

(1992) 07 BOM CK 0029

In the Bombay High Court

Case No : Notice of Motion No. 264 of 1992 in Suit No. 416 of 1992

Poddar Tyres Ltd.

APPELLANT

Vs

Bedrock Sales Corporation Ltd. and Another

RESPONDENT

Date of Decision : 21-07-1992

Acts Referred:

Companies Act, 1956 — Section 43

Trade and Merchandise Marks Act, 1958 — Section 28, 29, 34, 56

Citation : AIR 1993 Bom 237 : (1993) 1 BomCR 505

Hon'ble Judges : B.N. Srikrishna, J

Bench : Single Bench

Advocate : Iqbal Chagla and Mrs. Zia Mody, instructed by M/s. Mehta and Girdharlal, for the Appellant; S.S. Rahimtoola and Ms. Armin Wandrewala, instructed by y M/s. Law Charter and Jimmy Awasia, instructed by y Manoj Bhatt, for the Respondent

Judgement

1. This notice of motion has been taken out by the plaintiffs for the following reliefs:--

"(a) that, pending the hearing and final disposal of the suit, the defendants No. 1, by themselves, their servants and agents, be restrained by an order and injunction of this Hon'ble Court;

"(i) from infringing the plaintiffs" registered trade marks (Ex. "A" to the plaint) and/or passing off the defendant No. 1"s business as and for the business of the plaintiffs by the use of the word "Bedrock" as part of the 1st defendants" corporate name; and

(ii) from infringing and/or passing of these 1st defendants" goods as and for the goods of the plaintiffs by the use of the word "Bedrock" in connection with or in respect of goods manufactured by them;

(b) that, pending the hearing and final disposal of the suit, the defendants No. 1 by themselves, their servants and agents be ordered and directed to deliver up

for destruction all their letter heads, invoices, price lists, cash memos, brochures, advertisements, etc. articles and effects bearing the impugned word "Bedrock";"

2. This notice of motion illustrates the homely truth that greater the consanguinity between parties, more bitter is the litigation between them, fraternal feuds being the fiercest.

3. The plaintiffs are a company incorporated under the Companies Act, and carry on, inter alia, business of manufacture of rubber tubes and tyres. The plaintiff-company was originally incorporated as a private limited company on 13th February, 1981, but became a "deemed public company", within the meaning of Section 43-A of the Companies Act, in or about June, 1988, as a result of increase in turnover. The plaintiffs claim to be leading manufacturers of rubber tyres and tubes with a share of 10% of the Indian market in those products. The plaintiffs claim that they have a monthly turnover of about Rs. 3 crores and a very valuable goodwill in their trade marks, containing the word "Bedrock" and other combinations of the said name as also a distinctive logo. The plaintiffs claim to be using the trade mark "Bedrock" since 1964, which is registered since 1973.

4. At Exhibit "A" to the plaint, the plaintiffs have enclosed a statement of their Registered/Unregistered Trade Marks and the class in respect of which their trade marks have been registered. A perusal of this statement would show that the word "Bedrock" forms prominent part of the registered trade marks except two, which are logos with the letter "B" in the centre. Seven out of the ten registered Trade Marks are in respect of Class 12 (Rubber Tyres and Tubes for land vehicles, and accessories, spare parts for repairs), two in respect of Class 17) (Plastic goods) and one in respect of Class I (Adhesive for Rubber repairing composition for Tyres and Tubes for land vehicles).

5. The trade mark "Bedrock" was originally owned by a partnership firm, known as "Bedrock Tyres and Rubber Company". On or about 16th July, 1979, a private limited company, known as "Bedrock Tyre and Rubber Co. Pvt. Ltd.", was admitted as a partner of the said firm. Thereafter, all the other partners retired, leaving the ownership of all assets, including the trade marks to Bedrock Tyre and Rubber Co. Pvt. Ltd. The plaintiffs have used all the said trade marks from 1983 pursuant to a permitted user agreement between the plaintiffs and Bedrock Tyre and Rubber Co. Pvt. Ltd. Bedrock Tyre and Rubber Co. Pvt. Ltd. were subsequently re-named as Bedrock Ltd., who are the second defendants in the suit.

6. Pursuant to a Deed of Assignment dated 8th March, 1986, as amended by the two Deeds of Corporation and Confirmation dated 31st December, 1986 and 23rd February, 1989, the plaintiffs became the proprietors of all the trade marks, which are indicated in the statement at Exhibit "A" to the plaint, including the trade mark "Bedrock". The plaintiffs moved the Registrar of Trade Marks and had their name entered as proprietors of the trade marks. The plaintiffs are, thus, the

registered owners of the trade marks, almost all of which contain the word "Bedrock", which are valid and subsisting. The plaintiffs have also applied for registration of two trade marks, which contain the word "Bedrock", and the said applications are pending.

7. The first defendant-company was incorporated on or about 3rd May, 1991, and has as its aims and objects the carrying on of business, inter alia, of manufacturing as well as dealing in rubber tyres and tubes. A comparison of the objects of the plaintiff-company, as reproduced in paragraph 4, with those of the first defendants, as reproduced in paragraph 5 of the plaint, would show that the defendants are in the same line of business and have the potential to be a trade rival to the plaintiffs. It might incidentally be mentioned here that Directors of the plaintiff-company and the first defendant-company are brothers, who were carrying on the family businesses of the "Poddar Group", till they fell out, presently pursuing their litigations in various Courts with greater zeal than shown towards their respective businesses.

8. The plaintiffs, apart from the large turnover of Rs. 3 crores, also claim to have spent large sums in excess of Rs. 23 lacs by way of advertisement expenses, for popularising the trade marks, which prominently display the word "Bedrock". One such advertisement is to be found at Exhibit "Q" to the plaint.

9. The plaintiffs received a letter dated 4th September, 1991, from one of its dealers, Gemini Cycle Stores, in which the said dealer cancelled a previously placed order for cycle tubes. The reason for such cancellation was that the rate charged by the plaintiffs for Bedrock Tyre Tubes was higher than the rate at which the first defendants were supplying the tubes. The said dealer also informed the plaintiffs that the first defendants were supplying even one or two bundles of tubes at the same rate on credit basis, and enclosed the latest price list issued by the first defendants. Because of the lower price of the first defendants, the said dealer called upon the plaintiffs to reduce the price of the cycle tubes supplied by them, as it was unable to push the tubes in the market at such high rates. The letter dated 4th September, 1991, written by Gemini Cycle Stores (Exhibit "N" to the plaint) had an enclosure, the price list of Bedrock Brand Cycle Tubes and Tyres "prices with effect from 1st September, 1991" containing a note that the said price list superseded all previous price lists.

10. From the letter written by Gemini Cycle Stores, the plaintiffs came to learn, for the first time, of the existence of the first defendant-corporation and the fact that the first defendants were also supplying Bedrock tyres and tubes. The plaintiffs made enquiries and learnt that the first defendant-corporation had been incorporated on 3rd of May, 1991, and that its objects were substantially similar to the objects of the plaintiffs themselves.

11. The plaintiffs also came across a Diwali Greeting Card sent by Santosh Kumar Poddar and Vimal Kumar Poddar, Directors of the plaintiff-company, and also the promoters of the first defendant-company. This Diwali Greeting Card

makes interesting reading. On the envelope, in the left hand bottom corner, it contains the following :

"Bedrock Group 5-Court Chambers, 35, New Marine Lines, Bombay 400 020"

On the card itself, the names and addresses of the following-appear in close juxtaposition:--

"Matushree Textiles Limited, Bedrock Ltd. Poddar Tyres Ltd. 5-C, Court Chambers (5th Floor) 35, New Marine Lines, Bombay-400 020.

"Bedrock Sales Corporation Limited 54, Free Press Building (5th Floor) 215, Nariman Point, Bombay-400 021.

"Shree Durga Textiles 401, Kakad Market (4th Floor), 306, Kalbadevi Road, Bombay-400 002."

The names of "Santosh Kumar Poddar" and "Vimal Kumar Poddar" are printed at the right bottom corner. Though I shall have occasion to deal with the contention of the first defendants with regard to this Greetings card, a prima facie reading of this Diwali card and the envelope, in which it was sent (Exhibit "O"), gives an impression that there is a "Bedrock Group" of companies, of which the companies indicated on the card, viz., "Matushree Textiles Limited", "Bedrock Ltd.", "Poddar Tyres Ltd." (Plaintiffs), "Bedrock Sales Corporation Limited" (First defendants) and "Shree Durga Textiles", are members.

12. The plaintiffs have also produced a xerox copy of the Invoice of sale dated 1st January, 1992 (Exhibit "P"), showing sale of tubes by the first defendants to one of the customers. The document at Exhibit "P", without doubt, shows that the first defendants have been selling Bedrock cycle tubes to different customers. Of interest is the document at page 82 of the plaint, which is a receipt issued by the first defendants to one of its customers. This receipt originally bore the name of "Poddar Sales Corporation", which has been struck off in ink and substituted with the name of the first defendants.

13. The plaintiffs, upon enquiry and inspection of the documents maintained with the Registrar of Companies, learnt that Santosh Kumar, his wife and daughter, Vimal Kumar, his wife and two other ex-employees of Poddar Sales Corporation, a family concern of the Poddars, were the promoters of the first defendant-company. They also learnt that Santosh Kumar, Vimal Kumar and their respective wives were the Directors of the first defendant-company.

14. By a Notice dated 18th January, 1992, the plaintiffs, through their attorneys, called upon the first defendants to desist from using the name "Bedrock" as a part of their trading name and style and called upon them to apply to the Registrar of Companies for a change in their name. They also called upon the first defendants to cease and desist from using the name "Bedrock" on their official and business documents and to tender an undertaking to the plaintiffs that the first defendants would not use the trade mark "Bedrock" or any such

deceptively similar name or logo. They also called upon the first defendants to debit from manufacturing and/or selling any rubber tyres and/or tubes or plastic goods or any other goods similar or identical to those manufactured by the plaintiffs under the trade mark "Bed rock" or any other label, mark or device similar or deceptively similar thereto. The plaintiffs gave notice that the first defendants had, by adopting the name "Bedrock", as a part of their corporate name, infringed the plaintiffs' registered trade mark and had also indulged in passing off the first defendants' goods and business as the goods and business of the plaintiffs.

15. Replies given by the advocate of the first defendants on 20th January and 22nd January, 1992, merely seek time to take instructions. The plaintiffs were given a reply on 24th January, 1992, by the Advocates of the first defendants. The contention raised in the reply is that the first defendants were selling the products manufactured by Nippon Rubber and Nissan Rubber, both of whom had permitted user agreements with the plaintiffs which were valid and subsisting, and, therefore, there was neither infringement, nor passing off, by the first defendants. Though a more detailed reply was promised, presumably, in view of the fact that the suit itself had been filed and moved for ad interim order, none came.

16. The plaintiffs contend that the adoption of the word "Bedrock" as a part of the corporate name of the first defendants is deliberate, mala fide and intended to cash in on the reputation and good will of the plaintiffs' products sold under their registered trade marks, which the plaintiffs had assiduously built up over years. The first defendants dishonestly intended to cash in on the good will and reputation enjoyed by the "Bedrock" goods by suggesting some kind of intimate connection between the first defendants' goods and/or business with those of the plaintiffs. The plaintiffs, as the proprietors of the registered trade marks, are entitled to bring an action for infringement of their trade marks by the first defendants in adopting a corporate name, incorporating the registered trade marks of the plaintiffs.

17. Apart from infringement, it is contended that the trade marks being identical, there is imminent likelihood of deception or confusion as to the nature of the first defendants' business so as to falsely suggest a likely business connection or association between the business carried on by the first defendants and that carried on by the plaintiffs. The facts that the Directors of both the companies belong to Poddar Group, that they were originally carrying on the family business together, and that the first defendants are in the same line of business, where the channel of distribution of the goods would be identical, are all put forth as factors which would add to greater probability or likelihood of deception or confusion.

18. The first defendants deny that there is any infringement or passing off by them. They also deny that the plaintiffs are entitled to any of the reliefs claimed in the notice of motion. Broadly stated, the first defendants' defences are :

(i) The suit is bad as the person, who has declared and verified the plaint, as a power of attorney holder, has been granted no power to file the suit under the said power of attorney.

(ii) The plaintiffs have no title to the trade mark "Bedrock", as the assignment made in their favour is invalid.

(iii) Santosh Kumar Poddar, in his capacity as a shareholder of the second defendant-company, has applied to the Registrar of Trade Marks for rectification of the register for the removal of the concerned trade marks, on the ground that the trade marks were assigned to the plaintiffs wrongly and unconscionably, without any intention to confer on the plaintiffs the proprietary right in the said trade mark, and that the applicant therein was an aggrieved person by the continuation of the registered trade marks on the register, in view of the fact that he was a shareholder of the second defendant-company.

(iv) The plaintiff-company is a glorified partnership or a mirror image of a partnership, since it is a closely held family company intended for promoting the interests of the family member; that this is sufficient ground for lifting the veil of incorporation, and, once it is done, it would be seen that the plaintiffs are really a partnership, though trading under the veil of incorporation; that both Santosh Kumar and Vimal Kumar, being members of the plaintiff-company, must be treated as its partners; that every partner has a right in the assets of the partnership, and, therefore, Arun Kumar Poddar, who has filed the suit on behalf of the plaintiffs, can assert no exclusive proprietary right in the registered trade mark, which is really the asset of the plaintiffs, which is a glorified partnership.

(v) There has been unreasonable delay on the part of the plaintiffs in seeking the equitable remedy of injunction, disentitling them to the reliefs.

(vi) The plaintiffs have, under registered user agreements, permitted the registered users to use the trade mark "Bedrock" on goods manufactured by persons other than the plaintiffs, and, therefore, the plaintiffs must be deemed to have acquiesced in use of the said trade marks "Bedrock" by persons other than themselves or the registered users; that the first defendants were incorporated for the purpose of selling "Bedrock" goods, as dealers for the said "Bedrock" goods manufactured by Nippon Rubber and Nissan Rubber, which are the two concerns, which were the registered users of the "Bedrock" trade mark; since the first defendant-company is going to deal only in "Bedrock" goods, the name adopted was neither dishonest, nor mala fide, as it merely suggested truly the connection between Bedrock goods and the first defendants.

19. Learned counsel for the plaintiffs drew my attention to a passage (16-53) on page 392 of Kerly's Law of Trade Marks and Trade Names, 12th Edition, which contains a useful discussion on the circumstances under which a trader trading under a name resembling or including another's trade mark, could be restrained from doing so. The position in law appears to be that a plaintiff is entitled to an injunction against use of the plaintiffs mark in the defendant's trading style if the

use leads to its application by others to the defendant's goods. The plaintiff is entitled to an injunction against such use, since, if the trade mark is an inherently distinctive one, most customers will assume that any company with that mark in its name is either an offshoot of the owner of the mark or that owner having changed its name. (See, in this connection, the English authorities referred to and discussed in Kerly's book.)

20. The relief, claimed by the plaintiffs on the footing of infringement of trademark, has two facets. First, that the first defendants have been infringing the plaintiffs' trade mark by application thereof to goods manufactured by the first defendants or by some one else not entitled to use the said trade mark. Second, that the trading style of the first defendants in their corporate name, containing the word "Bedrock", per se, amounts to an infringement.

21. There is no material produced on record, at least at this stage, to show that the first defendants are manufacturing any goods in competition with the plaintiffs or that they are applying the trade mark of the plaintiffs to goods other than those manufactured by the plaintiffs or their registered users. In any event, the first defendants have filed an affidavit of Santosh Kumar, a Director, dated 20th July, 1992, in which he states categorically that the first defendants have not manufactured, are not manufacturing and will not manufacture goods bearing the trade mark/name "Bedrock", and that the business of the first defendants shall only be that of selling goods bearing the trade mark "Bedrock" manufactured by the plaintiffs, the second defendants or any other permitted users of the said trade mark. This declaration should, in any event, be sufficient to allay the apprehensions of the plaintiffs on the first facet of the infringement action.

22. The second facet of the infringement action, relating to the corporate name of the first defendants, requires elaborate discussion, as the first defendants have strenuously opposed granting of any relief on that count.

23. Mr. Chagla, learned counsel for the plaintiffs, strongly relies on S. 28 of the Trade and Merchandise Marks Act, 1958, and contends that, as long as the plaintiffs are registered proprietors of a trade mark, the Act confers upon them the exclusive right to use the said trade mark in relation to goods, in respect of which the trade mark is registered, and the right to obtain relief in respect of infringement of the trade mark. The only exception, which was understandably pressed into service by the first defendants is the one contained in S. 34 of the Act, which provides that nothing in the Act shall entitle a trader or a registered user of a registered trade mark "to interfere with any bona fide user by a person of his own name....." It is submitted on behalf of the plaintiffs that S. 34 would operate as an exception to the general rule postulated in S. 28, if and only if the first defendants are carrying on business, (a) in their own name, and (b) bona fide.

24. Reference has been made to the judgment of the Supreme Court in Kaviraj

Pandit Durga Dutt Sharma Vs. Navaratna Pharmaceutical Laboratories, to highlight the distinction between an infringement action and passing off action. The Supreme Court, in this judgment, observed :

"When once the use by the defendant of the mark which is claimed to infringe the plaintiff's mark is shown to be "in the course of trade", the question whether there has been an infringement is to be decided by comparison of the two marks."

Says, further, the Supreme Court :

"Where the two marks are identical, no further questions arise; for then the infringement is made out."

In the instant case, it is not disputed that a part of the corporate name of the first defendants is identical with the registered trade mark "Bedrock", of which the plaintiffs are the registered proprietors. Thus, prima facie, there is infringement of the plaintiffs' registered trade mark "Bedrock", unless the first defendants are entitled to succeed by invoking the exception in S. 34 or on any other ground that they urge.

25. The plaintiffs have placed reliance on another judgment of the Supreme Court in Ruston and Hornsby Ltd. Vs. The Zamindara Engineering Co., . In this case, the appellant was the registered proprietor of a trade mark "Ruston" and the respondent was manufacturing and selling goods under the name "Rustam India". Upon the suit instituted by the appellant, the District Judge, Meerut, dismissed the suit, taking the view that there was neither visual nor phonetic similarity between the registered trade mark and the offending trade mark. The High Court, in appeal, held that the offending trade mark infringed the appellant's trade mark "Ruston", and restrained the respondent from using the trade mark "Rustam", but further held that the use of the words "Rustam India" was not an infringement of the registered trade mark, as the appellant's goods were manufactured in England and not in India and the suffix of the word "India" constituted a sufficient distinguishing factor. The Supreme Court, while upholding the first part of the High Court Judgment and reversing the second part, held that an infringement of a registered trade mark takes place not merely by exact imitation but by the use of a mark so nearly resembling the registered mark as to be likely to deceive. The Supreme Court observed (Para 7):

"In an action for infringement where the defendant's trade mark is identical with the plaintiff's mark, the Court will not inquire whether the infringement is such as is likely to deceive or cause confusion. But where the alleged infringement consists of using not the exact mark on the Register, but something similar to it, the test of infringement is the same as in an action for passing-off."

26. Reference was made to the celebrated judgment of the English High Court of Justice -- Chancery Division, in what is popularly known as "the Kodak Case", The Eastman Photographic Materials Company, Ltd. v. The John Griffiths Cycle

Corporation Ltd. and the Kodak Cycle Company Ltd. (1898) 15 RPC 105. In this case, the Court found that the defendant-company had no valid explanation for adopting the name "Kodak" as a part of its corporate name while doing business of manufacture and sale of cycles; that, though the Eastman Photographic Materials Company, Ltd. did not carry on business in the manufacture and sale of bicycles, it had carried on the manufacture and sale of certain special type of cameras, which were capable of being fitted on bicycles, and also accessories thereto. Therefore, there was likelihood of deception and confusion, if the defendant was permitted to carry on business in the name adopted by it, for which there appeared to be no acceptable explanation. The defendant was, therefore, restrained from using the Registered Trade Mark "Kodak" as part of its corporate name.

27. The plaintiffs then relied on a judgment of a learned Single Judge of the Delhi High Court in *Ellora Industries Vs. Banarsi Das Goela and Others*, . In this case, the plaintiffs earned on business as manufacturers of watches, time pieces, clocks, which were sold under their registered trade mark "Elora". The defendant conducted a business in the name "Ellora Industries", which was used conspicuously by him in advertisements as part of his business. Although the defendant's goods were sold under the distinctive mark "Gargaon", his business name was prominently displayed on his goods, In these circumstances, the learned Judge took the view that the businesses that the parties engaged were in common or overlapping fields of activities, where competition was likely to take place, and, therefore, there was infringement of the registered trade mark.

28. The plaintiffs' other contention is that adoption of the word "Bedrock" as a part of the corporate name of the first defendants amounts to a passing off of the business of the first defendants as that of the plaintiffs. The discussion in *Ellora Industries Vs. Banarsi Das Goela and Others*, is helpful in this regard also. The learned Judge, in the said judgment, referred to a number of English authorities, and pointed out that passing-off "turns upon whether the defendant's conduct is such as to tend to mislead the public to believe that the defendant's business is the plaintiff's or to cause confusion between the business activities of the two. Whether such a tendency to mislead or confuse is established, can only be decided by consideration of all the circumstances." The learned Judge further pointed out that, where the parties are engaged in "common or overlapping fields of activity", competition will take place between them, and, in such an event, there is inherent probability of confusion or deception. In an infringement or a passing-off action, protection is afforded not for the deceived customer, but the rival trader, which is to prevent "dishonest trading", to use the felicitous phrase coined by Danckwerts J. in *Ellora Industries Vs. Banarsi Das Goela and Others*, refers with approval to the proposition adopted in *Henderson v. Radio Corporation Pty. Ltd.* 1969 RPC 218, viz., "The wrongful appropriation of honest professional or business reputation is an injury in itself. In fact, in Henderson's case, the view taken by the Australian Court was that, even a common activity was not a sine quo non. Ultimately, in *Ellora*, the

Delhi High Court took the view that the defendant was both infringing the registered trade mark of the plaintiffs and also passing off his business as that of the plaintiffs. Injunction was granted on both counts against the defendant.

29. The plaintiffs contend that, in a situation where a rival trader bodily lifts a substantial portion of the registered trade mark of the plaintiffs and uses it as a part of his trading style or corporate name, the damage to the plaintiffs good will and reputation is inherent in the act itself. Particularly given the facts that the Directors and Promoters of the first defendant-company were related to the Directors of the plaintiff-company, that all of them were together carrying on a family business at an earlier point of time, that there is identity in the field of activity, that the trade channels of distribution are identical (in fact, it is submitted that the sales agents or dealers of erstwhile Poddar Sales Corporation have been taken over by the first defendants), it is legitimately contended that the likelihood of deception or confusion transcends from the plane of likelihood to one of near certainty. The material on record is also pressed into service as prima facie evidence of such a situation.

30. Mr. Awasia, learned counsel appearing for the second defendants, supports and adopts the arguments of the plaintiffs.

31. Mr. Rahimtoola, learned counsel appearing for the first defendants, contends, at the outset, that the suit is bad in law, as the plaint has been signed and declared by a person having no authority to do so on behalf of the plaintiffs. In my judgment, this contention has no substance. The plaint has been signed and declared by one Arun Kumar Poddar on behalf of the plaintiff-company as its constituted attorney. A copy of the Power of Attorney executed by the plaintiff-company in favour of Arun Kumar Poddar is at Exhibit "V" to the plaint. Clauses 9, 10, 17, 19 and 20 are wide enough to confer upon him the power to bring the present suit. Another fact to be noticed is that this Power of Attorney is irrevocable, unless revoked and cancelled by the Board of Directors of the Company, by a resolution to that effect, passed in a duly convened meeting for that purpose. It is not shown that the Power of Attorney was duly cancelled, as provided in the ultimate portion of the Power of Attorney. The contention, therefore, must fail.

32. The next contention of Mr. Rahimtoola is that the plaintiffs can claim no exclusive right to the registered trade mark. It is contended that the plaintiffs, though carrying on business in corporate name and style, are really a glorified partnership of the members of the Poddar Family; that both Vimal Kumar Poddar and Santosh Kumar Poddar, who are Promoters and Directors of the second defendants, are themselves members of the plaintiff-company; that, by applying the principle of Partnership Law, no partner can appropriate to himself exclusively or claim exclusive right in partnership assets, which must enure for the benefit of all partners. Ergo, both Santosh Kumar and Vimal Kumar have an equal proprietary interest in the registered trade mark, which the plaintiffs claim exclusively theirs. It is not possible to accept this contention for more than one

reason. First, ever since the judgment in the case of *Salomon v. Salomon* (1897) AC 22 it has accepted principle of law that an incorporated entity is distinct from its constituent members. It is, doubtless, true that certain exceptions have been engrafted upon this principle under the doctrine of lifting the veil of incorporation. But these exceptions are confined to limited matters such as trading with enemies, tax matters, and, at least in India, in labour matters. It is neither prudent, nor pragmatic, to so widen the scope of an exception as to raise it to the status of the rule itself. Mr. Rahimtoola contends that, at least for the purpose of S. 433 of the Companies Act, while entertaining a winding-up petition under the "just and equitable" clause, the fact that a limited company is really in the nature of a partnership or a glorified partnership is taken note of. This is so, but I see no reason to extend this fiction further to the illogical extent of attributing ownership of the company's assets to all its members. I see neither principle, nor precedent, to support such a proposition, and, therefore, I must hold that the registered trade marks specified in Exhibit "A" to the petition are shown to belong exclusively to the plaintiffs, who are the registered proprietors thereof, and the first defendants have, *prima facie*, at least at this stage, failed to show that they have any rights therein. Mr. Rahimtoola's reliance on the judgment of the Supreme Court in *Addanki Narayanappa and Another Vs. Bhaskara Krishtappa and Others*, is of no avail, since it is not possible to treat the plaintiff-company as a partnership for the purpose of rights with regard to its assets.

33. It is next contended for the first defendants that, while entertaining an application for an equitable interim relief such as injunction, the Court must always look askance at delay and weigh the balance of convenience. If there is delay, the relief of injunction must invariably be refused. This is too wide a proposition to be accepted at par value. It has been categorically held in *Astra-IDL Limited Vs. TTK Pharma Limited*, and *The Scotch Whisky Association and another Vs. Pravara Sahakar Shakar Karkhana Ltd.*, that, where there is *prima facie*, strong evidence of infringement and/or passing off delay, by itself, is not fatal. In any event, I do not think that there is delay on the part of the plaintiffs in coming to the Court. The factual circumstances enumerated earlier would show that the plaintiffs learnt about the operation of the first defendants for the first time from the letters of Gemini Cycle Stores dated 4th September, 1991. They then made enquiries and learnt about the incorporation, objects and trading activity of the first defendant-corporation and then issued their Advocate's Notice dated 18th January, 1992. The suit was filed on 24th January 1992, and an interim relief was prayed for in this notice of motion, but was not granted. In these circumstances, it is not possible to accept the contention that there is such delay as to refuse interim relief.

34. Mr. Rahimtoola then contended that the balance of convenience is in favour of refusing interim relief. He relied on a judgment of the Division Bench of this Court in *Express Bottlers Services Pvt. Ltd. v. Pepsico Inc.* (Appeal No. 436 of 1989 in Notice of Motion No. 1920 of 1988 in Suit No. 2903 of 1986, decided per

Bharucha (as he then was) and Srikrishna, JJ., dated 8th February, 1991). A careful perusal of this judgment would show that the Appeal Bench has not endorsed the proposition canvassed by learned counsel. The facts of that case were that the respondents were registered proprietors of a well-known trade mark "PEPSICO", which, though registered in India, in respect of bottled drinks, had not been used by them on account of Government policy for quite some time. The appellants moved an application before the Calcutta High Court for rectification of the register and striking off the said trade mark for non-use. The Calcutta High Court issued an ad interim injunction against the respondents from using the trade mark pending hearing of the rectification application. When the respondents moved a notice of motion for injunction in this Court, a learned single Judge dismissed the motion for injunction. The Appeal Court, however, took the view that, while it may not be possible to grant the injunction during the pendency of the rectification application was decided in favour of the respondents, it might change the circumstances and confer upon them a cause of action to move again. The respondents succeeded before the Calcutta High Court, and the rectification application of the appellants was dismissed. The respondents moved again by notice of motion in this Court for an injunction against the appellants and such injunction was granted by the learned single Judge. An appeal carried against the judgment of the learned single Judge was also dismissed by the Division Bench, and, in the course of the said judgment, it was observed :

"Since, however, it was stated on behalf of the defendant that Kurdukar, J., was in error in declining to consider balance of convenience, we shall touch upon that aspect, though we must make it clear that, in our view, it is only in unusual circumstances that the balance of convenience should play a part in a matter where the plaintiff is the owner of a registered trade mark."

It is obvious that, in the present case, there are no such "unusual circumstances", which would impel the Court to go into the question of balance of convenience in the teeth of the fact that the plaintiffs are the registered proprietors of the trade marks.

35. To similar effect is the judgment of the Delhi High Court in Philip Morris Belgium's. A. v. Golden Tobacco Co. Ltd. AIR 1986 Delhi 145 , where the Delhi High Court held that the non-user of the registered trade mark registered in India on the part of the plaintiff was not due to any intention on its part to abandon its rights in relation to the registered Trade Marks, but was due to a special circumstance, namely, import restriction imposed by the Government of India on cigarettes, for which the plaintiffs could not be blamed. Reiterating the test laid down in its earlier judgment in Wearwell Cycle Co. (India) Limited Vs. Wearwell Industries and Another, , the High Court pointed out that the question of balance of convenience was relevant only when, at least prima facie, "the two parties were on the same level and their rights were about equal". In my view, neither are there any special circumstances, nor are the parties in a situation of

being near-equal, so as to invoke consideration of balance of convenience in the present case.

36. The next contention urged by the learned counsel for the first defendants is, perhaps, the main plank of his arguments. He placed strong reliance on the Agreement dated 22nd August, 1986, between the plaintiffs and Shivaram Ratanlal Garodia. Under this and similar agreements, Garodia were given the right of permitted user of the trade mark registered in Clause 12 of the Fourth Schedule to the Trade and Merchandise Rules, 1959, in respect of, inter alia, rubber tubes for cycle tyres, without any limit as to the period of time, but subject to the termination clause. Clause 21 of the Agreement provides that the user shall be entitled to use the said trade mark on the said goods "through a firm wherein he is a partner and the term "user" herein shall apply mutatis mutandis to the firm in which the user is a partner". The execution of such agreement by the plaintiffs is not denied by them. It is also not disputed that the persons, who were given such right of permitted users of registered trade marks, were partners of three firms trading in the names and styles of Nippon Rubber, Nissan Rubber and Atul Rubber. It is contended that these three registered users of the trade marks were free to use the trade mark through any one, and the three firms were consequently entitled to use the registered trade mark "Bedrock" upon their goods by virtue of the permitted user agreements. The first defendants are exclusively doing the business of selling tyres and tubes manufactured by the above three firms, on which they are entitled to affix the trade mark "Bedrock", by virtue of their being permitted users. In these circumstances, contends Mr. Rahimtoola, the plaintiffs can claim no exclusive right for using the trade mark, since they have not entered into any restrictive covenant with the permitted users that all goods manufactured by them must necessarily be re-sold to or sold through the plaintiffs. In short, the contention is that any trader, who exclusively sells the goods bearing a registered trade mark, has the right in law to adopt a trade name which could include the said trade mark, and that such adoption would not amount to infringement, or passing off. Mr. Rahimtoola was not able to cite any authority for the proposition propounded, which I find somewhat startling. The consequences of accepting this proposition would mean that the registered proprietor would be at the mercy of anyone who sells the goods bearing his trade mark. In a situation like the present, where the businesses are overlapping, the trade channels are almost identical and the family background is conspicuous, I am of the view that there would be an inherent likelihood of confusion in the minds of the public that not only that the goods, which emanate from the first defendants, are "Bedrock" goods, but also further that the first defendants' business is somehow intimately connected with the plaintiffs", either as a branch, agency or otherwise. There is also the danger, as rightly emphasized by the plaintiffs, that any act or omission of the first defendants would have deleterious repercussion on the credit, reputation and goodwill of the plaintiffs themselves. For example, if the first defendants were to commit an act of insolvency or do any act which tarnishes their reputation in the

market, there is imminent likelihood of people jumping into the confused conclusion that the plaintiffs had committed an act of insolvency or that they had done something objectionable. I am, therefore, unable to accept the contention of the first defendant that, by their purportedly selling exclusively "Bedrock" goods, they are entitled to adopt the word "Bedrock" as a part of their company name or trading style. That they have done so is not really disputed. In my view, therefore, there is both infringement and passing off action, *prima facie*.

37. Though Mr. Rahimtoola cited the authority of the English Court in *Baume and Co. Ltd. v. A. H. Moore Ltd.* 1957 RPC 459, as having accepted and laid down the proposition so strenuously contended by him, this judgment of learned single Judge was expressly overruled by the Appeal Court in its judgment reported in (1958) 9 RPC 226. The Appeal Court affirmed the finding of the trial Judge that there was no infringement within the meaning of the Trade Marks Act, but reversed the finding on the issue of passing off. Mr. Rahimtoola emphasized the observation of the Appeal Court also on the issue of infringement. He points out that S. 8(a) of the English Act is to the same effect as S. 34 of the Indian Act and constituted an exception to the right of the registered proprietor to exclusively use the trade mark in respect of the goods for which it is registered. He points out that, as long as a "person" (which expression could conceivably include a juristic person like a company) *bona fide* uses his own name in its business, he cannot be restrained from doing so merely because a part of his name happens to be the registered trade mark of another firm. It is true that, as stated herein earlier, S. 34 of the Trade and Merchandise Marks Act is an exception to the general rule in S. 28. But, before giving the benefit of this exception to a defendant, the Court must be sure that the defendant had adopted the offending name "*bona fide*" and honestly. The Appeal Court's Judgment in *Baume's* case emphasises this aspect of the matter and says :

"Danckwerts, J., said that he understood that "*bona fide*" normally "means the honest use by the person of his own name, without any intention to deceive anybody or without any intention to make use of the goodwill which has been acquired by another trader"; and in that sense he acquitted the Defendants of any want of *bona fides* in the present case. We agree with the learned Judge's definition of the term "*bona fide*" and we see no reason to attribute a different or special meaning to the phrase in its context in S. 8."

Do the circumstances on record, at least at this stage, indicate that the adoption of the word "Bedrock" as a part of the first defendants' corporate name was "*bona fide*" and honest, or do they show that it was adopted dishonestly so as to cash in on the goodwill and reputation attached to the said trade mark? At this stage at least, *prima facie*, I am of the view that the first defendants did not adopt the word "Bedrock" as a part of their corporate name *bona fide* and honestly. The material on record lead me to this conclusion. The Diwali Greetings card at Exhibit "O" of the plaint (which was admittedly sent as a part of maintaining business relations) was sent under the name "Bedrock Group". On

the card the names of all companies, including those of the plaintiffs and the first defendants, were put in close juxtaposition. In my view, this was done deliberately with an intention to produce an impression upon the readers that the first defendants belong to a group of companies called "Bedrock Group". This, at least, appears to be the discernible intention of the persons, who sent the Diwali Greetings card. It is not disputed that the Diwali Greetings cards were sent by Vimal Kumar and Santosh Kumar Poddar, two of the Promoters and Directors of the first defendant-company. At this stage at least, the intention was to hold themselves out as a part of the "Bedrock Group".

38. The conduct of the first defendants when they came to adopting the corporate name by applying to the Registrar of Companies, also does not show bona fides. Exhibit "A" is the original of the Form No. IA filed with the Registrar of Companies, Maharashtra, dated 1st April, 1991. Against Column 2, it is indicated that the proposed name of the company would be "Bedrock Sales Corporation Ltd.". Against Column 5, it is indicated that the main objects of the proposed company would be "to carry on business of marketing, distribution, sales of goods and merchandise" -- a description, which is delightfully vague. Against Column 7, which requires information on "particulars of the names and situations of the registered offices of other companies in the same group or under the same management", originally, the words "Bedrock Ltd." were typed, which appear to have been effaced by white erasing fluid and words in ink "Not applicable" overwritten thereupon. At the foot of the original application form, the words "Note : Bedrock is a distinct word used for special identity -- (significance) purpose" are also scribed in ink. If the first defendants had any bona fide intention to adopt the word "Bedrock" as a part of their name, then, they ought to have indicated that they formed a part of the "Bedrock Group" of companies and indicated the names of the constituents thereof. Admittedly, the plaintiffs were a part of the said group, and they would have been issued a notice and heard before the first defendants' proposed name was allowed by the Registrar of Companies. The attempt to obfuscate is writ large not only upon the face of the original application form, but also otherwise upon their conduct. Having held out that the first defendants were a part of the "Bedrock "group of companies, at the time of issuing out Diwali Greetings cards to business associates, it did not lie in their mouth to tell the Registrar that Column 7 was "Not applicable", meaning thereby that they did not form part of a group of companies. These tell-tale circumstances also belie the stand taken by Mr. Rahimtoola that the plaintiff-company is a glorified partnership, of which the Directors and promoters, Santosh Kumar and Vimal Kumar Poddar, must be considered partners. If this was the stand, then, one would have expected greater candour on the part of the first defendants. The circumstances put together leave an impression on the mind of the Court that the word "Bedrock" was not adopted bona fide as a part of the name of the first defendant-company, but was merely an attempt to throw dust into the eyes of the Registrar of Companies.

39. In this connection, my attention was invited to the guiding instructions incorporated in the circulars, issued by the relevant Department of the Government of India, for the information and guidance of the Company Registrar on the subject (see pp. 184 to 187 of Ramaiya's Guide to the Companies Act, Twelfth Edition, 1992). Guideline (12) provides that, if the proposed name includes the name of a registered trade mark, then, such a name should not be permitted to be registered as the name of a company "unless the consent of the owner of the trade mark has been produced by the promoters". Guideline (13) provides that, if a name is identical with or too nearly resembles, the name of which a company in existence has been previously registered, then also, such name ought not to be permitted. Column 7 of the Form is, therefore, so designed as to elicit information from an applicant on this vital aspect of the matter. I am afraid that, in the present case, the conduct of the first defendants in filling up Form IA shows neither candour, nor bona fides.

40. There is no rationally acceptable explanation forthcoming from the first defendants as to why they decided to adopt the word "Bedrock" as a part of their corporate name. The only explanation, which has been oft-repeated, is that the first defendants have been doing and intend to do, business only in "Bedrock" goods, bearing the trade mark "Bedrock", and, therefore, they bona fide thought that they were entitled to adopt the said trade mark as a part of their corporate name. Per se, the explanation does not jell; taken in conjunction with the surrounding circumstances, the explanation does not hold water. I am, therefore, of the view that adoption of the word "Bedrock" as a part of the first defendants' corporate name was neither bona fide, nor honest, but was intended to cash in on the reputation and goodwill attached to the registered trade marks of the plaintiffs. Consequently, the first defendants cannot avail of the exception in S. 34 of the Trade Marks Act.

41. Mr. Rahimtoola then contended that Santosh Kumar Poddar has filed an application with the Registrar, in his capacity as a shareholder of the second defendants, for holding that the plaintiffs are not entitled to be the registered proprietors of the trade mark, as the assignment of the proprietary rights in the said trade mark by the second defendants to the plaintiffs is invalid. Whatever the worth of the said application, it is not possible to accept the contention that such an application can prevent the registered proprietor from asserting his rights as registered proprietor of the trade mark under S. 28 of the Act as long as the trade mark continues on the register. The short answer to the contention is contained in the judgment of Justice Vimadalal of this Court in *Hindustan Embroidery Mills Pvt. Ltd. v. K. Rayindra and Co.* (1974) 76 Bom LR 146, wherein the learned Judge pointed out that it is not the practice of this Court to consider the validity of the registration of a trade mark on a motion for interlocutory injunction taken out by the person who has got the mark registered in his name. While a mark remains on the register (even wrongly), it is not desirable that others should imitate it. I am unable to accept the contention that the pendency of the rectification application prevents the plaintiffs from exercising the

statutory rights under the Trade Marks Act or from seeking interim reliefs based thereupon.

42. Mr. Rahimtoola relies on a judgment delivered by me in *Alkam Laboratories Pvt. Ltd. v. Alchem (India) Ltd.* (Judgment dated 27th November, 1990, in Notice of Motion No. 3028 of 1988 in Suit No. 3198 of 1988). With the help of Mr. Rahimtoola, I have carefully read this judgment, and I do not think that this judgment, in any way, helps the first defendants. This was a case where, despite similarity of registered trade mark and corporate name, the products to be said by the two companies, type of customers, trade channels of distribution were so desperate that the Court took the view that there was no likelihood of confusion at all. I am prima facie satisfied that the material on record, does indicate that there is such likelihood of deception and/or confusion.

43. Finally, Mr. Rahimtoola relies upon the judgment of the Punjab and Haryana High Court in *Raj Sons and Another Vs. Bombay Dyeing and Manufacturing Co. Ltd. and Another*, . This was case of a dealer exclusively dealing in the goods of Bombay Dyeing and Manufacturing Co. Ltd., who put up pointed sign boards containing the words "Bombay Dyeing" largely on the premises, on his letterheads, cash memos and other business documents. On a suit filed by the Bombay Dyeing and Manufacturing Co. Ltd. to restrain him on the ground of passing off, the trial Court accepted the Commissioner's report that the trader had indulged in a kaleidoscopic display of different types of sign boards at different times of the day on the different business premises, like the shop or godown, and that some of these sign boards had been painted on cloth and were used to cover up the regular sign boards more prominently installed on the establishment, giving unnatural prominence to the words "Bombay Dyeing" on the sign boards so as to create the impression in the minds of the public that most of the goods being sold in the shop were the goods manufactured by the plaintiffs, Bombay Dyeing and Manufacturing Co. Ltd. The plaintiffs were, therefore, held entitled to an injunction. On appeal by the defendants, the High Court held that the names of the other concerns, whose goods were available at the shop, had not been given on the sign boards, and that a different view could have been taken if the defendants had been displaying the names of all the manufacturers, whose goods they were selling at the shop, without any undue prominence having been given to the words "Bombay Dyeing", and, further, that the allegation about passing off and violation of trade name could not be described to be absolutely without any basis. Pressing into service the observations made by the High Court, Mr. Rahimtoola contended that a "different view" should be taken in the case of the first defendants, because they are self-professed dealers exclusively of "Bedrock" trade mark goods. I am afraid that the situation does not resolve itself into such a simple matrix. The circumstances of this case indicate much more than over-enthusiasm or excessive zeal in advertising the brand of goods dealt in by the first defendants; there is more than meets the eye.

44. In my judgment, the circumstances, prima facie, do indicate an attempt to usurp the reputation and goodwill attached to the word "Bedrock", which forms part of the registered trade mark of the plaintiffs. I am not prepared to hold that the first defendants have made out a case under S. 34 of the Trade and Merchandise Marks Act so as to be entitled to the benefit of the exception contained therein.

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. Vs. Khosla Extrakting Ltd. and Others, , 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, docs not preclude the plaintiffs from bringing an action for infringement of their registered trade mark and/or passing off.

46. In the result, I hold that the first defendants, by adopting the word "Bedrock" as a part of their corporate name, have infringed the registered trade marks, of which the plaintiffs are the registered proprietors. I also hold that the said action of the first defendants amounts to passing-off of the first defendants' business or trade as that of the plaintiffs' business or trade. The plaintiffs are entitled to interim reliefs.

47. Mr. Chagla, learned counsel appearing for the plaintiffs, criticizes the undertaking dated 20th July, 1992, given by Santosh Kumar Poddar, a Director of the first defendants, as wholly insufficient and liable to be rejected. He points out that this is not an undertaking on behalf of the first defendants, in that it is not backed by any resolution of the Board of Directors of the first defendants. It is also not stated to be on behalf of the first defendants, and, therefore, this does not allay the apprehension the plaintiffs have. Considering the Objects Clause of the Memorandum of Association of the first defendant-company, though the first defendants might not have manufactured any goods containing the name "Bedrock" till today, it would leave them free to do so at any time in future. Similarly, they would be free to sell the goods manufactured by some person other than the plaintiffs, and, thereafter, sell them under the name "Bedrock". He contends that, in a quia timet action like the present, it is permissible for the Court to grant relief presently to prevent injury in future. There appears to be justification for the grievance made out with regard to the undertaking. In any event, if the first defendants have no intention of manufacturing or selling goods other than those of the plaintiffs and their permitted users, bearing trade mark "Bedrock", I see no prejudice caused to the first defendants, if they are restrained from infringing the plaintiffs' trade marks.

48. In the result, the following orders are passed :--

The Notice of Motion is made absolute in the following terms :

(a) that, pending the hearing and final disposal of the suit, the first defendants, by themselves, their servants and agents are restrained by an order and injunction of this Court -

(i) from infringing the plaintiffs' registered trade marks (Exhibit "A" to the plaint) and/or passing off the first defendants' business as and for the business of the plaintiffs by the use of the word "Bedrock" as part of the first defendants' corporate name; and

(ii) from infringing the plaintiffs' registered trade marks and/or passing off goods manufactured by anyone other than the plaintiffs, or their permitted users, by use of the word "Bedrock" in connection with such goods,

(b) The above injunction in terms of prayer (a) (i) is suspended for a period of 8 weeks from today, to enable the first defendants to take steps to have their corporate name changed by adopting appropriate legal proceedings.

49. Ms. Wandrewala, learned counsel for the first defendants, orally applies for stay of the other injunction for the purpose of going in appeal. I see no reason to do so, in view of the undertaking given by Santosh Kumar Poddar dated 20th July, 1992. Application rejected.

50. Costs shall be the costs in the cause. Certified copy expedited.

51. Notice of motion made absolute.