

IN THE HIGH COURT OF JUDICATURE AT MADRAS

(ORDINARY ORIGINAL CIVIL JURISDICTION)

MONDAY, THE 27th DAY OF NOVEMBER 2017

THE HON'BLE DR. JUSTICE ANITA SUMANTH

O.A. Nos.1037 & 1038 of 2016

and

A. Nos.383 & 56 of 2017

in

C.S. No.871 of 2016

M/s.Veda Corporate Advisors Pvt. Ltd.,

No.20, Luz Avenue, 5th Street,

Mylapore, Chennai-600 004

represented by its Director,

C.Venkatsubramanyam

... Applicant/Plaintiff

(in O.A. Nos.1037 & 1038 of 2016)

-Versus-

M/s.Veda Investment Managers Pvt. Ltd.,

312, 12th Floor, 9, M.Karve Road,

Cooperage, Mumbai-400 021.

... Respondent/Defendant

(in O.A. Nos.1037 & 1038 of 2016)

O.A. No.1037 of 2016:-

Original Application praying that this Hon'ble Court be pleased to grant a temporary injunction restraining the respondent, their men, relatives, servants, agents or anyone claiming through or under them from in any manner, infringing the registered trade mark 'VEDA' registered under Nos.1617756 in class 35; No.1617757 in Class 35; No.1617758 in Class 36; No.1617759 in Class 36; 1641813 in Class 36, using the offending trade mark or any other mark which is identical with or deceptively similar to or in any way a colourable imitation of the applicants trade/service Mark, either by rendering any services under the mark, selling or offering for sale any products/services or advertising or using the mark in any other manner pending disposal of the suit.

O.A. No.1038 of 2016:-

Original Application praying that this Hon'ble Court be pleased to grant a temporary injunction restraining the respondent, their men, relatives, servants, agents or anyone claiming through or under them from in any manner, passing off of their services as and for the services of the applicant using the identical trade/service or any other mark which is identical with or deceptively similar to or in any way a colourable imitation of the applicants trade/service Mark, either by rendering any services under the mark, selling or offering for sale any products/services or advertising or using the mark in any other manner and pending disposal of the suit.

A. Nos.56 & 383 of 2017:-

M/s.Veda Investment Managers Pvt. Ltd.,
312, 12th Floor, 9, M.Karve Road,
Cooperage, Mumbai-400 021. ... Applicant/Defendant

-Versus-

M/s.Veda Corporate Advisors Pvt. Ltd.,
No.20, Luz Avenue, 5th Street,
Mylapore, Chennai-600 004
represented by its Director,
C.Venkatsubramanyam ... Respondent/Plaintiff

A. No.56 of 2017:-

Application praying that this Hon'ble Court be pleased to grant an order staying the suit C.S. No.871 of 2016 under Section 124 of the Trade Marks Act until final disposal of the rectification proceeding bearing S.R. No.227/206/TM/CH against Trademark Register No.1617759 filed by the defendant against the plaintiff's registered trademark.

A. No.383 of 2017:-

Application praying that this Hon'ble Court be pleased to grant an order staying the rectification proceeding filed by the plaintiff under section 16 of the Companies Act for Rectification of the name of the

defendant company before the Regional Director, Western Region Ministry of Corporate Affairs vide letter bearing Ref. No.RD/JTA(NM)/Sec.16/17.11.2016/6973 dated 21st November 2016 until final disposal of the present suit and until final disposal the rectification proceeding filed before the Intellectual Property Appellate Board bearing S.R. No.227/206/TM/CH by the defendant against the plaintiff's registered trademark bearing reg. no.1617759.

These Applications coming on this day before this court for hearing the court made the following order:-

Pending suit, the plaintiff/applicant, M/s.Veda Corporate Advisors Pvt. Ltd. has filed the following applications:

A.No.1037 of 2016 seeking a temporary injunction restraining the respondents from, in any manner, infringing the registered trade mark 'VEDA' registered under Nos.1617756 in Class 35; No.1617757 in Class 35; No.1617758 in class 36; No.1617759 in Class 36 and No.1641813 in Class 36 and A.No.1038 of 2016, seeking a temporary injunction restraining the respondent from, in any manner, passing off their services as and for the services of the applicant using the identical trade/service or any other mark which is identical with or deceptively similar to or in any way a colourable imitation of the Applicants trade/service Mark. A common counter affidavit has been filed by the respondent to which a rejoinder has been filed by the applicant and a reply thereto by the defendant.

2. The defendant/respondent, Veda Investment Managers Private Limited has sought the following two interim reliefs:

A.No.56 of 2017 prays for a stay of suit in C.S.No.871 of 2016 in terms of section 124 of the Trade Marks Act till the disposal of rectification application bearing SR.227/2016/TM/CH filed by the respondent against the Trade Mark registered by the applicant under No.1617759 and A.No.383 of 2017 seeks an order staying the rectification proceeding filed by the applicant under section 16 of the Companies Act for rectification of the name of the Defendant company before the Regional Director, Western Region, Ministry of Corporate affairs vide letter bearing Ref.No.RD/JTA (NM)/Sec.16/17.11.2016/ 6973 dated 21st November 2016. Counter affidavits and rejoinders have been filed by both parties and pleadings are complete in all applications.

3. For the sake of convenience, the parties are referred to as per their status in A.Nos.1037 and 1038 of 2016. The applicant, represented by Mr.T.K.Ramkumar and the respondent, represented by Mr.M.S.Bharath, have been heard in detail.

4. The facts as regards the constitution and activities of the applicant as presented by Mr.T.K.Ramkumar are summarised as follows:

(i) The applicant/plaintiff claims to be one of the leading mid market investment banks in the country offering independent financial advice and customized solutions as well as assistance in raising equity funds, mergers and acquisitions.

(ii) The applicant adopted the trading style and mark 'VEDA' as early as in 2003 and presently holds 5 (five) registered marks for management consultancy services, management assistance and professional business and financial consultancy services and capital investment being TM 1617756 and 1617757 in class 35 and TM 1617758, 1617759, 1617758 and 1617759 in class 36. The logo for the aforesaid registration is



TM 1641812 that has been opposed has been registered with the logo



(iii) By virtue of long standing use, the public as well as trade associate services in the financial sector with the trade/service mark, 'VEDA'. A Website has been registered under the domain name www.vedacorp.com, active since 2006. Serving in a niche market, the applicant has built up considerable reputation and goodwill and para 10 of the application details an impressive list of clientele, pan India. Thus the word VEDA, though a word in public

domain, has come to acquire a secondary meaning when seen in the context of the financial services sector, coming to be associated with the applicant and the brand and quality of services offered by it.

(iv) Media reports, while reporting on the financial deals negotiated and closed by the applicant refer to it using the acronym 'VEDA'.

(v) Substantial investment has been made by the applicant in the business and it has earned turnover of Rs.15,04,15,244 with PBT of Rs.3,88,63,202 in 2014-15 and Rs.16,26,17,949 with PBT of Rs.3,07,10,205 in 2015-16.

(vi) Reference is made to the individuals behind the management of the applicant, Mr.Venkatsubramanyam and Mr.Vinod Kumar, highlighting their experience of over two and a half decades in the investment banking/financial services industry, whose expertise, it is claimed, has also received extensive coverage in the media commensurate with the publicity earned by the applicant itself.

5. While this is so, it came to the notice of the applicant that the respondent is also carrying on business in a line similar to that engaged in by the applicant and using the identical trade name 'VEDA'. The trading style of the respondent is Veda Investment Managers Private Limited. The respondent has been incorporated on 28.10.2015 and the attempt, according to the applicant, is clearly to

infringe its registered mark as well as pass off its services as those of the applicants', to the detriment of the applicant.

6. Mr. Ramkumar would rely on the following decisions to buttress his submissions, the decision of the Bombay High Court in *The National Bank of India Vs. The National Bank of Indore (1922) 24 BOM LR 1181*. This case reiterates the settled principle that a person shall not be permitted to trade under a name that so closely resembles another so as to be mistaken for the latter by the public. The decisions of the Delhi High Court in *Montari Industries Vs Montari Overseas Limited (1995) DLT 771* and *Timken Company Vs. Timken Services Private Ltd, 2013 (55) PTC 568 (Del)* reiterate the tests to be taken into account to decide passing off, one of which is to determine the likelihood of confusion or deception to the public and consequent damage caused on that account. Reliance is also placed on the decisions of the Nagpur Bench of the Bombay High Court in *Pawan Kumar Atmaram Saboo and another Vs. Saboo Collections 2002 (24) PTC 27 (Bom)* and the Karnataka High Court in *Deepam Silk International Vs. Deepam Silks 1998 (18) PTC*. The injunction sought for by the applicant is reiterated by reliance on paragraph 16 that reads as follows:

'16. When once the plaintiff has shown that he has been doing business for more than a decade with the trade name and that he has not only applied for registration

of the trade name nearly a decade back, but also that he has spent lakhs of rupees on gaining the reputation by spending on advertisements in almost all the media available. The loss that would be caused to the plaintiff, if another person like the defendant makes use of the same trade name and sells the same goods, cannot be ascertained in terms of money. Moreover, it is the reputation of the plaintiff's trade name that will be in jeopardy. It should be noted that if the defendant is to sell inferior quality goods, it will definitely affect the business of the plaintiff and it will give an impression to the buyers of the goods from the defendant that the goods sold by the trade name 'Deepam' are not maintaining the quality. Therefore, there is every likelihood of the plaintiff losing its customers and getting its trade name defamed. Such a loss cannot be calculated in terms of money. I am, therefore of the opinion that the interim order of injunction sought for by the plaintiff ought to have been granted. The Court below was, therefore, wrong in not granting an order of temporary injunction.'

7. Mr.Bharath would distinguish the aforesaid decisions on the grounds that the names dealt with by the Courts were either personal names or invented names unlike the name 'VEDA' at issue in the present case, that represents a holy scripture.

8. In defence, the averments of the respondents in the reply to pre-suit notice are reiterated, as summarised below:

(i) While admittedly the Company was incorporated in October 2015, the areas of activity engaged in are

investment management services including discretionary and non discretionary port folio management service and alternative investment funds. These constitute a different segment of the financial services sector and there is no identity in the services offered by the applicant and defendant. The services rendered by the respondent were entirely different and distinguishable from those rendered by the applicant and hence there could be no confusion in that regard.

(ii) The term 'VEDA' refers to a holy scripture, over which no monopoly could be claimed. Holy and religious books such as the Bhagavad Gita, Quran, Bible and others are generic words which are devoid of distinctive character apart from their primary meaning. The word 'VEDA' is a known Sanskrit word, meaning knowledge or wisdom, in use from centuries past. Such words are sui generis available to all for bonafide use and cannot be claimed by any one party as their own.

(iii) The provisions of section 9(1) of the Trade Marks Act provide for an absolute bar against the registration of the Trade Mark devoid of a distinctive character and section 9(2) of the Act prohibits the registration of the trade mark, if it contains or comprises of any matter likely to hurt the religious susceptibilities of any class or section of citizens of India. To this end, the respondent has taken steps to

challenge the registration of the mark VEDA before the Intellectual Property Appellate Board (in short 'Board') in terms of section 124 of the Act and A.56 of 2017 prays for an order staying suit C.S.No.871 of 2016 until final disposal of the rectification proceedings before the Board.

(iv) More than 200 companies are registered in India with the term VEDA being a part of their name, particularly in classes 35 and 36 itself. Details have been supplied at pages 197 to 1207 of two volumes of paper books. The generic nature and wide spread use of the word VEDA by multiple parties is testament to the fact that there neither need, nor should be, an embargo on the respondents' use of the word.

(v) The CEO of the defendant, Mr.Jyoti Jaipuria, is stated to be a person with substantial experience and renown in the financial sector and there is thus no necessity for the respondent to ride on the reputation and goodwill of the applicant.

9. On the proposition that names of scriptures and Gods/Goddesses cannot be monopolized, Mr.Bharath would rely on the judgment of the Supreme Court in the case of *Lal Babu Priyadarshi v. Amritpal Singh* 2015 (12) SCALE 76, Calcutta High Court in *Three-N-products Private limited* and Delhi High Court in *Bhole Baba Milk Food Industries vs Parul Food Specialities Pvt. Ltd.* in FAO (OS) 109/2011

dated 17.10.2011, *IHHR Hospitatlity Pvt Ltd vs. Bestech India Pvt Ltd* 2012 (50) PTC 535 (Del) and *Kewal Krishnan Kumar vs Rudi Roller floor mills (P) Ltd* and another 2007 (35) PTC 848 (Del).

10. The Bench in Lal Babu's case (supra) considered the question of whether the registration of the word 'RAMAYAN' as a trade mark is prohibited under section 9(2) of the Trademarks Act being the name of a holy book of the Hindus. The emphatic answer to the question posed was that the name of a holy or a religious book could not be adopted as a trade mark for goods or services marketed by a person/entity.

11. In the case of Three-N-Products, a Bench of the Calcutta High Court dealt with the conflict between the usage of the terms 'Ayu' and 'Ayur' by the plaintiff and 'Ayucare', 'Arurcare', 'Himani Ayudhara' and 'Himani Ayucare' by the defendant. The Bench noticed that the terms 'Ayu' and 'Ayur' were part of the word 'Ayurveda' holding that the '*plaintiff cannot legitimately claim that those words should "in no case" be used by any other person as part of his trade name. The courts in this type of a case, as indicated earlier, should be satisfied with a small variation of the trade name of the defendant from that of the plaintiff as sufficient justification of avoiding confusion.*' In conclusion, the defendants were permitted to

use the terms Ayucare and Ayurcare conditional upon the words being prefixed by the term 'Himani'. The Delhi High Court in the case of Bhole Baba (supra) considers the use of the name of 'Krishna' in the sale of dairy products. The defendant was enjoined against using the name as such but permitted to use it in combination with the phrase 'Parul's Lord' in effect allowing the defendant to sell under the phrase 'Parul's Lord Krishna'. The defendant was directed to maintain accounts of sales. In IHHR Hospitality (supra), the Court held that the word Ananda was publici juris, permitting the respondent to continue marketing a Group housing gated complex under the name 'Bestech Park View Ananda'. In Kewal Krishnan Kumar (supra), the phrases 'Shakthi Bhog Atta' and 'Shiv Shakthi' were held to be entirely different in so far as they were visually as well as phonetically distinguishable from one another.

12. In the present case, there is no dispute with the position that the dominant word in the name of both the applicant as well as defendant companies is 'VEDA'. The respondent also does not deny using the same but would claim to be entitled to on the ground that it was a generic word available in public domain for free and bonafide use. The Bench in Lal Babu's case (supra) also noted that the applicant for the Trademark RAMAYAN had not been able to establish that he had acquired reputation of user in the market which fact assumed importance as there were more

than 20 traders in the City using the same word for the same/similar products. The applicant in the present case holds a valid registration and has produced material in the nature of media reports to show its presence and engagement in the financial and economic sector (pages 48 to 113 of the typed set), the earliest produced dated 31.8.2005. Though the respondent would be at pains to point out that the media reports refer to the applicant by its full name and thus there could be no claim as such to the use of the word VEDA exclusively, I find that there is at least one report that does use the word 'VEDA' in reference to the applicant. The website of the applicant, also referred to by a media report is 'www.vedacorp.com' and here too, the dominant term is 'Veda'. There is thus no doubt in my mind that the word has come to be associated in some measure by the public at large with the applicant. Even otherwise, and taking into account the full name of both companies, there is bound to be some confusion that would arise from the names, seeing as both are companies engaged in transactions in the financial sector.

13. Mr.Bharath would urge that this court examine, prima facie, the validity of the trade mark in the light of the objections raised under section 9 read with section 11 of the Act in the applications for rectification before the Board. Sections 9(1) and (2) are extracted hereunder:

9. *Absolute grounds for refusal of*

registration.—(1) The trade marks— (a) which are devoid of any distinctive character, that is to say, not capable of distinguishing the goods or services of one person from those of another person; (b) which consist exclusively of marks or indications which may serve in trade to designate the kind, quality, quantity, intended purpose, values, geographical origin or the time of production of the goods or rendering of the service or other characteristics of the goods or service; (c) which consist exclusively of marks or indications which have become customary in the current language or in the bona fide and established practices of the trade, shall not be registered: Provided that a trade mark shall not be refused registration if before the date of application for registration it has acquired a distinctive character as a result of the use made of it or is a well-known trade mark. (2) A mark shall not be registered as a trade mark if— (a) it is of such nature as to deceive the public or cause confusion; (b) it contains or comprises of any matter likely to hurt the religious susceptibilities of any class or section of the citizens of India; (c) it comprises or contains scandalous or obscene matter; (d) its use is prohibited under the Emblems and Names (Prevention of Improper Use) Act, 1950 (12 of 1950).

14. The registration of the word 'VEDA' is projected as being erroneous in law and liable to be rectified/removed in the light of sections 9(1)(c) and 9(2)(b) extracted above, that is, on the ground that the word is firstly, accepted to be customary and secondly, the use of which would hurt the religious susceptibilities of any class or section of the citizens of India. I do not, prima facie, see much merit in the objections. The provisions of

section 31 deem registration of a mark to be prima facie evidence of validity. The provision reads thus:

'31. Registration to be prima facie evidence of validity

(1) In all legal proceedings relating to a trade mark registered under this Act (including applications under section 57), the original registration of the trade mark and of all subsequent assignments and transmissions of the trade mark shall be prima facie evidence of the validity thereof. '

15. The registration has been obtained after a detailed scrutiny thereof by the Registering authority and the examination reports have raised a preliminary objection along the same lines as the objections now raised by the respondent invoking section 9(1). The applicant has replied to the objections raised and the registration granted has thus taken into account the responses to Examination Reports dated 22.10.2008, 24.10.2008 and 15.12.2008, being satisfied with the same. In response Mr.Bharath would circulate the Practice and Procedure Manual relating to Trade Marks to illustrate at para 3.2.5 thereof that objections raised in terms of section 9(2) and 13 were fatal to the registration of a mark and if established to be in violation thereof, such mark such not be registered even if ample evidence was produced in support thereof. While I refrain from addressing this aspect more in detail

at this preliminary and prima facie stage, suffice it to say that as far as the objection under section 9(1) is concerned, the very same objection sought to be raised now has been considered by the Registering authority prior to the grant of registration and the provisions of section 31 come to the aid of the applicant as far as establishing a prima facie case is concerned.

16. As far as the objection under 9(2)(b) is concerned, I see no merit in the same, again, prima facie. The scope of the provision addresses objectionable use of matter so as to hurt the religious sentiments of a class or section of the citizens of India. I fail to see anything objectionable, prima facie, in the use of the word 'VEDA' to lawful and legitimate services offered in the financial sector. The word VEDA perse refers to a body of philosophy expounding upon various aspects of life and providing answers to several unanswered questions and the Vedas are said to themselves contain several references to wealth and the acquisition thereof. Thus, the use of the word VEDA in reference to a company that engages in the financial sector does not seem inappropriate or in any case, illegal, prima facie, unless the activities or actions of the company are themselves contrary or in violation of the law, along the lines of which there is no allegation. In fact, the objection relating to causing hurt to the sentiments of any community or class of persons contained in section 9(2)(b)

need not be viewed only in the context of the statutory provisions of section 9(2) but even dehors thereof. Seen in that light, if the objection under section 9(2)(b) were to be accepted, in principle, the respondent would itself be held to be guilty of the same error, seeing as it uses the word VEDA for similar/identical operations. The Law of Trade Marks & Geographical Indications 2003 Edition in the commentry relating to sub-section (2)(b) of section 9 extracts from the 8th report of the Parliamentary Standing Committee as follows:

The Parliamentary Committee, in its Report on the Trade Marks Bill, 1993 commented as follows in respect of this provision: "The Committee is of the opinion that any symbol relating to religion, gods, goddesses, places of worship should not ordinarily be registered as a trade mark. However, the Committee do not want to disturb the existing trademarks by prohibiting their registration as it will result in a chaos in the market. At the same time the Committee trusts that Government will initiate appropriate action if someone complains that a particular trademark is hurting his religious susceptibilities."

17. The above Report is also taken note of in the Judgment of the Supreme Court *Lal Babu's case (supra)*. The Bench, in the aforesaid judgement was concerned with an unregistered mark whereas the applicant in the present case has holds a registration in his favour since 2007 claiming user from 2003. The conclusion of the Supreme Court,

noticing the remarks of the Committee was to the effect that there had been no express prohibition to the registration of such marks and the committee had only recommended that any symbol relating to religions, Gods and Goddesses should not ordinarily be registered as a trade mark. Thus, a bonafide registration obtained after detailed scrutiny by the registering authority will constitute prima facie of validity of the mark itself and I hold so.

18. On the question of objection under section 9 of the Act, reliance is placed on a decision of this High Court in the case of *Kamat Hotels India Ltd vs Royal Orchids Hotel Ltd* (2015 (61)PTC 60). The Bench was dealing with Writ Petitions filed under Article 226 of the Constitution of India challenging orders dismissing rectification application filed under section 57 of the Act. The Bench deals with the merits of the rival claim for the names 'The Orchid' and 'Royal Orchid/Royal Orchid Hotels' upholding the order of the Board. The petitioner therein relied upon the interim injunction granted by the Bombay High Court varying the order of the trial court and permitting the respondent to open only one hotel, that was in force at the time of the decision of the bench of this Court. The Bench, at paragraph 29 of the order observes that the benefit of the said injunction granted by the

Bombay High Court would not be available to the petitioner in the light of the stay of proceedings before the High Court available under section 124 of the Act. Reliance is also placed on the decision of the Delhi High Court in *SIEL Edible Oils and Khemka sales (P) Ltd* (2010 42 PTC 357) and on *Lupin v. Johnson and Johnson* 2015(61) PTC 1 (Bom).

19. Notwithstanding the fact that an application for rectification is stated to have been filed before the Board and a stay of the suit is sought for in terms of section 124(1) of the Act, I am inclined to delve into the merits of the rival challenges for a prima facie appreciation of the same, solely for the reason that the Board is stated to be inactive as of now and both learned counsel would agree (the only point on which they would agree) that the possibility of there being a decision on this issue from the Board is unlikely in the near future. The question is thus whether the Court can examine the prima facie validity of a trade mark even in circumstances where a similar/identical question has been raised before the Board. A Full Bench of the Bombay High Court in *Johnson and Johnson* (supra) considers the issue stating in paragraph 34 as follows:

34. While we agree with Dr.Tulzapurkar for the Plaintiff that the object of providing for registration of a trade mark and recognizing the exclusive right of the registered

proprietor to use the registered trade mark in order to prevent others from using an identical or deceptively similar trade mark is to obviate the necessity of proving in each and every case the Plaintiff's title to the mark, its distinctiveness and its reputation, we are of the view that the object has been achieved by raising a presumption, and a strong presumption in law, as to the validity of registration of the mark. The burden is therefore cast, and a heavy burden at that, on the Defendant to question the validity of registration. While such a challenge can finally succeed only in a rectification proceedings which now lie before the Intellectual Property Appellate Tribunal (IPAT), we do not find any express or implied bar in the Trade Marks Act to completely take away the jurisdiction and power of the Civil Court to consider the challenge to the validity of registration of the trade mark at the interlocutory stage by way of a prima facie finding on such issue.

20. The Full Bench makes reference to decisions of this Court in *Malar Network (P) Limited vs Arun Prasath* (46 PTC 284) and *N.Ranga Rao and Sons vs Koya's persumery works* (2011 45 PTC 140) where Division Benches of this Court made a preliminary enquiry into the validity of the trade mark before deciding whether to grant or refuse the injunction sought. The Bench, while agreeing with the view of the Delhi High Court in *Marico Limited vs Agro Tech Foods Limited* to the effect that registration is only prima facie evidence of validity, states thus at paragraphs 56 and 57:

56. The Division Bench of the Delhi High Court in Marico Limited v. Agro Tech Foods Limited (supra) has also held that since as per Section 31 the registration is only a prima facie evidence of the validity of the

registration, it is open to the Court to go into the question of tentative validity of the registration while considering the application for grant of injunction. Of course, the onus lies on the person who challenges the validity of the mark and he will have to establish that the registration of trade mark in favour of the proprietor thereof is prima facie or tentatively not valid. 57. Even while agreeing with the aforesaid view of the Delhi High Court, we do find considerable substance in the submissions of Dr. Tulzapurkar, learned Counsel for the plaintiff, that at the interlocutory stage the Court is not required to call upon the plaintiff to prove that the registration of his trade mark is not invalid, In view of the scheme of the Act that the application of the applicant for registration of the trade mark is required to be advertised with an opportunity to the world at large to submit opposition to such application and the Registrar grants opportunity to lead evidence and opportunity of hearing to the applicant as well as the opponent and thereafter decides the application and grants registration, there will be a strong presumption in favour of the plaintiff. Hence, at the interlocutory stage, the Civil Court is not to embark upon and evolve factual inquiry, but the Civil Court hearing Uday AppL674.2012-23.12.2014-D the application for interim injunction to restrain the defendant from using the trade mark registered in the plaintiff's name, is only permitted to consider whether the registration is totally illegal or fraudulent or shocks the conscience of the Court. It is not sufficient for the defendant resisting the application for interim injunction to show that the defendant has an arguable case for showing invalidity of the trade mark registered in the name of the plaintiff. Such "low threshold prima facie case" may be sufficient for the defendant to get an opportunity under Section 124(1) and (2) of the 1999 Act to get the trial of the suit stayed for the purpose of enabling the

defendant to apply to the Appellate Board for rectification. Such *prima facie* satisfaction of the Civil Court at the lower threshold will not be sufficient to refuse interim injunction in favour of the plaintiff who has filed the suit for infringement. But if the defendant is able to show, without Civil Court being required to embark upon detailed inquiry, that the registration granted in favour of the plaintiff is totally illegal or fraudulent or such which shocks the conscience of the Court, the Civil Court will refuse to grant interim injunction.

21. The Bench frames the aforesaid question and answers the same in conclusion thus:

The question posed for consideration in the reference: "Whether the Court can go into the question of the validity of the registration of the plaintiff's trade mark at an interlocutory stage when the defendant takes up the defence of invalidity of the registration of the plaintiff's trade mark in an infringement suit?" is answered thus:

In cases where the registration of trade mark is ex facie illegal, fraudulent or shocks the conscience of the Court, the Court is not powerless to refuse to grant an injunction, but for establishing these grounds, a very high threshold of prima facie proof is required. It is, therefore, open to the Court to go into the question of validity of registration of plaintiff's trade mark for this limited purpose, to arrive at a prima facie finding.

22. By way of reply, Mr. Ramkumar would point out that the companies using the word 'VEDA' were all engaged in arenas of operation quite different from that engaged in by the parties to this suit and the extracts from websites

filed would established that four were in financial services as against the list of 200 companies circulated by the respondent. Out of the four, VEDA Chit Funds Private Limited was dormant, VEDA Equity Services Private Limited was incorporated on 27.3.2001, currently active and Veda Pai Panandiker Trading and Investment Company Private Limited, a Private Limited company was incorporated on 16.10.1992. There were no others that use the term VEDA itself, but only derivatives of the term such as Vedam, Vedalia, Veda Gangothri, Vedaang and others.

23. As regards A.56 of 2017 filed by the respondent praying for a stay of suit in C.S.871 of 2016, the provisions of section 124 of the Act are cited, pointing out that the petition for rectification had been filed even prior to the filing of the suit by the applicant herein. In counter, the applicant would firstly deny the pendency of the petition, stating that only a diary number has been furnished and the petition has obviously not even been numbered. No notice has been received from the Board to which the respondent would state that proof of filing has, indeed, been produced. In reply the respondent would yet again reiterate that the application for rectification had been filed and rely on the proof filed. The delay in numbering and serving the applicant with a copy of the same has been attributed to an administrative delay before the Board and nothing else. Be that as it may, the provisions

of section 124(5) continue to protect a registered proprietor. The provisions of section 124 state thus:

124. Stay of proceedings where the validity of registration of the trade mark is questioned, etc.—

(1) Where in any suit for infringement of a trade mark— (a) the defendant pleads that registration of the plaintiff's trade mark is invalid; or (b) the defendant raises a defence under clause (e) of sub-section (2) of section 30 and the plaintiff pleads the invalidity of registration of the defendant's trade mark, the court trying the suit (hereinafter referred to as the court), shall,— (i) if any proceedings for rectification of the register in relation to the plaintiff's or defendant's trade mark are pending before the Registrar or the Appellate Board, stay the suit pending the final disposal of such proceedings; (ii) if no such proceedings are pending and the court is satisfied that the plea regarding the invalidity of the registration of the plaintiff's or defendant's trade mark is prima facie tenable, raise an issue regarding the same and adjourn the case for a period of three months from the date of the framing of the issue in order to enable the party concerned to apply to the Appellate Board for rectification of the register.

(2) If the party concerned proves to the court that he has made any such application as is referred to in clause (b) (ii) of sub-section (1) within the time specified therein or within such extended time as the court may for sufficient cause allow, the trial of the suit shall stand stayed until the final disposal of the rectification proceedings.

(3) If no such application as aforesaid has been made within the

time so specified or within such extended time as the court may allow, the issue as to the validity of the registration of the trade mark concerned shall be deemed to have been abandoned and the court shall proceed with the suit in regard to the other issues in the case.

(4) The final order made in any rectification proceedings referred to in sub-section (1) or sub-section (2) shall be binding upon the parties and the court shall dispose of the suit conformably to such order in so far as it relates to the issue as to the validity of the registration of the trade mark.

(5) The stay of a suit for the infringement of a trade mark under this section shall not preclude the court from making any interlocutory order (including any order granting an injunction, directing account to be kept, appointing a receiver or attaching any property), during the period of the stay of the suit.

24. The applicant has also filed A.383 of 2017 under section 151 of the Civil Procedure Code praying for a stay of proceedings initiated by the applicant before the Regional Director, Ministry of Corporate Affairs Western Region for rectification of the name of the respondent in terms of section 16 of the Companies Act, on 21.11.2016.

25. The cause of action in the suit as well as the applications filed is more or less the same and relates to the challenge to adoption of the trade name and devise 'VEDA' by the respondent. The applicant challenges it by way of infringement and passing off action action as well

as an application filed by it under the Companies Act for rectification of the name of the respondent before the Ministry of Company affairs and the respondent goes one step further to challenge the registration of the trade name and mark obtained by the applicant.

26. The applicant is, admittedly, using the trade name and mark VEDA since 2003. Media reports filed from 2005 onwards indicate, prima facie, that the company is a player of some note in the financial services section. It has also established its profile as a profitable company since inception in 2003, placing on record its revenues for the years 2014-2015 and 2015-2016. It has clearly achieved a position of stature and repute in the market and the word 'VEDA' is seen, prima facie, to have come to be associated with it. The aspect of secondary association or distinctiveness is one of fact and one that can be established conclusively only in trial. For the limited sake of the present applications, I proceed on the basis that the applicant has established, prima facie, bonafide and profitable use of the word VEDA since the time of registration in 2003. Does this however, lead to the automatic consequence that it can claim exclusive use of the word and mark VEDA to the exclusion of others? Factually, there appear to be over 200 companies that use the word Veda either by itself or as part of a larger arrangement. In fact thus, the word is in wide use, though,

as pointed out, only a handful of the 200 odd companies are engaged in activities in the financial sector. The respondent attempts to make a fine distinction between the financial services offered by the applicant and those that are on offer by it. This court is not inclined at this preliminary stage to examine the fine details of the transactions and leave it to the trial court to cause an enquiry on this aspect as it will no doubt do. Suffice it to say that undisputedly, both parties are engaged in offering to the public financial consultancy, advise and solutions and this would serve to establishing similarity and consequent possible confusion as to the entity approached.

27. The Management of both companies appears to comprise professionals with substantial experience in the investment banking/financial services Industry. The respondent would brush away the allegation of passing off to benefit from the reputation of the applicant, stating that it did not need either the reputation or goodwill of the applicant company to hitch its wagon to since it had such considerable claims of its own. Bear in mind though that it is a nascent business having been incorporated only in 2015. The management of the respondent, who claims to be seasoned and a senior and experienced player in this business would have been fully aware of the name as well as the activities of the applicant and, all the more, should

have avoided use of a name that it well knew was in use.

28. A Division Bench of this Court in *The Andhra Perfumery Works vs Karupakula Suryanarayanaiah and others* (AIR 1969 Madras 126) considered the distinctiveness acquired by the name of the deity GANESH as well as a mark bearing the devise GANESH used consistently by the respondent and says:

'28. Before leaving these appeals, we may refer to one argument, that the word 'GANESH' applies to the Lord Ganesa who is the deity of auspicious commencement of all undertakings in Hinduism, and hence that it would be wrong to create a monopoly in respect of such a term, for one particular proprietor. But it was never pretended that the word 'GANESH' cannot become distinctive for respondent firm's Agarbathis, or that it is not registrable, We need only observe, without proceeding further into this aspect, and leaving the issue quite open, that there are several other names of the deity (Vigneswara, Vinayaka etc.) which could be appropriately used by persons, desiring to associate their goods with the favour of the deity, if the Mark and device, which are thus invented, do not otherwise infringe any Prior registered device under the Trade Mark Law. '

29. The balance of convenience is thus to be taken note of. On the one hand the applicant is admittedly holding registration for the name and mark since 2003. In

comparison, the respondent is a new entrant having been incorporated only in 2015. In O.A.Nos.1037 and 1038 of 2016 the applicant has produced proof to establish revenues from its activities as well as to document its active presence in the financial sector as revealed by media reports. The activities of the respondent in the business are admittedly recent. So far as balance of convenience is concerned, it is clearly the applicant that would be prejudiced if an injunction as prayed for is not granted. O.A.Nos.1037 and 1038 of 2016 are allowed. The case is referred to trial before the Master for completion as expeditiously as possible and in any event by 30.06.2018.

30. In the light of the above direction as well as the provisions of section 124(5) the prayer for stay of suit in A.No.56 of 2017 is rejected. No orders are called for in A.No.383 of 2017 at this stage. The application filed by the applicant under section 16 of the Companies Act for rectification of the name of the Defendant company before the Regional Director, Western Region, Ministry of Corporate affairs vide letter bearing Ref.No.RD/JTA (NM)/ Sec.16/17.11.2016/6973 dated 21st November 2016 shall be kept in abeyance till a final decision is reached in the suit.

31. Upon pronouncement, learned counsel for the respondent seeks suspension of this order for four weeks to carry out necessary procedures for compliance with the SEBI. Let the needful be done within four weeks.

Sd./-A.S.M.J

//Certified to be true copy//

Dated at Madras this the day of 2017.

COURT OFFICER(O.S.)

JJ 04/12/2017

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