assuming the same to be false, the fact that such articles have appeared itself prejudices the Plaintiffs enormously for the readers of the articles and those who are otherwise exposed to the Defendant's work are, likely to associate the Defendants' services as being those of the Plaintiffs and the reference to "Kalpataru" in the articles to the Plaintiffs and the Plaintiff's group.

10. The suggestion that even the authenticity of the articles is not established, is however, not well founded. There is nothing to suggest that the articles were not published. If that was so, the Defendants could easily have established the same by producing issues of the same publications of the said date. They have not done so.

11. After receiving the queries from its customers which were raised pursuant to the said articles, the Plaintiffs, through their advocates, served another cease and desist notice dated 21st October,

12. The Plaintiffs have thus established that they are the prior users of the mark; that "Kalpataru" is a well known mark and is associated among people with the Plaintiffs and that the Defendant's mark "Kalpataru"s" is not merely deceptively similar to the Plaintiffs mark, but almost identical thereto. The question is whether in view thereof, the Plaintiffs or either of them is entitled to the reliefs claimed.

13. Mr. Tawte, the learned Counsel appearing on behalf of the Defendant contends that it has made an application for registration of its services under class 42 and that the services offered by it are entirely different from the goods and services in respect whereof the Plaintiff's marks are registered. As stated earlier, the Plaintiffs marks are registered under classes 16, 19, 36 and 37.

14. The error in this submission arises on account of the Defendant having failed to notice an amendment to class 42 of Schedule IV of the Act.

(A) Class 42 falls under the head "Services" and, prior to the amendment, read as under:

42. Providing of food and drink, temporary accommodation, medical, hygienic and beauty care, veterinary and agricultural services, legal services, scientific and industrial research computer programming; services that cannot be classified in other classes.

(B) Class 42 was amended with effect from 20th May, 2010 by GSR 428(E) issued in exercise of powers conferred by Section 157(1)(2) of the Act. Class 42, as amended, reads as under:

42. Scientific and technological services and research and design relating thereto; industrial analysis and research services; design and development of computer hardware and software.

(C) Admittedly, the Defendant filed its application for registration on 21st December, 2010 i.e. after class 42 was amended.

None of the services provided by the Defendant fall under any of the items in class 42.

15. Mr. Tawte submitted that the application has already been made by the Defendant and, therefore, it is for the Registrar of Trademarks to decide whether it was made in respect of the correct class or not and to correct the same if necessary. Admittedly, the Defendant filed its application for registration on 21st December, 2010 i.e. after class 42 was amended. A party cannot make an application under an incorrect class and then contend that the error is for the Registrar to look into and the High Court must proceed on the basis that the application is correctly made. It is difficult to accept this submission and, with respect, I do not think it warrants elaborate consideration.

16. Dr. Tulzapurkar's submission that the services provided by the Defendant fall within classes 36 and 37 is well founded. The first Plaintiff's mark is also registered in respect of those classes.

(A) Classes 36 and 37 are also service marks and read as under:

36. Insurance, financial affairs; monetary affairs; real estate affairs.

37. Building construction; repair; installation services.

(B) Section 7 of the Act and Rule 22 of the Trade Mark Rules, 2002, read as under:

7. Classification of goods and services.-(1) The Registrar shall classify goods and services as far as may be, in accordance with the International classification of goods and services for the purposes of registration of trade marks.

(2) Any question arising as to the class within which any goods or services falls shall be determined by the Registrar whose decision shall be final.

....

22. Classification of goods and services.-(1) For the purposes of the registration of trade marks, goods and services shall be classified in the manner specified in the Fourth Schedule.

(2) The goods and services specified in the Fourth Schedule only provide a means by which the general content of numbered international classes can be quickly identified. It corresponds to the major content of each class and are not intended to be exhaustive in accordance with the international classification of goods and services. For determining the classification of particular goods and services and for full disclosure of the content of international classification, the applicant may refer to the alphabetical index of goods and services, if any, published by the Registrar u/s 8 or the current edition of the international classification of goods and services for the purpose of registration of trade mark published by the World International Property Organisation or subsequent edition as may be published

(emphasis supplied)

(3) The Registrar shall identify and include in the alphabetical index of classification of goods and services, as far as practicable, goods or services of Indian origin.

17. Dr. Tulzapurkar's reliance upon the International Classification of Goods & Services (ICGS) for the purposes of registration of marks published by the World Intellectual Property Organization (WIPO) is, therefore, justified. I find his submission that the services offered by the Defendant fall within classes 36 and 37 to be well founded and to be established by the current edition of ICGS published by WIPO.

18. Firstly, class 42 as amended understandably does not include any of the services provided by the Defendant. Mr. Tawte was also unable to correlate the Defendant's services with any of the entries in class 42 published by WIPO. Mr. Tawte was unable to indicate any other class under which the Defendant's services would fall either. In 15 NMS3320.10 fact, he was unable to indicate why the Defendant's services do not fall within classes 36 and 37.

19. On the other hand, Dr. Tulzapurkar indicated the various entries under classes 36 and 37 published by WIPO, which correlated to the Defendant's services.

As stated earlier, the Defendant's advertised its services for house keeping, guest house, management, property management, pest control and gardening. The current edition of the ICGS for the purpose of registration of trademarks published by WIPO in respect of classes 36 and 37 contain the following entries

which clearly correspond to the Defendant's services:

Class 36 Insurance, Financial Affairs, Monetary Affairs, Real Estate Affairs.

Sr. No.

INDICATION OF SERVICES

A

0046 Apartment Home Management

0047 Apartments (Renting of)

E

0030 Estate Management

R

0013 Real Estate Management

E

0029 Estate Agencies (Real)

Class 37 Building Construction, Repair, Installation Services.

Sr. No.

INDICATION OF SERVICES

A

0023 Air Conditioning Apparatus, Installation
and Repair

B

0024 Building (Cleaning of ?) (Exterior Surface)

B

0046 Buildings (Cleaning of ?) (Interior)

B

0049 Burglar Alarm Installation and Repair

C

0041 Cleaning of Buildings (Exterior Surface)

C

0042 Cleaning of Buildings (Interior)

D

0034 Disinfecting

E

0015 Elevator Installation and Repair

E

0042 Exterminating (vermin) other than for
Agriculture

F

0020 Fire alarm installation and repair

P

0004 Painting interior and exterior

R

0008 Rat exterminating

S

0003 Safe maintenance and repair

V

0019 Vermin exterminating, other than for
agriculture

W

0021 Window Cleaning.

20. There is, therefore, a clear similarity of services under classes 36 and 37 in respect of which the first Plaintiff's mark is registered and the services offered by the Defendant.

The Plaintiff's case, therefore, clearly falls within Section 29(2)(c), which reads as under:

29. Infringement of registered trade marks.-....

(2) A registered trade mark is infringed by a person who, not being a registered proprietor or a person using by way of permitted use, uses in the course of trade, a mark which because of

(a)....

(b)....

(c) its identity with the registered trade mark and the identity of the goods or services covered by such registered trade mark.

That Plaintiff No. 1 has not yet used the mark itself in respect of the services under classes 36 and 37, would not affect its right as the registered proprietor of the mark under those classes is likely to cause confusion on the part of the public, or which is likely to have an association with the registered trade mark.

Further, I have held above the Plaintiff's mark "KALPATARU" to be a well known mark.

29. Infringement of registered trade marks.-....

(4) A registered trade mark is infringed by a person who, not being a registered proprietor or a person using by way of permitted use, uses in the course of trade, a mark which

(a) is identical with or similar to the registered trade mark; and

(b) is used in relation to goods or services which are not similar to those for which the trade mark is registered; and

(c) the registered trade mark has a reputation in India and the use of the mark without due cause takes unfair advantage of or is detrimental to, the distinctive character or repute of the registered trade mark.

21. The right to protection of a well known mark has been recognized by a series of judgments. It is sufficient to refer to the judgment of a learned single Judge of this Court in Kirloskar Diesel Recon Pvt. Ltd. and another Vs. Kirloskar Proprietary Ltd. and others, , where the learned Judge held as under:

13.... The real question in each case is whether there is as a result of misrepresentation a real likelihood of confusion or deception of the public and consequent damage to the Plaintiff. The focus is shifted from the external objective test of making comparison of activities of parties to the state of mind of public in deciding whether it will be confused. With the passage of time and reputation acquired, the trade mark "Kirloskar" has acquired the secondary meaning and has become almost a household word. The judgments relied upon by Mr. Kane pertain to the cases of one type of business and not where variety of businesses have been carried by the Plaintiff and Defendant as in the instant case. The business activities of the Respondents vary from pin to piano as borne out from the object clauses of the Memorandums of Association of the Respondents. The Appellants have still to commence their business activities but as mentioned in the Memorandums of Association of 1st Appellant in each appeal, some of the object clauses therein overlap with the activities of Respondents and more particularly of Respondents Nos. 6 and 7.

14. In the case of trading name which has become almost a household word and under which trading name a variety of activities are undertaken, a passing off can successfully lie if the Defendant has adopted identical or similar trading name and even when the Defendant does not carry on similar activity. Even if the Defendant's activities in such circumstances, are remote, the same are likely to

be presumed a possible extension of Plaintiff's business or activities. In the instant case, the Respondents have established that word "Kirloskar" has become a household word and their businesses cover variety of activities and that there is even a common connection with some activities of the Respondents and activities of the Appellants. In the case of Albion Motor Car Company Ltd. v. Albion Carriage and Motor Body Works Ltd. (34 RPC 257) (supra) on which reliance has been placed by Mr. Tulzapurkar, it has been held that the Defendant Company's business had not been proved to be the same class of business as that of the Plaintiff Company, yet the probability of confusion between the two companies, both being connected with the motor car industry, was proved and injunction was granted. In that case, the Plaintiff Company carried business in a large way as makers of engines and chassis of commercial and other motor-cars, their goods being identified and known to the trade by the name "Albion" for which they had two Trade Marks. The Defendants did not make motor cars or manufacture engines or chassis. In the action, the Plaintiffs alleged that the use of the word "Albion" in the title under which the Defendants company was later on incorporated was calculated to deceive and lead to the belief that the Defendant Company was a branch of or connected with the Plaintiff company.

The judgment was approved by the Supreme Court in Mahendra and Mahendra Paper Mills Ltd. Vs. Mahindra and Mahindra Ltd., .

22. Mr. Tawte submitted that Plaintiff No. 1 is, however, not entitled to an injunction restraining the Defendant from using the words "Kalpataru"s" in its corporate name as it does not itself deal in any services covered by class 36 and class 37. There is, therefore, no similarity in the services provided by Plaintiff No. 1 and the Defendant. In this regard, he relied upon Section 29(5) and the judgment of a Division Bench of this Court in Raymond Limited v. Raymond Pharmaceuticals 2010 (5) BCR 568.

Section 29(5) reads as under:

29. Infringement of registered trade marks.-....

(5) A registered trade mark is infringed by a person if he uses such registered trade mark, as his trade name or part of his trade name, or name of his business concern or part of the name of his business concern dealing in goods or services in respect of which the trade mark is registered.

The Division Bench held that Section 29(5) applies only when the Plaintiffs registered trademark is used by the Defendant as a part of the trade name and the Defendant also deals in the same goods in relation to which the trademark is registered. In other words, if the Defendant uses the registered trademark as a part of its trade name, but does not deal in the same goods in respect of which the trademark is registered then it does not amount to an infringement u/s 29(5).

23. The judgment in Raymond Limited, however, does not apply to a passing off action. The proprietor of a well known trademark is entitled to an injunction

restraining a party from passing off his goods and services as those of the proprietor by using the trademark although the goods and services dealt in by them are not similar. The judgment in *Kirloskar's case* (supra) supports this submission [see paragraph 14 set out above]. The judgment was approved by the Supreme Court in *Mahendra and Mahendra Paper Mills Ltd. Vs. Mahindra and Mahindra Ltd.*, . In the case before the Supreme Court, the Respondent had filed a suit in the High Court for infringement and passing off. The learned single Judge, inter-alia, granted an injunction restraining the Defendant i.e. the Appellant before the Supreme Court from in any manner using as a part of its corporate name or trading style the words Mahindra & Mahindra or any word(s) deceptively similar to Mahindra or and/or Mahindra & Mahindra so as to pass off or enable others to pass off the business and/or services of the Defendant as those of the Plaintiffs or as emanating from or affiliated or in some way connected with Plaintiffs. The appeal was dismissed by the Division Bench of this Court. The Supreme Court dismissed the Defendant's appeal by the said judgment.

The Defendant contended, however, that its products were in no way similar to the products and business of the Plaintiffs and that the business carried on by it did not overlap with the business of any of the companies enlisted by the Plaintiffs. The Supreme Court held that by using the Plaintiff's trademark as a part of its corporate name, the Defendant had committed the fraud of passing off its business and/or services as that of the Plaintiffs. The Supreme Court approved the judgment of this Court in *Kirloskar's case* including paragraph 13 of the judgment I have set out earlier and held as under:

24. Judging the case in hand on the touchstone of the principles laid down in the aforementioned decided cases, it is clear that the Plaintiff has been using the words "Mahindra" and "Mahindra & Mahindra" in its companies / business concerns for a long span of time extending over five decades. The name has acquired a distinctiveness and a secondary meaning in the business or trade circles. People have come to associate the name "Mahindra" with a certain standard of goods and services. Any attempt by another person to use the name in business and trade circles is likely to and in probability will create an impression of a connection with the Plaintiffs' Group of Companies. Such user may also affect the Plaintiff prejudicially in its business and trading activities. Undoubtedly, the question whether the Plaintiffs' claim of "passing-off action" against the Defendant will be accepted or not has to be decided by the Court after evidence is led in the suit. Even so for the limited purpose of considering the prayer for interlocutory injunction which is intended for maintenance of status quo, the trial court rightly held that the Plaintiff has established a prima facie case and irreparable prejudice in its favour which calls for passing an order of interim injunction restraining the Defendant Company which is yet to commence its business from utilising the name of "Mahendra" or "Mahendra & Mahendra" for the purpose of its trade and business. Therefore, the Division Bench of the High Court cannot be faulted for confirming the order of injunction

passed by the learned Single Judge.

24. Thus a passing off action is maintainable in the case of a well known mark even if the goods and services being dealt in by the parties are not similar. The Plaintiffs are, therefore, entitled to an injunction restraining the Defendant from passing off its services as those of the Plaintiff by using the mark "Kalpataru"s" or any mark deceptively similar to the Plaintiffs mark "Kalpataru" in its corporate name. They are, however, not entitled to such an injunction for infringement u/s 29(5) in view of the judgment in Raymond"s case.

25. The alleged user by the Defendant from the year 1986 cannot come to it"s aid. Section 34 reads as under:

34. Saving for vested rights.-Nothing in this Act shall entitle the proprietor or a registered user of registered trade mark to interfere with or restrain the use by any person of a trade mark identical with or nearly resembling it in relation to which that person or a predecessor in title of his has continuously used that trade mark from a date prior

(a) to the use of the first mentioned trade mark in relation to those goods or services be the proprietor of a predecessor in title of his; or

(b) to the date of registration of the first-mentioned trade mark in respect of those goods or services in the name of the proprietor of a predecessor in title of his; whichever is the earlier, and the Registrar shall not refuse (on such use being proved) to register the second mentioned trade mark by reason only of the registration of the first-mentioned trade-mark

[emphasis supplied]

26. The Defendant cannot avail the benefit of Section 34 as it has been unable to establish that it or its predecessors in title had "continuously" used that mark from a date prior to the date of registration of the Plaintiff"s mark viz. 21st January, 2004. The opening part of the Section 34 requires continuous user of the trade mark from a date prior to the date of registration of the mark said to be infringed, for a party to claim the benefit thereof. There is nothing to indicate the use of the mark by the Defendant or its predecessor in title from 1990 to 2006 i.e. the date on which it was incorporated.

27. Dr. Tulzapurkar also submitted that the Defendant, an unregistered proprietor of the mark, cannot avail of the benefit of Section 34 as it has been unable to establish prior use of the mark. The Defendant claims to have used the mark from the year 1986, whereas the Plaintiff No. 2 has been using the said mark since the year 1969. The use of the mark by Plaintiff No. 2 under a licence from Plaintiff No. 1, he submitted, constitutes use by Plaintiff No. 1. In support of this submission he relied upon the judgment of the Supreme Court in Cycle Corporation of India v. T.I. Raleigh Industries Pvt. Ltd., AIR 1969 SC 3295.

28. This submission, if upheld, would support the Plaintiffs case for infringement

even by the use of the mark "Kalpataru" in the Defendant's corporate name and in respect of a defence u/s 34. I have, for the reasons already stated, rejected the defence u/s 34 on another ground and upheld the Plaintiffs case of passing off by the use of the word "Kalpataru" in the Defendant's corporate name. It is not necessary for the purpose of the Notice of Motion, therefore, to decide this question of law.

29. Dr. Tulzapurkar submitted that the Defendant is not the proprietor of the mark. In paragraph 4 of the affidavit in reply, the Defendant stated that it's Directors were carrying on the business of housekeeping and facility management since the year 1986 in the name starting with the word "Kalpataru"s". The Defendant relied upon certain documents to indicate the same. He submitted that even presuming that the documents prove that the Directors of the Defendants were carrying on the said business from the year 1986 to 1999, there admittedly was no assignment by the Directors to the Defendant of the said trademark assuming that they were entitled to it in law. The Defendant has not pleaded any licence by the said Directors of the said trademark either. The Defendant does not appear to be the proprietor of the said trademark. Nor does it appear to be the licensee thereof.

30. It is not necessary for me to consider this submission either. In view of what I have held earlier, it would make no difference to the order I intend passing even if the Defendant had established a licence or assignment in its favour by its Directors. Had a decision on this point made a difference to the Defendant's case, even if there is no pleading to support the Defendant's case, I would have readily permitted the Defendant an opportunity to rectify the defect. It is highly probable that the Defendant would be able to prove this case. If it was untrue, I would have expected some opposition to the use of the mark in the corporate name by the Directors. As this aspect does not affect the decision of this Notice of Motion, I refrain from considering it any further.

31. Mr. Tawte relied upon Section 20 of the Companies Act, 1956, which reads as under:

20. Companies not be registered with undesirable names.-(1) No company shall be registered by a name which, in the opinion of the Central Government, is undesirable.

[(2) Without prejudice to the generality of the foregoing power, a name which is identical with, or too nearly resembles, -

(i) the name by which a company in existence has been previously registered; or

(ii) a registered mark, or a trade mark which is subject of an application to registration, of any other person under the Trade Marks Act, 1999, may be deemed to be undesirable by the Central Government within the meaning of Sub-section (1)

(3) The Central Government may, before deeming a name as undesirable under

Clause (ii) of Sub-section (2), consult the Registrar of Trade Marks]

Mr. Tawte submitted that the Registrar of Companies had approved the Defendant's corporate name and the Defendant was registered in that name with effect from 27th January, 2006. He submitted that the Court presume, therefore, that the corporate name does not infringe any mark or that the Defendant by the use of such mark in its corporate name is liable in an action for passing off.

32. This point is answered against the Defendant by the judgment of this Court in Poddar Tyres Ltd. v. Bedrock Sales Corporation Ltd. and Anr., where it was held:

45. It is urged that, if the Plaintiffs are aggrieved by the first Defendants adopting the word "Bedrock" as part of their corporate name, and, if the act of the Registrar in permitting them to adopt the name "Bedrock Sales Corporation Ltd." was erroneous, then the remedy lay elsewhere, and not by way of an injunction in an infringement action or passing off action. As has been rightly pointed out by the Delhi High Court in K.G. Khosla Compressors Ltd. v. Khosla Extractions Ltd., AIR 1986 Del 181, the aggrieved Plaintiffs have two remedies, which are alternative and not mutually exclusive. It is open to the Plaintiffs to move under the provisions of the Companies Act for cancelling the name of the first Defendants, if so advised, but that, by itself, does not preclude the Plaintiffs from bringing an action for infringement of their registered trade mark and/or passing off.

33. Mr. Tawte's submission that the judgment is not good law as it was delivered prior to the Trade Marks Act, 1999, is not well founded. None of the provisions of the Act curtail the jurisdiction of this Court where the question can also be decided by the Registrar of Companies under the Companies Act, 1956.

34. The registration of a company under a particular name under the provisions of Section 20 of the Companies Act does not preclude a party from maintaining an action for infringement or passing off. Neither the Companies Act, 1956, nor the Trade Marks Act, 1999, contain or even suggest such a prohibition. Even the mere registration of a mark under the Trade Marks Act, 1999, does not by itself prohibit

35. The Defendants are not concerned with whether Plaintiff No. 1 carries on business beyond the scope of the Memorandum of Association (MOA). That is a matter between Plaintiff No. 1 and its share holders, creditors and the concerned authorities, including under the Companies Act, 1956. Even if a company carries on business beyond the scope of the objects clause in the MOA, it cannot be deprived of its right as a proprietor of a trademark. Third parties, unconcerned with or unconnected to the Plaintiffs, are not concerned or affected by the same. A company can always amend its objects clause to include such activity. Its use of a trademark in respect of such activity is different from the activity itself and cannot be illegal even if the activity is ultra vires the objects clause in its

MOA. This is evident from Section 18 of the Act.

36. Further, u/s 18, a person claiming to be the proprietor of a trademark even proposed to be used by him, is entitled to have the same registered. There is nothing, therefore, that prevents a company from seeking registration of a trademark it proposes to use 33 NMS3320.10 in respect of goods and services it proposes dealing in or supplying. A company, therefore, cannot be deprived of its proprietary rights in respect of a trademark on this ground.

37. The contention that the Plaintiffs have not proved an assignment of the trademark by Plaintiff No. 1 in favour of Plaintiff No. 2 is of no relevance. It is not the Plaintiffs case that Plaintiff No. 1 has assigned the trademark to Plaintiff No. 2. In the plaint and in particular paragraph 11 thereof, it is averred that Plaintiff No. 1 has granted a licence to Plaintiff No. 2 to use the KALPATARU device mark in respect of its activities pursuant to which the Plaintiff No. 2 has been carrying on the business of providing various services using the said KALPATARU device mark. It is permissible for a registered proprietor of a trademark to permit a person to use his registered trademark. As held by the Supreme Court in M/s. Gujarat Bottling Co. Ltd. and others Vs. Coca Cola Company and others, , apart from the provisions relating to registered users, it is permissible for the registered proprietor of a trademark to permit a person to use his registered trademark and that such licence of trademark is governed by common law and is permissible, subject to 34 NMS3320.10 certain provisions. The Supreme Court held that the use of the trademark can be permitted de-hors any provisions of the Act by grant of licence by the registered proprietor to the proposed user and that such a licence is governed by common law. It is not contended that any of the reservations apply in the present case.

38. I am unable to brush aside the Plaintiff's contention that after the exchange of correspondence in the year 2008, viz. the cease and desist notice dated 25th August, 2008, the Defendant's reply thereto dated 18th October, 2008 and the Plaintiffs further letter dated 31st October, 2008, they believed that the Defendant had not been using the said mark.

Firstly, it is important to note that the Defendant has not even furnished information regarding the revenue from it's business activities using the said mark after the year 2006. It is not possible, therefore, to assess either the nature or the extent of the Defendant's business after the cease and desist notice. This would be necessary to indicate whether it was possible for the Plaintiffs to have been aware of the Defendant's activities such as through advertisements, sales etc. Moreover, the Defendant has not indicated exactly how the Plaintiffs would or could have been aware of the Defendant's continued use of the mark after October, 2008.

39. Mr. Tawte relied upon Exhibits A to G of the affidavit in reply. Exhibits A to G of the affidavit in reply is correspondence exchanged between the Defendant's predecessor viz. M/s. Kalpataru's Enterprises the proprietary concern/

partnership firm of its Director/Directors and third parties such as the Reserve Bank of India, Benett. Coleman & Co. Ltd., Bombay Port Trust and the Maharashtra State Electricity Board. The last letter is dated 21st July, 1990. In any event, the correspondence between the Plaintiffs and third parties would not indicate the Plaintiffs knowledge of the Defendants use of the mark, if any. The correspondence is not in public domain. In any event, it is not in open circulation.

40. In the circumstances, the Notice of Motion is made absolute in terms of prayer (a) and (b).

No order as to costs.

The order is stayed for a period of eight weeks to enable the Defendant to challenge the same.