

(2011) 04 BOM CK 0125

In the Bombay High Court

Case No : Notice of Motion No. 438 of 2010 in Suit No. 370 of 2010

Surat Goods Transport P. Ltd. and Others	APPELLANT
Vs	
Total Logistics India Pvt. Ltd.and Others	RESPONDENT

Date of Decision : 26-04-2011

Acts Referred:

Trade Marks Act, 1999 — Section 34, 48

Citation : (2011) 4 ALLMR 671 : (2012) 2 BomCR 406 : (2011) 5 MhLj 53 : (2011) 47 PTC 386

Hon'ble Judges : D.Y. Chandrachud, J

Bench : Single Bench

Advocate : Virag Tulzapurkar, H.T. Engineer and Madhuri Sakpal, instructed by Thodur Law Associates, for the Appellant; Manish Saurastri, Rahul Dhole, instructed by Krishna and Saurastri Associates, for the Respondent

Final Decision : Dismissed

Judgement

D.Y. Chandrachud, J.—The motion for interim relief arises in a suit for infringement and passing off.

2. The First Plaintiff is a proprietor of a registered trade mark. The mark comprises of a logo of a globe superimposed on a stylized letter "S" with a slogan, "Making Things Happen" inscribed in a distinctive font between two bold stripes of blue and red colour underlining the name of the First Plaintiff. The First Defendant is a Company incorporated under the Companies" Act, 1956. The Second, Third and Fourth Plaintiffs and the Second and Third Defendants are closely related. The Second Defendant is the son of the Second Plaintiff. The Third Defendant is the son of the Second Defendant. Plaintiffs 2 to 4 and Defendants 2 and 3 were initially together in the business of the First Defendant. In 2008, disputes and differences arose between Plaintiffs 2 to 4 and the members of their family on the one hand and Defendants 2 and 3 and their family on the other hand. The disputes stood resolved upon the passing of a consent award dated 26 May 2008 in arbitral proceedings between the parties.

3. The First Plaintiff initially came before the Court with the case that it has been in continuous use of the trade mark in question since 2003⁰⁴, prior to its registration in 2008. The turnover of the First Plaintiff for the period ending March 2004 onwards has been disclosed in paragraph 4 of the Plaint. Subsequently, the Plaint has been amended so as to claim that the First Plaintiff has been in continuous use of the mark since 2000⁰¹. The mark has been registered on 25 July 2007 with effect from 11 October 2005. According to the Plaintiffs, the First Plaintiff had permitted the First Defendant to use the mark after the incorporation of the First Defendant in 1998. Plaintiffs 2 to 4 and Defendants 2 and 3 were initially carrying on business of both the First Plaintiff and the First Defendant until a severance was brought about by the arbitral award which is noted earlier. Upon the award, the First Plaintiff was allotted the group comprising of Plaintiffs 2 to 4 and accordingly, Defendants 2 and 3 resigned from the First Plaintiff and transferred their shareholdings to Plaintiffs 2 to 4. Similarly, the First Defendant was allotted the group comprising of Defendants 2 and 3 and Plaintiffs 2 to 4 resigned as Directors of the First Defendant and transferred their shareholdings to the Second and Third Defendants. The First Plaintiff and the First Defendant, upon the severance brought about by the arbitral award ceased to have a common business interest as evidenced by the changed shareholding pattern and the cessation of common Directors. The case of the Plaintiffs is that after the arbitral award, they had orally informed the Defendants that they were no longer permitted to use the mark of the Plaintiffs and had called upon them to cease and desist from doing so. On 20 July 2009, an article was published in the print media claiming that the First Plaintiff had been named as "Total Logistics (India) Pvt. Ltd." By a notice dated 31 July 2009, the Plaintiffs called upon the publisher to rectify that statement and accordingly the article was rectified.

4. According to the Plaintiffs, the First Defendant has continued to use its registered mark thereby leading to infringement and passing off. Reliance has been placed *inter alia* on the website of the First Defendant. A notice was issued to the Defendants on 24 December 2009 after which the suit has been lodged both for infringement and passing off.

5. On behalf of the Plaintiffs, it has been submitted that: (i) The Plaintiffs are proprietors of the mark and the First Plaintiff had used the mark since 2000⁰¹; (ii) The Plaintiffs had granted an oral licence to the First Defendant to use the mark. The licence has been orally revoked upon severance of relations brought about by the arbitral award; (iii) The proprietary interest of the Plaintiffs in the mark cannot be disputed since the mark has been registered; (iv) Subsequently, the Plaintiffs have obtained registration of a part of the mark after the severance of status which has not been opposed; and (v) The use of the mark by the First Defendant was not on its own independent right but as a permitted user by the Plaintiffs.

6. Affidavits in reply have been filed on behalf of the Defendants. The defence

broadly stated is that: (i) The claim of the Plaintiffs of having permitted the First Defendant to use the mark is false and no document has been produced in support thereof; (ii) The First Defendant was incorporated in 1998 and has an extensive business whose turnover has grown from Rs. 11 crores in 2004 to Rs. 38 crores in 2009; (iii) The use of the mark by the First Defendant is much prior to the registration of the mark by the First Plaintiff; (iv) The First Defendant has applied for the registration of the mark on 5 July 2004 much prior to the registration of the mark by the First Plaintiff; (v) The Plaintiffs were aware of the rights of the Defendants in the mark and have acquiesced in the use of the mark which was to their knowledge. In a subsequent affidavit in reply dated 16 March 2011, the Defendants have relied upon several documents purportedly of the First Plaintiff dating back to 2001 in which the logo used is different from the logo in which the Plaintiffs now claim a proprietary interest.

7. On behalf of the Defendants Counsel submitted that: (i) Both the First Plaintiff and the First Defendant were at all material times, prior to the arbitral award, Companies which were jointly run by the group of the Plaintiffs and the Defendants; (ii) Parties never intended to make the logo exclusive to one Company in the group; (iii) By an application dated 5 July 2004, which was signed by the Third Plaintiff, registration was sought of the very same logo in favour of the First Defendant; (iv) The First Defendant is using the mark since 2001 and to establish this, prima facie, at the interlocutory stage, a compilation has been filed containing inter alia an invoice of 2001 and the balance sheet for 200102 which used the same logo; (v) All the documents which have been produced by the Plaintiffs are seriously in dispute. Inspection has not been furnished. Originally the First Plaintiff set up the case that it has used the mark from 200304. The Plaint was subsequently amended to plead a use from 200001 to get over the case of the Defendants; (vi) As a prior user in its own independent right, the First Defendant is entitled to the benefit of the defence u/s 34 of the Trade Marks Act, 1999.

8. From the material before the Court, it is evident, prima facie, that prior to 2008, both the groups representing the Second, Third and Fourth Plaintiffs and the group representing the Second and Third Defendants were in joint management of several Companies, including among them, the First Plaintiff and the First Defendant. The Third Plaintiff had, as a matter of fact, submitted an application for the registration of the mark in the name of the First Defendant on 5 July 2004. The foundation of the case of the Plaintiffs is that the First Defendant was permitted to use the mark by the Plaintiffs prior to the severance of status brought about by the arbitral award. According to the Plaintiffs, an oral licence was granted which was revoked, again orally, after the arbitral award. At this stage, prima facie, it is not possible to accept the contention of the Plaintiffs. If indeed the First Defendant was using the mark only as a permitted user, that would not be consistent with the application that was submitted for the registration of the mark in the name of the First Defendant on 5 July 2004. Significantly, the Third Plaintiff was a signatory to the application. The next

aspect of the case which merits emphasis is that the Defendants have produced material on record in support of their contention that the First Defendant had used the mark since 2001. The compilation of documents before the Court includes an invoice dated 31 August 2001, a copy of the balance sheet for 200102 and an employment letter of 17 April 2003; all of which bear the logo. The Defendants have produced on record certain documentary material in support of their submission that in 2001 and 2003, the logo which was used by the Plaintiffs was different from the logo in which the Plaintiffs now claim a proprietary interest. The Plaintiffs contend, in response, that it is quite possible that a different logo may have been utilized by the officers of the Plaintiffs to avoid wastage of stationery printed with an earlier logo. The Plaintiffs have relied upon a balance sheet of 200102 which purports to bear the logo in dispute. These are evidentiary matters. The authenticity of the documents would have to be established at the trial of the suit. At this stage, the material on the record would prima facie indicate that the First Defendant used the mark much prior to the registration of the mark by the First Plaintiff and thereafter. The case of the Plaintiffs is that the use of the mark by the First Defendant is as a permitted user of the Plaintiffs within the meaning of Section 48 of the Trade Marks Act, 1999. Both the alleged permission and its revocation are according to the Plaintiffs, oral. That is again a matter which the Plaintiffs would have to establish at the trial. One of the circumstances which at the prima facie stage must weigh against accepting the case of the Plaintiffs is the fact that on 5 July 2004, the Third Plaintiff had signed an application for the registration of the mark by the First Defendant. Both the First Plaintiff and the First Defendant were at the material time conducted and managed together by the two groups. It was only as a result of the arbitral award of 26 May 2008, that a separation of the management of companies was brought about. The arbitral award does not assign a proprietary interest in the mark to any specific company or entity in the groups. Prima facie, the First Defendant having used the mark prior to the registration of the mark by the First Plaintiff, a defence u/s 34 has been established. This is, however, only a prima facie finding at the interlocutory stage.

9. Counsel appearing on behalf of the Plaintiffs has relied upon the judgment of the Supreme Court in *M/s. Gujarat Bottling Co. Ltd. and others Vs. Coca Cola Company and others*, in support of the submission that the Trade Marks law does contemplate a licensing of a trade mark to be governed by common law. Similarly, reliance has been placed on the judgment in *Power Control Appliances and Others Vs. Sumeet Machines Pvt. Ltd.*, in support of the principle of law that there can be only one mark, one source and one proprietor. Reference has been made to a judgment of the Single Judge in *Indian Shaving Products Ltd. v. Gift Pack* 1998 PTC (18). in support of the submission that a licence can be oral. These principles of law are well settled. The question which has arisen in the motion is whether the Plaintiffs have been able to establish their case that there was an oral licence which was granted to the First Defendant for the use of the mark as a permitted user which was revoked subsequently by an oral

termination. For the reasons already indicated, that case of the Plaintiffs cannot, prima facie, be accepted.

10. Consequently, there is no merit in the motion. The motion shall accordingly stand dismissed.