

sg

IN THE HIGH COURT OF JUDICATURE AT BOMBAY

ORDINARY ORIGINAL CIVIL JURISDICTION

NOTICE OF MOTION (L) NO. 2584 OF 2014

IN

SUIT NO.1017 OF 2014

Euro Panel Products Private Limited & Anr. ...Applicants/Plaintiffs

vs

Eurobond Industries Pvt. Limited ...Defendant

.....

Mr. Virag Tulzapurkar, Senior Advocate, a/w. Mr. R. Gajria, i/b. Gajria & Co., for the Plaintiffs.

Mr. Ravi Kadam, Senior Advocate, a/w. Mr. Ashish Kamat, Mr. Rohan Kadam, Ms. Usha Chandrasekhar and Mr. Nakul Jain, i/b. Maniar Srivastava Associates, for the Defendant.

.....

CORAM : S.C. GUPTE, J.

Reserved on : 27 JANUARY, 2015

Pronounced on : 15 JUNE, 2015

JUDGMENT :

. This is a Motion for interlocutory reliefs in a trademark infringement and passing off suit.

2. The Plaintiffs' case may be briefly stated as follows :-

In or around 2002, Plaintiff No.2, then a private limited company, conceived of the marks “EURO”, “EUROBOND” and EURO device of a globe depicted within the letter 'U'. On 10 January 2003, it applied for,

and in due course obtained, registration of the EURO Device with the word **“EUROBOND”** written below the device as a trade mark in Class 6 in respect of aluminum composite panels. The registration of the mark has been subsequently renewed and is currently valid and subsisting. Over the years, Plaintiff No.2 has also registered various other EURO and EURO composite or combination marks such as Euro Standard (Label), Euro (Label), U Euro (label), Euro Whiteware (label), Euro Sanitaryware (Label), Euro Tile-o-bond, etc. in various classes such as Class 6, 11, 19 and 35. The EURO Device forming part of many of these trademarks also appears on the letterheads and visiting cards as also packaging materials of Plaintiff No.2 since 2003. Plaintiff No.2 claims to have acquired tremendous reputation and goodwill in the EURO marks by reason of extensive turnover and advertisement. The turnover of Plaintiff No.2 for the year 2013-2014 is claimed to be to the tune of Rs.7,662.85 lakhs. Plaintiff No.2 also claims to have entered into a trademark user licence agreement dated 31 March 2007 with one Neelam Metals, who has used the mark continuously since 2007 under the licence agreement for aluminum composite panels. It is the case of the Plaintiffs that on 29 July 2004, Plaintiff No.2 gave its 'no objection' to four individuals, who were part of the former's group, namely, Suresh D. Gala, Dhiraj D. Gala, Chintan D. Gala and Hiren R. Nandu, to incorporate a new company using the word EUROBOND as part of its trading name. The Defendant Company was, accordingly, incorporated by Suresh D. Gala and others in the name of “Eurobond Industries Private Limited”. A formal agreement dated 21 September 2006 was made between Plaintiff No.2 as owner of the mark “EURO” and the Defendant granting licence to use the word EURO as part of its corporate name, trading style and in respect of its products solely in connection with the Defendant's trading activities relating to manufacturing of Aluminum Panel Sheets on the terms and conditions

contained therein. (Plaintiff No.2 has also entered into similar name licence agreements with various other group companies.) The agreement *inter alia* provides that the Defendant shall use the name EURO and the logo forming part of the EURO Device only as approved by Plaintiff No.2. The agreement further provides that Plaintiff No.2 will be entitled to terminate the agreement forthwith upon there being a change in the shareholding or ownership pattern of the Defendant or in the voting powers of shares or other changes in the beneficial or legal ownership of the Defendant, which, in the sole and unfettered discretion of Plaintiff No.2 or its promoters, is prejudicial to the interest of Plaintiff No.2 or its proprietors. It is the Plaintiffs' case that in view of the change in the pattern of shareholding of the Defendant, Plaintiff No.2, by its letter dated 23 December 2013, terminated the name licence agreement dated 21 September 2006 with immediate effect and called upon the Defendant to discontinue the use of the corporate logo in any form and also to discontinue the use of the name "EURO" in any form, including as part of its corporate name, trading style, trading name, or upon its products and services, within sixty days. Plaintiff No.2 also issued through its attorneys a cease and desist notice to the Defendant with respect to its registered trademark "EUROBOND" (label). By its letter dated 29 January 2014, the Defendant in reply sought time till 30 June 2014 to exhaust their stock, packing material, stationery, etc. bearing the trademark and trade name EUROBOND and to complete the formalities with the Registrar of Companies, assuring Plaintiff No.2 that on and from 1 July 2014 they would totally discontinue the use of EUROBOND as a trademark as well as part of trade name and requested Plaintiff No.2 to waive their claim for damages and costs. Plaintiff No.2 agreed to grant time to the Defendant, as requested. Thereafter, by an Assignment Deed dated 16 May 2014, entered into between Plaintiff No.2 and Plaintiff No.1, Plaintiff

No.2 assigned the trademark EUROBOND (Device) registered in Class 6 along with goodwill to Plaintiff No.1 at or for a consideration and upon terms and conditions mentioned therein. Plaintiff No.1 thus claims to have become a subsequent proprietor of the trademark EUROBOND in Class 6. The Plaintiffs' application for recording of the said assignment in Form TM-23 is pending before the Registrar of Trade Marks. It is the Plaintiffs' grievance that contrary to the assurance given in its letter dated 29 January 2014, the Defendant addressed a letter dated 29 September 2014 to the Plaintiffs' Advocates, purportedly replying once again to the cease and desist notice of Plaintiff No.2 of 26 December 2013 claiming to have become proprietor of the mark EUROBOND, having acquired the right to the said mark along with goodwill from their predecessors-in-title, M/s. Gala and Gala Brothers, who, it was claimed, had adopted the mark in or around January 2003. Whilst admitting that the name EUROBOND was adopted by the Defendant as part of its trading name with express knowledge and consent of Plaintiff No.2, the Defendant nevertheless claimed to have acquired an independent right to the same. The Defendant alternatively claimed that the use of the mark EUROBOND for manufacturing and marketing of aluminum composite panels by the Defendant constitutes an honest and concurrent user of the mark EUROBOND by the Defendant. The Defendant, in the premises, denied having infringed the registered trade mark of the Plaintiffs or having committed any breach of the licence agreement dated 21 September 2006. The Defendant, in the premises, declared its intention to continue to use the mark EUROBOND, including the logo forming part of it. The Plaintiffs submit that such use constitutes not only an infringement of their registered trademark but also passing off of the Defendant's goods as the goods of the Plaintiffs. The Plaintiffs have, in the premises, approached this Court in an infringement and passing off

action and pray for an interlocutory injunction against the Defendant.

3. In its reply to the Notice of Motion, the Defendant accepts the business connection between the Defendant and Plaintiff No.2. The Defendant admits that both Plaintiff No.2 and the Defendant Company form part of the Euro group of companies; that the present Managing Director of Plaintiff No.2 was the Director of the Defendant Company during the years 2007 to 2012 and holds and continues to hold through himself and his family members 30% shareholding in the Defendant Company. It is the case of the Defendant that the mark EUROBOND was honestly and originally conceived in or around 2003 by the partners of Gala and Gala Brothers; that the mark had since been used by Gala and Gala in respect of composite aluminum panels; and that in or around 2004, the Managing Director of the Defendant along with his family members, including the partners of Gala and Gala, had promoted the Defendant Company. It is further claimed that whilst the plans of formation of the Defendant Company were underway, the Managing Director of the Defendant for the first time in or around 2012 learnt that Plaintiff No.2 had already procured registration of the EUROBOND logo with a globe comprised within the two arms of the alphabet U and the word EUROBOND split and appearing prominently over the alphabet U and the word EUROBOND appearing once again below the logo. It is the case of the Defendant that the logo mark EUROBOND so registered in the name of Plaintiff No.2 had never been used by Plaintiff No.2 since the application in 2003. It is the case of the Defendant that by way of an abundant caution, upon a request made by the promoters of the Defendant Company, Plaintiff No.2, pursuant to a board resolution of 2004, issued a no objection letter to the promoters of Defendant No.2 Company to apply for availability of name to the Registrar of Companies and thereafter

use the word EUROBOND as part of the Defendant's corporate name. The Defendant was, thereafter, incorporated on 13 August 2004. It is the case of the Defendant that by a deed of assignment dated 21 December 2005, the mark EUROBOND was assigned by Gala and Gala to the Managing Director of the Defendant along with goodwill in the mark and in the business of manufacture of aluminum composite panels. By a deed of assignment of the same date, the mark EUROBOND was in turn assigned by the Managing Director along with goodwill, etc. to the Defendant. It is the case of the Defendant that since December 2005, the Defendant has been involved in manufacture and trading of aluminum composite panels with the use of the mark EUROBOND. Thus, the Defendant claims to have acquired an independent right to the trade mark EUROBOND as part of their corporate name as also in respect of aluminum composite panels manufactured by them and used the mark EUROBOND in their independent capacity and not as a licensee of Plaintiff No.2. It is the Defendant's case that M/s. Neelam Metals is one of the distributors of the Defendant's products under the mark EUROBOND and, therefore, it is the Defendant who are the sole users of the mark EUROBOND both as a trading name and for their aluminum composite panels. As for the agreement for use of the logo mark EURO of 21 September 2006, the Defendant claims that similar licence agreements were entered into by Plaintiff No.2 with the rest of the group companies, including the Defendant, since all were using the common EURO logo as a house mark. In other words, the Defendant contends that the licence agreement was entered into in good faith. It is, however, submitted that the agreement does not make any reference to the mark EUROBOND, which belongs to the Defendant alone.

4. Thus, in a nutshell, the Plaintiffs' case is that Plaintiff No.2, who

forms part of EURO Group of Companies, is a registered proprietor of both the EURO mark as well as the EUROBOND mark; as a group company, the Defendant was allowed to use the trade marks EURO and EUROBOND as part of its trade name and also for use in connection with its goods; the licence was duly terminated; and in view of such termination, there is no right in the Defendant to use the marks of EURO or EUROBOND. On the other hand, the Defendant's case is that Plaintiff No.2 has never used the trade mark EUROBOND; the licence agreement purportedly entered into by Plaintiff No.2 with the Defendant was in good faith; the Defendant, however, acquired ownership of the mark EUROBOND independently of Plaintiff No.2 and is entitled to use it in its own right. Now Plaintiff No.2 is admittedly the registered proprietor of the EUROBOND mark in class 6 in respect of aluminum composite panels. *Prima facie*, the use of the mark EUROBOND by the Defendant constitutes an act of infringement unless the Defendant shows any valid defence available to it under the Trade Marks Act. The chief defence is prior use of the mark through the predecessor-in-title of the Defendant, Gala and Gala, which use inures to the benefit of the Defendant, who claims as a subsequent proprietor of the trademark and at any rate, an honest and concurrent user of the mark. This case is countered by the Plaintiffs by claiming that Gala and Gala were neither the proprietor of the mark nor had used the mark prior to the Plaintiffs' use or registration of the mark; Gala and Gala were themselves using the mark by way of permissible user under Plaintiff No.2, as a group company of the latter. It is also submitted by the Plaintiffs that the assignment purportedly made by Gala and Gala in favour of the Defendant is a sham and bogus document, which is only fabricated by way of an afterthought and that the Defendant's use of the trade mark EUROBOND was always under a licence from Plaintiff No.2. On the other hand, it is claimed by the Defendant that the Plaintiffs

have never used the trademark EUROBOND; that Neelam Metal was merely an agent of the Defendant and its use of the EUROBOND mark really inures to the benefit of the Defendant. Accordingly, the Defendant has a case for rectification and has filed one before the filing of the present suit. That case of rectification, or rather the merits of it, constitutes a complete defence to the Plaintiffs' action. The critical issues which arise out of these pleadings are the following:

- (i) Whether Gala and Gala were the proprietor of the mark or user of the same prior to the Plaintiffs' use or registration in the mark, whichever is earlier, or were themselves using the mark by way of permissive user as a group company of Plaintiff No.2?
- (ii) Whether the assignment of the trademark EUROBOND by Gala and Gala is a genuine document transferring the proprietorship of the mark to the Defendant or is a sham and bogus document fabricated by way of an afterthought?
- (iii) Whether the Defendant has a defence of honest and concurrent user available to it or was its user always under licence from Plaintiff No.2?
- (iv) Whether by reason of non-use of the trademark by the Plaintiffs or otherwise, the Defendant has a good case for rectification of the Plaintiffs' registration, constituting a complete defence to the present infringement and passing off action?

5. Let us, in the first place, consider the case of proprietorship of

Gala and Gala of the trademark EUROBOND by reason of prior user of the mark EUROBOND. Saving of vested rights of a prior user is dealt with by Section 34 of the Trade Marks Act, 1999 which provides as follows:-

“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 goods or services 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 or 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 or 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.”

Thus, to have a vested right for use of the trademark in accordance with Section 34 it must be shown that the defendant or his predecessor-in-title has continuously used that trademark from a date prior to the use of the trademark by the registered proprietor (or his predecessor-in-title) or prior to the registration of the trademark in the name of the registered proprietor (or his predecessor-in-title), whichever is earlier. In the present case, the Plaintiffs hold their registration since 10 January 2013. That appears to be the earliest of the relevant dates for the purposes of Section 34. The Defendant claims that Gala and Gala having obtained sales tax registration

on 10 January 2003, they can be seen to be the user of the mark at least since 10 January 2003. In the first place, this case, taken at its highest, does not imply a prior user on the part of Gala and Gala of the trade mark EUROBOND. Secondly, there is nothing whatsoever to show that Gala and Gala were actually using the mark EUROBOND since 10 January 2003. The certificate relied upon by the Defendant indicates no connection with the word mark EUROBOND of Gala and Gala as of the date of the certificate. The first mention of the word EUROBOND came in the certificate when the words "Eurobond India" were included as part of the business name of Gala and Gala with effect from 15 September 2003. The Defendant next relies upon bills of Gala and Gala produced before the Court. These bills date from 4 February 2003. Once again the bills of that date do not indicate any connection with the trade mark EUROBOND. The earliest connection shown in these bills with the word EUROBOND is as of 30 April 2003, when the word EUROBOND is referred to in an invoice issued by its advertising agency to M/s. Gala and Gala. The Defendant next relies upon the advertisements issued by Gala and Gala in the press to show the latter's use of the EUROBOND. No doubt the mark EUROBOND appears to have been part of the advertisement issued by M/s. Gala and Gala in April 2003 as well as June and November 2003 but it is pertinent to note that Gala and Gala have claimed in these advertisements to be a part of the EURO Group. Secondly, the entire device mark of EUROBOND with the words EURO and BOND separately written on top of the device of U with a globe within the two arms of U, is displayed in the advertisement. And Gala and Gala do not claim any ownership in the device mark used in the advertisement. It is safe to conclude from the pleadings of the parties and the material produced by them, including the advertisements referred to herein, that it was Plaintiff No.2, who was the registered proprietor of the mark EUROBOND and that it

had allowed Gala and Gala to use the same as part of the EURO Group. The documents on record, thus, do not show that Gala and Gala were the proprietor of the mark EUROBOND in their own right. The red-hearing prospectus issued by Plaintiff No.2 shows that Plaintiff No.2 has permitted its group companies and entities to use the name EURO as and by way of licence. These group companies and entities are actually using the name Euro as and by way of licence in their trade names and in respect of their goods. It is reasonable to conclude that likewise Gala and Gala were permitted to use the words EURO and EUROBOND by Plaintiff No.2 along with the entire device mark of EUROBOND. The pleadings and the documents on record *prima facie* indicate that Gala and Gala, far from being a proprietor of the trade mark EUROBOND or having any independent right to the use of the same, were merely licensee of Plaintiff No.2 and their user was only a permissive user as part of the EURO Group. The theory of Gala and Gala's permissive user is disputed by the Defendant on the ground, firstly, that there is no document to show Gala and Gala's permissive user of the mark EUROBOND. Secondly, it is submitted that it is odd that despite knowledge of the rights claimed by the Defendant through Gala and Gala, the plaint does not deal with the rights of Gala and Gala in connection with the trademark. Thirdly, it is submitted that the ordinary incidents of permissive user such as a degree of control exercised by the licensor, etc. are absent in the case. It is claimed that the story of giving permission to Gala and Gala appears for the first time in the rejoinder filed by the Plaintiffs in the Notice of Motion. In the first place, it is quite clear that Plaintiff No.2, who is the registered proprietor of the trademark EUROBOND, is part of the EURO group. It is also clear that Gala and Gala themselves claim to be part of the EURO group. It is reasonable to infer from these facts, coupled with the other facts and documents noted above, that Gala and Gala were merely

permissive users of the trademark EUROBOND and not proprietors of the same in their own rights. The absence of a document does not require the Court to alter that inference. The mere fact that Gala and Gala's rights were not dealt with by the Plaintiffs in the plaint is not determinative of the issue of proprietorship one way or the other. The case of the Plaintiffs in their rejoinder of permissive user of Gala and Gala appears, as noted above, to be *prima facie* consistent with the documents on record and correct. There is no substance in the contention that there is no degree of control exercised by the licensor, namely, Plaintiff No.2, as far as the use of the trade mark by Gala and Gala is concerned, both being admittedly part of the EURO Group of Companies and under the same management.

6. Let us now consider the purported assignment of the trade mark EUROBOND by Gala and Gala to the Defendant. The documents produced by the Defendant in this behalf do not inspire the confidence of the Court concerning their genuineness for various reasons. In the first place, there is no explanation why there were two separate deeds executed on the same date, i.e. 21 December 2005, one by Gala and Gala in favour of Suresh Gala and the second by Suresh Gala in favour of the Defendant. The only possible explanation seems to be that there were stamp papers purchased in the name of Suresh Gala. Having regard to the requirement of the Stamp law, this fact lends credence to the Plaintiffs' case that the documents have been generated subsequently by using stamp papers purchased of an earlier date in the name of Suresh Gala. The second odd circumstance is that the document of assignment has been referred to for the first time in the Defendant's second reply (of 29 September 2014). The immediate reply of the Defendant to the cease and desist notice of Plaintiff No.2 did not make any reference to the deed of assignment. It rather

accepted the Plaintiffs' case of licence held by the Defendant to use the trademark EUROBOND by way of a permissive user and offered to desist from using the trademark EUROBOND altogether with effect from 1 July 2014. It is a singularly odd circumstance that a second reply should come nearly 9 months after the first cease and desist notice and first reply thereto. The second reply, equally oddly, does not make any reference to the first reply or seek to explain the stand taken by the Defendant in its first reply. No doubt in the Defendant's reply to the Notice of Motion, an attempt is now made to explain why the earlier reply was addressed the way it was by the Defendant. It is claimed by the Defendant that the Managing Director of the Defendant, who is a deponent of its affidavit in reply, was not aware of the letter dated 29 January 2014 addressed by Mr. Rahul Gada on behalf of the Defendant to the Plaintiffs; that he came to know about the existence of this letter only when the Defendant was served with a copy of the plaint; that in any event, this reply cannot be considered as a reply of the Defendant, suggesting possibly that Mr. Rahul Gada, by virtue of his relationship with the Managing Director of Plaintiff No.2, was possibly influenced to address the earlier reply of 29 January 2014; and that at any rate, the letter of 29 January 2014 was ante-dated and was procured from Mr. Rahul Gada by coercion and undue influence. It is claimed that the Defendant has addressed a letter to Mr. Rahul Gada calling upon him to resign from the directorship of the Defendant Company presumably for this reason and that talks with Mr. Rahul Gada are still in progress in that behalf. The story now sought to be canvassed by the Defendant is hard to believe due to various attending circumstances. Least of these circumstances is the fact that Rahul Gada still continues to be a Director of the Defendant. The most singularly odd circumstance is that there is no explanation whatsoever worth the name to indicate why, in the face of the

assignment of the word mark EUROBOND by Gala and Gala in favour of the Plaintiffs, the Defendant thought it fit to procure an authority from Plaintiff No.2 to use the words EURO or EUROBOND as part of its trading name. The only explanation given by the Defendant in this behalf is that EURO logo being a house mark used by Plaintiff No.2 along with the rest of the group companies, this authority was taken by way of abundant caution and in good faith. In the first place, this does not explain why the authority to use the word EUROBOND in its trading name was procured by the Defendant. Even insofar as the licence agreement of 21 September 2006 is concerned, it is odd that the agreement does not refer to the proprietorship of the word mark EUROBOND by the Defendant though the Defendant claims to be a subsequent proprietor of it by reason of an assignment dated 21 December 2005 from Gala and Gala. All these circumstances, taken together and seen in the context of each other, fairly indicate that the use by the Defendant of the trademark EUROBOND, both the word mark and device mark, since 2004, is under a licence from Plaintiff No.2 and not as the proprietor of the mark.

7. That brings us to the last of the four issues noted above, namely, the Defendant's case for rectification of the Plaintiffs' mark on the ground of non-user. It is the case of the Defendant that Plaintiff No.2 has never used the trademark EUROBOND since its registration. It is submitted that the only use potentially claimable was possibly through Neelam Metals, but even Neelam Metals was really an agent of the Defendant and its use actually inures to the benefit of the Defendant. In the first place, though there is no express or implied bar taking away the jurisdiction and power of the Civil Court to consider a challenge to the validity of the plaintiff's registration as a defence to the plaintiff's infringement action at the

interlocutory stage by way of *prima facie* finding, as held by the Full Bench of our Court in **Lupin Ltd. Vs. Johnson and Johnson**¹, the scope of such challenge is very limited. There is always a strong presumption in law as to the validity of the registration of the trade mark and a heavy burden is cast on the defendant to impugn the validity at the interlocutory stage. It is only in cases where the factum of registration is *ex facie* illegal or fraudulent or shocks the conscience of the Court that the Court declines to grant injunctive relief to the plaintiff on the basis of the defendant's challenge to the validity of the plaintiff's mark. These are obviously exceptional cases and the rule still is that ordinarily the Court will act on the presumption of validity of the plaintiff's registration.

8. Let us now examine the Defendant's challenge to the registration of the Plaintiffs in the present case on the touchstone of the law laid down by our Court in **Lupin Ltd.** (supra). Under Section 47 of the Act, a registered trade mark may be taken off the register in respect of the goods or services for which it is registered on the grounds either -

(a) that the trade mark was registered without any *bona fide* intention on the part of the applicant for registration to use the same in relation to those goods or services and there has, in fact, been no such *bona fide* use of the trademark by any proprietor thereof for the time being upto a date three months before the date of the rectification application; or

(b) that upto the date three months before the date of such application, a continuous period of five years or longer has elapsed

¹ NMSL2178/12 in S(L) 1842/12 dated 23.12.14, Coram : Mohit S.Shah, C.J., & S.J.Kathawalla & N.M. Jamdar, JJ.

from the date on which the trade mark is actually entered in the register, during which there was no *bona fide* use thereof in relation to those goods or services by any proprietor thereof for the time being.

In our case, the Defendants do not contend that the trade mark EUROBOND was initially registered by Plaintiff No.2 without any *bona fide* intention to use the same in relation to the goods or services for which the same was registered. The Defendant's case is simply of non-user of the trade mark in relation to the goods or services. In other words, the Defendant's case is under Clause (b).

Now, Clause (b) of sub-section (1) of Section 47 of the Act, which deals with removal of a registered trade mark from the register on the ground of its non-use, in the first place, presupposes that a registration which was valid, when made, is liable to be cancelled by a subsequent act, namely, non-user of the registered mark for a period of five years or more upto a date three months before the date of the rectification application. In other words, the non-user subsequent to registration (in a case covered by clause (b) of Section 47(1) and not clause (a) thereof) does not by itself render the entry incorrect, but merely gives a right to a person aggrieved by the entry to apply for rectification by removal of the mark from the register. From the reading of Section 47, it clearly emerges that the following are amongst the various ingredients of such application, which may be in issue before the Registrar or the Appellate Board, as the case may be:

- (a) Whether there was no *bona fide* use of the trade mark for a continuous period of at least five years from the date of its

registration and upto a date which is three months prior to the application for rectification in relation to the goods or services in respect of which it is registered;

(b) Whether such non-use is not shown to have been due to any special circumstances in the trade within the meaning of sub-section (b) of Section 47 and not due to any intention to abandon or not to use the trade mark.

(c) Whether there has been, before the relevant date or during the relevant period, no *bona fide* use of the trade mark by any proprietor thereof for the time being in relation to goods or services of the same description, or goods or services associated with those goods or services of that description being goods or services in respect of which the trade mark is registered;

(The Registrar or the Appellate Board has discretion to refuse such rectification if there has been such use except where the applicant for rectification has been permitted or might properly be permitted, in the opinion of the tribunal, registration under Section 12 to register an identical (or nearly resembling) trade mark in respect of the goods or services in question.)

9. In our case, as far as the use of the trademark in relation to the goods, namely, aluminum composite panels, is concerned, the Defendant will have to show a good *prima facie* case of non-user by the proprietor of the registered trademark EUROBOND for a continuous period of 5 years or longer upto the date of 3 months prior to its application for rectification, as

a threshold requirement. In the first place, the Plaintiffs have produced an agreement dated 31 March 2007 for licence executed by Plaintiff No.2 in favour of Neelam Metals for use the registered trade mark EUROBOND. Admittedly, Neelam Metals have used the trade mark EUROBOND in the course of their business. It is submitted that the use by Neelam Metals as permissive user of Plaintiff No.2 constitutes user by the latter. The Defendant's answer to this case of the Plaintiffs is two-fold. Firstly, it is submitted that the agreement is ante-dated and fabricated. Secondly, it is submitted that Neelam Metals is a trading company i.e. the distributor of the Defendant's products, and sells EUROBOND aluminum composite panels manufactured by the Defendant. As far as the ante-dating or fabricating of the document is concerned, there is no concrete evidence on record except a couple of circumstances alleged by the Defendant in support of such case. It is submitted that ante-dating can be inferred from the fact that the agreement is silent on licence fees, the alleged reason being that it would be impossible for the Plaintiffs to show payment of any licence fees for the entire of the relevant period between 2007 to 2014. It is further submitted that the licence agreement does not indicate any control exercised by Plaintiff No.2 as owner of the trade mark on the quality of the goods sold under the registered trade mark EUROBOND. These are essentially matters of trial. Today, we have to simply assess the facts and documents placed by the parties before the Court and see whether there is an overwhelming case of fabrication or ante-dating in respect of the licence agreement, thereby rendering the admitted use of the trade mark EUROBOND by the licensee (Neelam Metals) as use not under a licence from Plaintiff No.2 but as a distributor of the Defendant. Plaintiff No.2 as a proprietor of the registered mark, may trade in the goods either by itself or through its licensee/s. The Plaintiffs have placed on record purchase orders placed by Neelam Metals

on Plaintiff No.2 as well as invoice-cum-delivery challans issued by Plaintiff No.2 to Neelam Metals in respect of aluminum extrusion/extruded sections for Eurobond aluminum sections of aluminum extrusion/profiles. These documents *prima facie* establish that the licensee – Neelam Metals – has actually purchased EUROBOND aluminum sections from Plaintiff No.2 and dealt in them. The Defendant submits that what Plaintiff No.2 manufactured and purportedly sold to Neelam Metals were aluminum extrusion/extruded sections or profiles and not aluminum composite panels, that is to say, not the goods for which the trade mark EUROBOND is registered by Plaintiff No.2. The Plaintiffs do not accept that these are different goods. In any event, as noted above, the use of the registered trade mark even in relation to goods of the same description or goods associated with those in respect of which the trade mark is registered, can in a given case save the registered proprietor from removal of his mark for non-use, if the case comes within the proviso to Section 47 (1) of the Act. Whether the goods, namely, aluminum extrusion/extruded sections or profiles are goods of the same description, or associated with, the goods for which the trade mark is registered, namely, aluminum composite panels, and whether their use falls under the proviso to Section 47 (1), are matters of trial, which the Registrar or Appellate Board (before which the Defendant's application for rectification is pending) is best placed to decide. What is important for this Court to note at this stage is that all of this supports the Plaintiffs' case of use of the trademark 'EUROBOND' not only through themselves, but through their licensee and permissive user, Neelam Metals, under a trade mark licence agreement. Besides, the Defendant's use of the trademark EUROBOND itself is claimed by the Plaintiffs to be a permissive user under a written agreement. If that is established at the trial, and for which there is

an arguable case at this interlocutory case, as noted above, even the Defendant's use would inure to the benefit of the Plaintiffs.

10. There is one more important aspect which needs to be noted. The Supreme Court in **Hardie Trading Ltd. Vs. Addisons Paint and Chemicals Ltd.**,² whilst construing Section 46 (3) of the 1958 Act (which is in *pari materia* with Section 47 (3) of the present Act), held that as far as this country is concerned, the intention to abandon the trade mark is an essential component of non-use for the purpose of rectification of the register on the ground non-use of the registered trade mark. The Court held that apart from special circumstances, the proprietor can also show that there was no intention to abandon the registered trade mark. That would afford a defence to the proprietor against the application for rectification. These are issues arising in the rectification application and will be decided by the forum before which it is pending. Today, there is no case for declining the Plaintiffs' application for injunction on the ground of non-user of the registered trade mark.

11. A clear upshot of this discussion, which emerges as an irresistible minimum reference, is that there is no case whatsoever of the Plaintiffs' trade mark registration being *ex facie* illegal or fraudulent or shocking to the conscience of the Court, so as to come within the dictum of the Full Bench in **Lupin Ltd.** (supra), and require the Court to decline injunctive relief to the Plaintiffs.

² Appeal(Civil) 5407-11/93 dated 12/9/03, Coram: Ruma Pal & B.N. Srikrishna, JJ.

12. For the same reasons, as indicated above, the Defendant has no *prima facie* case of honest and concurrent user as a complete defence to the Plaintiffs' action of infringement. This user being shown *prima facie* as a permissive *user* under Plaintiff No.2, the same cannot afford any defence to the Plaintiffs' action after cessation of their permission to use. The reliance placed by Mr. Kadam, learned Senior Counsel for the Defendant, on the judgments of **London Rubber Co. Ltd. Vs. Durex Products**³ and **Goenka Institute of Education & Research Vs. Anjani Kumar Goenka**⁴ does not take his case any further. **London Rubber Co's** case was a case in appeal from the Registrar's decision granting registration on the basis of honest and concurrent user and the Appeal Court was satisfied on the evidence placed before it that the conclusion of the honest concurrent use as found by registrar cannot and should not be disturbed. The case of **Goenka Institute** was no doubt a case of defence to an infringement action on the ground of honest and concurrent user, but even here, as a matter of fact, the Court found the adoption of the mark by the defendant to be honest and the use to be concurrent, i.e. just one year after the plaintiff started using, and much before the plaintiff registered, its mark. As noted above, the facts of our case are clearly distinguishable.

13. Alternatively, learned Counsel for the Defendant submitted that the suit may simply be stayed on account of the pending rectification application of the Defendant. Whilst the suit is indeed required to be stayed, this Court is bound to consider the Plaintiffs' application for interim

3 1963 AIR 1882, 1964 SCR (2) 211

4 AIR 2009 Delhi 139

relief during the period of such stay under Section 124 (5) of the Act. The Court has, as noted above, found *prima facie* merit in the Plaintiffs' case for interlocutory injunction.

14. Accordingly, the Notice of Motion is disposed of by passing the following order:

- i. The suit is stayed pending the hearing and final disposal of the Defendant's application for rectification in respect of the Plaintiffs' registered trade mark EUROBOND under Registration No. 1165712, being case No. SR/No. 348/2014/TM/MUM pending before the Intellectual Property Appellate Board;
- ii. The Defendant, its servants and agents are restrained from using the impugned EUROBOND trademark and device or any other mark containing the words EURO or EUROBOND or the device of globe comprised within the arms of 'U' or any other mark identical to or deceptively similar with the Plaintiffs' registered trade mark under No. 1165712 in Class 6 in respect of any goods falling within Class 6 of the IV Schedule to the Trade Marks Rules, 2002, so as to infringe the same, during the period of the stay ordered above;
- iii. The Defendant, its servants and agents are also restrained from using the marks referred to above, either in relation to goods or

as part of its corporate name or trading style, so as to pass off their goods and/or business as and for the goods or business of the Plaintiffs, during the period of the stay ordered above;

- iv. The Defendant is, however, given three months period to change its corporate name and trading style and also dispose of its existing stock of goods bearing the trade mark EUROBOND (both word and device), and to that extent this injunction order shall operate after three months from today. The Defendant shall, however, keep an account of the goods sold by it under the trade mark EURO or EUROBOND during the three months' period as aforesaid;
- v. The Plaintiffs will be at liberty to renew the application for further interim reliefs after the disposal of the rectification application mentioned in clause (i) above; and
- vi. The costs of this Notice of Motion shall be the costs in the cause to be decided in the trial.

15. On the application of the learned Counsel for the Defendant, this order shall be stayed for a period of six weeks from today. The three months period provided for in Clause iv above shall, however, be calculated from today.

(S.C. GUPTE, J.)