

* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

Date of decision: 20th September, 2011.

+ **W.P.(C) 2102/2011, CM No.4479/2011 (for stay) & CM No.8201/2011 (for vacation of stay)**

% **INTERNATIONAL TRADE AND EXHIBITIONS INDIA
PRIVATE LIMITED****Petitioner**

Through: Mr. Rajiv Nayyar & Mr. Rajeev
Virmani, Sr. Advocates with Mr.
Vikas Mehta & Mr. Avinash
Wadhvani, Advocates.

Versus

REGIONAL DIRECTOR NORTH & ANR. **Respondents**

Through: Ms. Neeru Sharma, Adv. for R-2.

CORAM :-

HON'BLE MR. JUSTICE RAJIV SAHAI ENDLAW

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| 1. | Whether reporters of Local papers may
be allowed to see the judgment? | yes |
| 2. | To be referred to the reporter or not? | yes |
| 3. | Whether the judgment should be reported
in the Digest? | yes |

RAJIV SAHAI ENDLAW, J.

1. The petition impugns the order dated 21st January, 2011 of the
Regional Director, Northern Region, Ministry of Corporate Affairs, Govt. of

India made in exercise of powers under Section 22 of the Companies Act, 1956 and directing the petitioner, registered as a company in the name of “M/s International Trade and Exhibitions India Private Limited” to change its name as per procedure prescribed under the Act, within three months of the order.

2. This Court vide *ex parte* order dated 29th March, 2011 while issuing notice of the petition stayed the order impugned in this petition. The respondent no.2 ITE India Private Limited on whose application the order aforesaid came to be made has applied for vacation of the *ex parte* interim order. The counsel for the respondent no.2 has stated that the application for vacation of interim order be read as the counter affidavit of the said respondent. The counsels have been heard.

3. The respondent no.2 was incorporated on 19th April, 1994 under the provisions of the Act.

4. The petitioner company was incorporated on 29th January, 2004 in the name of India Exhibition Management Private Limited. It thereafter on 17th February, 2006 changed its name to Expomedia Events India Private

Limited; it yet again on 12th July, 2010 changed its name to the present name of International Trade and Exhibitions India Private Limited.

5. The respondent no.2 company on 3rd September, 2010 filed an application under Section 22 of the Act to direct the petitioner to change its name. It was the case of the respondent no.2 that since the full form of the abbreviation “ITE” in the name of the respondent no.2 was also “International Trade and Exhibitions” and further since both respondent no.2 and the petitioner were in the same business of Events, Conventions, Conference, Exhibition Organization and Management since 1994 and the respondent no.2 had acquired tremendous reputation and goodwill in the market of its services and had also got its trademarks “ITE India” and “ITE” registered on 14th August, 2006 and 5th February, 2007 respectively and yet further since the changed name of the petitioner was identical with or too nearly resembles the name of the respondent no.2, the petitioner should be directed to change its name.

6. The petitioner contested the aforesaid application of the respondent no.2 contending that there was a wide difference in the names of the

petitioner and the respondent no.2 and that the parent company of the petitioner had been using the name “International Trade and Exhibitions”, internationally.

7. The respondent no.2 rejoined pleading that the respondent no.2 being the prior user in India of the words “International Trade and Exhibitions” and having earned goodwill and reputation in the market of its services, was entitled to the direction to the petitioner to change its name.

8. The Regional Director in the order impugned in this petition, held:

- (i) It to be an admitted fact that the respondent no.2 was the prior user of the marks “ITE” and “ITE India” and which were abbreviation of “International Trade and Exhibitions” and the registered owner of the said trademark since 2006 and 2007 in clause 16 and 35;
- (ii) The respondent no.2 was using the words “International Trade and Exhibitions” below its abbreviated name since 1994;
- (iii) That the respondent no.2 had acquired tremendous

amount of goodwill and reputation in the market for its services and had established a brand image in the business of Events, Conventions, Conferences, Exhibition Organization and Management;

- (iv) That the petitioner had started operation in India with the new name of International Trade and Exhibitions India Private Limited only in July, 2010;
- (v) That no prejudice shall be caused to the petitioner if it were to change its name;
- (vi) That merely because 70% of the shares of the petitioner were held by a UK Company did not entitle the petitioner to infringe the right of an existing company in India;
- (vii) That as per the Departments' Guidelines for availability of names issued by the Ministry of Corporate Affairs also, a name which resembles closely the popular or abbreviated description of important companies like TISCO (Tata Iron and Steel Company Limited), HMT (Hindustan Machine

Tools) etc. could not be adopted for incorporation and which results in exploitation of names, even though they have not been registered as trademark.

Accordingly, the petitioner was directed to change its name.

9. Though the senior counsels for the petitioner have contended that the order impugned is in violation of the principles of natural justice, the petitioner having been deprived of an opportunity of proper hearing and of presenting documents sought to be filed and that rather it is the respondent no.2 who is attempting to usurp the name “International Trade and Exhibitions” internationally belonging to the corporate group to which the petitioner belongs, but in my view the petition is entitled to succeed on interpretation alone, of the provisions of Section 22 of the Act.

10. Section 20(1) of the Companies Act prohibits registration of a company by a name which in the opinion of the Central Government is undesirable. Section 20(2) provides that a name which is identical with or too nearly resembles, the name by which the company in existence has been previously registered or a registered trademark or a trademark which is

subject of an application for registration of any person under the Trademarks Act, 1999, is an undesirable name.

11. However to provide a remedy against the company which has obtained registration in an undesirable name, Section 22 provides as under:

“22. Rectification of name of company—

(1) If, through inadvertence or otherwise, a company on its first registration or on its registration by a new name, is registered by a name which,—

(i) in the opinion of the Central Government, is identical with, or too nearly resembles, the name by which a company in existence has been previously registered, whether under this Act or any previous companies law, the first-mentioned company, or

(ii) on an application by a registered proprietor of a trade mark, is in the opinion of the Central Government identical with, or too nearly resembles, a registered trade mark of such proprietor under the Trade Marks Act, 1999, such company,—]

(a) may, by ordinary resolution and with the previous approval of the Central Government signified in writing, change its name or new name; and

(b) shall, if the Central Government so directs within twelve months of its first registration or registration by its new name, as the case may be, or within twelve months of the commencement of this Act, whichever is later, by ordinary resolution and with the previous approval of the Central Government signified in writing change its name

or new name within a period of three months from the date of the direction or such longer period as the Central Government may think fit to allow:

1. [Provided that no application under clause (ii) made by a registered proprietor of a trade mark after five years of coming to notice of registration of the company shall be considered by the Central Government.]

(2) If a company makes default in complying with any direction given under clause (b) of sub-section (1), the company, and every officer who is in default, shall be punishable with fine which may extend to [one thousand rupees] for every day during which the default continues.”

12. The test to be applied by the Central Government while exercising powers under Section 22 thus is “identical with or too near resemblance” with the name by which a company in existence has been previously registered or with a registered trademark under the Trademarks Act.

13. It is not in dispute that the respondent no.2 company is registered as “ITE India Private Limited”. Similarly, the registered trademarks of the respondent no.2 also is “ITE India” and “ITE”. Neither in the registration of the respondent no.2 with the Registrar of Companies nor in the registered trademarks of the respondent no.2, the words “International Trade and Exhibitions” appear. It is however the case of the respondent no.2 that it has

been using the words “International Trade and Exhibitions” in conjunction with its name “ITE India Private Limited” and with its trademarks ITE and ITE India. The respondent no.2 along with its application has filed a number of documents to demonstrate so. However the words “International Trade and Exhibitions” used in conjunction with the registered name or with the registered trademarks do not become part of the registered name or the registered trademarks. The question which thus arises for consideration is whether the enquiry under Section 22 which the Central Government is empowered to undertake, extends to test of identical and too near resemblance with names though used, but not registered.

14. I am, on an interpretation of the Section 22, unable to hold so. Had the intent of the Legislature been to permit rectification of the name of the company when the same is identical with or too nearly resembles the name by which a company is known, as distinct from the name in which a company has been previously registered, nothing prevented the Legislature from providing so. Similarly, had the intent of the Legislature been to provide for rectification in cases where the name in which the company got

registered is identical with or too nearly resembles a trademark, irrespective of whether the same was registered or not, again nothing prevented the Legislature from stating so. However the Legislature having confined the test to be applied under Section 22 to that of identical with and too near resemblance with the registered name and the registered trademark, the scope thereof cannot be expanded to include unregistered names and unregistered marks. In this regard it may be noticed that Section 22 of the Companies Act was amended with effect from 15th September, 2003 in accordance with Section 158 of the Trademarks Act, 1999. Section 34 of the Trademarks Act, 1999 protects/save the rights in an unregistered trademark and action in law for violation whereof is known as an action for passing off. Thus while the Legislature in enacting the Trademarks Act, 1999 was conscious of rights in unregistered trademarks also, it did not while amending Section 22 vest any power in the Central Government to direct rectification for the reason of identical with or too resemblance with an unregistered name or mark.

15. I am even otherwise of the opinion that the power as has been vested in the Central Government under Section 22 of the Act is generally the power exercised by the Courts in relation to the names and marks. Such disputes are often highly contentious entailing questions of fact and law. The Legislature in its wisdom confined the power of the Central Government to registered names and marks only and did not extend inquiry into identical with and resemblance with unregistered names and marks. The reason is not far to fathom. While comparison with a registered name or mark does not generally require a detailed investigation, comparison with an unregistered name and mark required a detailed investigation and which the Central Government is not competent to do. It was perhaps for this reason that the power of rectification in Section 22 was limited to form an opinion as to identical with and resemblance with registered names and marks only.

16. The Central Government in the present case however has found the name of the petitioner to be identical with and too near resemblance with a name and mark which the respondent no.2 claimed to be using but which is not registered. The same as aforesaid is not permissible under Section 22.

The order impugned thus cannot be sustained.

17. Insofar as the reference in the impugned order to the Guidelines is concerned, though in my opinion the guidelines cannot be contrary to the statutory provision and if so have to be ignored (see *Comptroller & Auditor General of India v. Mohan Lal Mehrotra*, (1992) 1 SCC 20, *State of M.P. v. G.S. Dall and Flour Mills*, 1992 Supp (1) SCC 150, *Union of India v. Rakesh Kumar*, (2001) 4 SCC 309, *Dr. Rajinder Singh v. State of Punjab*, (2001) 5 SCC 482 & *Subhash Ramkumar Bind v. State of Maharashtra*, (2003) 1 SCC 506) but the said Guidelines known as “Departments’ Guidelines for deciding cases for availability of names” as available on the website of the Registrar of Companies, while referring to the General Circular No.24 dated 21st November, 2001 provides that a name in the category inter alia mentioned below will not generally be available:

“14. If it resembles closely the popular or abbreviated descriptions of important companies like TISCO (Tata Iron and Steel Company Limited), HMT (Hindustan Machine Tools), ICI (Imperial Chemical Industries), TEXMACO (Textile Machinery Corporation), WIMCO (Western India Match Company) etc. In some cases, the first word or first few words may be the key words and care should be taken that they are not exploited. Such words

should not be allowed even though they have not been registered as trademarks.

a. Where the existing companies are stated and found to be well known in their respective fields by their abbreviated names, these companies may be allowed to change their names, by way of abbreviation with the prior approval of the Regional Director concerned.”

and with reference to the Department Circular dated 16th February,

1995 *inter alia* provides:

“Even in the case of unregistered companies or firms who have built up a reputation over a considerable period, the principle (that if a name is identical with or too closely resembles the name by which a company has been previously registered and is in existence, it should not be allowed) should be observed as far as practicable. In view of the difficulty in checking up whether a proposed name is identical with or too nearly resembles the name of an unregistered company or a firm of repute, it should at least be ensured that a proposed name is not allowed if it is identical with or too nearly resembles the name of a firm within the knowledge of the Registrar. The cases of foreign companies of repute should also be similarly treated even if there are no branches of such companies in India.

Proposed Name	Existing Company too nearly resembling name
Hindustan Motor and General Finance Company	Hindustan Motor Limited
The National Steel Mfg.	National Steel Works

Co. Private Limited	
Trade Corporation of India Limited	State Trading Corporation of India Limited
Viswakaram Engineering Works Private Limited	Viswakaram Engineer (India) Private Limited
General Industrial Financing & Trading Co. Ltd.	General Financial & Trading Corporation
India Land & Finance Limited	Northern India Land & Finance Limited
United News of India Limited	United Newspaper Limited
Hindustan Chemicals and Fertilizer Limited	Hindustan Fertilizers Limited

18. However, the Guidelines aforesaid are for considering the availability of names i.e. under Section 20 of the Act and do not refer at all to Section 22 of the Act. The Registrar under Section 20 of the Act is entitled to refuse registration by a name which in the opinion of the Central Government is “undesirable”. Identity or resemblance with a name by which a Company is in existence and / or with a registered trademark is but one of the facets of “undesirable”. This is so evident from the commencement of Sub-Section (2) of Section 20 with the words “Without prejudice to the generality of the foregoing power.....” Thus a name may be undesirable even though not identical with or too nearly resembling the name of a Company in existence

or a registered trademark. What the guidelines aforesaid provide is that identity with or resemblance with a name resembling popular or abbreviated descriptions of important companies even though unregistered would fall in the category of undesirable. However, Section 22 while providing for rectification only provides for rectification of undesirable names falling within Section 20(2) and not of other undesirable names. The impugned order suffers from application of guidelines qua Section 20, to Section 22 when the scope of Section 22 is much narrower than of Section 20. Thus the test provided in the guidelines under Section 20 could not have been applied to a rectification proceedings under Section 22 when the Legislature has not deemed it appropriate to provide for rectification of undesirable names other than those covered by Section 20(2). The remedy against undesirable names falling in any category other than Section 20(2) is not under Section 22 but would be before the Civil Court.

19. The distinction between the nature of power under Section 22 and before a Civil Court was noticed as far back as in ***K.G. Khosla Compressors Ltd. Vs. Khosla Extrakting Ltd.*** AIR 1986 Delhi 181. It was held that the

jurisdiction of the Central Government under Sections 20 and 22 of the Companies Act and the jurisdiction of the Civil Court operate in two different fields and the Central Government has to act within the guidelines laid down under Section 22 of the Act, while there are no such limitation on the exercise of jurisdiction by the Civil Court. Similarly, the Division Bench of this Court in *Montari Overseas Ltd. Vs. Montari Industries Ltd.* ILR 1997 Delhi 64 also held that the remedy under Section 22 of the Companies Act does not supersede the common law remedy available to an aggrieved party; while the remedy for identity with a registered name/mark is under Section 22, that for restraining the defendant from passing off is before a Civil Court. The Division Bench of the Bombay High Court also in *Raymond Limited Vs. Raymond Pharmaceuticals Pvt. Ltd.* (2010) 44 PTC 25 noticed that the power under Section 22 of the Companies Act is confined to infringement of a registered trademark and not to passing off as available to the Civil Court.

20. The senior counsels for the petitioner have also invited attention to *Hira Lal and Sons (Export) P. Ltd. Vs. Union of India* (2005) 127 Comp.

Cas.904 where this Court noticed that Section 22 of the Act is different from an action of passing off and therefore the consideration in the cases of passing off could not be made the basis of a decision under Section 22 of the Act. Reference is also invited to ***CGMP Pharmaplan Pvt. Ltd. Vs. Regional Director, Ministry of Corporate Affairs*** (2010) 118 DRJ 155 but which merely relies upon ***Montari Overseas Ltd.*** (supra).

21. Else, I am unable to find any identity or resemblance between “ITE” or “ITE India” and “International Trade and Exhibitions”. The alphabets “IT” and “ITE” are today identified more as “Information Technology” and “Information Technology Enabled” than with “International Trade and Exhibitions”. It thus cannot be said that any case for exercising of powers for rectification under Section 22 was made out.

22. In the face of the aforesaid, need is not felt to enter into detailed discussion on the other argument raised of respondent no.2 being earlier the agent of the parent company of the petitioner in the name and style of International Trade and Exhibitions and in fact the respondent no.2 having hijacked the goodwill of the petitioner inasmuch as it is felt that any

observation here in that respect may affect such rights if agitated before other appropriate fora.

23. The petition therefore succeeds and is allowed; the order dated 21st January, 2011 of the Regional Director is set aside/quashed.

No order as to costs.

**RAJIV SAHAI ENDLAW
(JUDGE)**

SEPTEMBER 20, 2011

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(corrected and released on 13.10.2011)