

IN THE HIGH COURT OF JUDICATURE AT MADRAS

Reserved on : 10.07.2020

Delivered on : 22 .07.2020

C O R A M

The Hon'ble Mr. A.P.SAHI, THE CHIEF JUSTICE
and
The Hon'ble Mr. Justice SENTHILKUMAR RAMAMOORTHY

W.A.No.696 of 2018

V.Venkata Siva Kumar ... Appellant/Petitioner

...vs...

1.Institute of Cost Accountants of India

Rep. by the President,
Shri. M.K.Thakur
No.12, Suddar Street, Kolkotta - 700 016.

2.Union of India

Ministry of Corporate Affairs,
Rep. by Joint Secretary,
Shri Manoj Kumar
5th Floor, A - Wing, Sastri Bhavan,
Dr. Rajendra Prasad Road,
New Delhi - 110 001.

3.Institute of Chartered Accountants of India,

Rep. by the Secretary,
ICAI Bhavan, Indraprastha Marg,
Post Box - 7100, New Delhi 110 002.

4.CA Welfare Association,

Rep. by its Secretary,
10/11, Dr. Subbarayannagar Main Road,
Near Samiyar Madam,
Kodambakkam, Chennai -600024. ... Respondents

PRAYER : Writ Appeal is filed under Clause 15 of Letters Patent, to set aside the order dated 20.02.2018 passed in W.P.No.30203 of 2016.

WP.No.30203/16: To direct the 1st respondent (Cost Accountants) to strictly comply with Sec 2(2) of Cost and Works Accountants Act 1959 as amended and desist from encroaching into the domains earmarked for the 3rd respondent to ensure that the acronym ICAI be used instead of acronym ICAI which belongs to the 3rd respondent (Chartered Accountants) as per the Judgment of Honourable Supreme Court in Satyam Infoway Ltd. V. Sifynet Solutions Pvt. Ltd.

For Appellant : Mr. V. Venkatasivakumar
Party-in-person

For Respondents : Mr.A.R.L.Sundaresan, Senior counsel
for M/s.S.Harinyi for R-1

M/s.Venkataswamy Babu for R-2

Mr.H.Karthik Seshadri for R-3

JUDGMENT

SENTHILKUMAR RAMAMOORTHY.J.,

The Appellant is a qualified chartered accountant and member of the third Respondent, namely, the Institute of Chartered Accountants of India (ICAI or CA Institute), which is a body corporate established under the Chartered Accountants Act, 1946 (the CA Act). The Appellant unsuccessfully petitioned for a writ of mandamus directing the Institute of Cost Accountants of India (the Cost Accountants' Institute), the first Respondent herein, to desist from encroaching into the domains earmarked for the third Respondent and to further direct the Ministry of Corporate Affairs, Union of India, the second Respondent herein, to ensure that the acronym ICWAI is used by the first Respondent instead of the acronym ICAI. The writ petition was dismissed by order dated 20.02.2018, which is impugned herein.

2. The first Respondent was incorporated in the year 1944 as a company under the Companies Act, 1913 under the name of the Institute of Cost and Works Accountants of India. The main object of incorporating the first Respondent was to promote, regulate and develop the profession of cost accountancy. On 28.05.1959, Parliament enacted the Cost and Works Accountants Act, 1959 (the Cost Accountants Act) thereby granting statutory recognition to the profession of cost and management accountancy. Several representations were made by the first Respondent to the second Respondent requesting for a change of name and, in particular, for the deletion of the capitalized word "Works" from the name and the replacement thereof with the capitalized word "Management". During this period, the first Respondent used the acronym ICWAI. Eventually, the Cost and Works Accountants (Amendment) Act, 2011 was enacted, whereby the name of the first Respondent was changed to the Institute of Cost Accountants of India. Upon such change of name, the first Respondent began using the acronym ICAI, which represents the first alphabets of the words (excluding the preposition "of ") in its changed name. The usage of the acronym ICAI by the first Respondent, which is the acronym in use by the third Respondent from inception, is the bone of contention in the present proceeding.

3. According to the Petitioner, the first Respondent is not entitled to use the acronym ICAI as such usage would deceive members of the public and lead them to believe that the first Respondent and the third Respondent are the same entity. The writ petition to restrain such use and to direct the first Respondent to change its acronym was dismissed on two grounds, namely, that the Petitioner does not have the locus standi to espouse the cause of the third Respondent; and that there is an alternative remedy by way of initiating proceedings under the Trade Marks Act, 1999 (the Trade Marks Act) either for infringement or passing-off.

4. We heard Mr. V. Venkatasivakumar, the Appellant, as a party-in-person; Mr. AR. L. Sundaresan, the learned senior counsel, assisted by Ms. S. Harinyi, for the first Respondent; Mr. Venkataswamy Babu, the learned counsel for the second Respondent; and Mr. H. Karthik Seshadri, the learned counsel for the third Respondent.

5. The party-in-person submitted that he is entitled to maintain the writ petition because he is a member of the third Respondent. He further submitted that the third Respondent is a statutory body established under the CA Act for the regulation of the profession of chartered accountancy. It is in existence for over 70 years and has acquired a sterling reputation. Right from the inception, the third Respondent has used the acronym ICAI, which represents the first alphabets in the primary words that constitute its name (excluding the preposition " of "). Consequently, all relevant stakeholders such as students and teachers; and business entities such as companies and partnerships or sole proprietorships to whom services are provided by its members refer to the third Respondent as the ICAI.

6. On the other hand, the first Respondent was incorporated as a company under the Companies Act 1913 under the name of the Institute of Cost and Works Accountants of India in the year 1959. Accordingly, the acronym ICWAI was used by the first Respondent from 1959 until 2011. From 2011, the first Respondent has started using the acronym ICAI and the use of the said acronym should not be permitted because it misleads stakeholders both with regard to the identity of and the domain expertise of qualified members of the two Institutes. Therefore, it is not in public interest to permit the first Respondent to use the acronym ICAI. In addition, the acronym ICAI is a registered trade mark owned by the third Respondent. Therefore, the first Respondent should not be permitted to use the said acronym.

7. One more issue was raised by the party-in person, namely, the correspondence with the Ministry of Corporate Affairs with regard to the use of the acronym ICAI. By letter dated 17.06.2020, the Ministry of Corporate Affairs had advised the first Respondent that it is not desirable for the

first Respondent to use the acronym ICAI. By relying upon this document, the party-in-person contended that the Ministry of Corporate Affairs was also of the view that the first Respondent should desist from using the acronym ICAI.

8. Mr.A.R.L.Sundaresan, the learned senior counsel made submissions in response and to the contrary on behalf of the first Respondent. His first contention was that the Appellant does not have the locus standi to maintain the writ petition in as much as he is not the aggrieved person. In other words, a proceeding of this nature can only be instituted by the third Respondent and this appeal is liable to be rejected in limine on this ground. The second contention of the learned senior counsel was that the name of the first Respondent was amended by an Act of Parliament, namely, the Cost and Works Accountants (Amendment) Act 2011, whereby the name was changed to the Institute of Cost Accountants of India. Upon such statutory change of name, the first Respondent began using the acronym ICAI as it represents the first alphabets of the main words (excluding the preposition " of ") in its name. Thus, the use of the acronym ICAI consequent to the statutory change of name is bona fide. As a corollary, neither the Appellant nor the third Respondent are entitled to prevent the first Respondent from using the acronym ICAI. On a demurrer, the learned senior counsel contended that the third Respondent should institute appropriate proceedings if it intends to challenge the use of the acronym ICAI and that the present Writ Appeal is liable to be rejected on the ground of the availability of an efficacious alternative remedy. With regard to the communications with the Ministry of Corporate Affairs, the learned senior counsel pointed out that by subsequent letter dated 26.06.2020, the earlier letter dated 17.06.2020 was modified and paragraph 7, which dealt with the non-desirability of using the acronym ICAI, was withdrawn by the Ministry of Corporate Affairs.

9. The learned counsel for the third Respondent made submissions thereafter. He pointed out that the third Respondent was constituted as a statutory body under the CA Act. By virtue of the said Act, the third Respondent is conferred with the status of a body corporate, which is entitled to perpetual succession and a common seal. All chartered accountants are members of the Institute and audit functions can only be carried out by chartered accountants. By drawing specific reference to Section 15-A of the CA Act, he pointed out that sub Section 3 thereof precludes any other university or body from adopting a name or nomenclature which is in any way similar to that of the Institute. He also pointed out that it is an offence for a person, who is not a member of the Institute, to represent that he is a member of the Institute or to use the designation "chartered accountant". Likewise, under Section 24-A, there is a prohibition against the use of a name or common seal which is identical with or deceptively similar to the name or common

seal of the CA Institute. The said Section 24-A(1)(i) reads as under:

"24-A. Penalty for using name of the Council, awarding degree of chartered accountancy, etc.

(1) Save as otherwise provided in this Act, no person shall-

(i) use a name or the common seal which is identical with the name or the common seal of the Institute or so nearly resembles it as to deceive or as is likely to deceive the public."

His next contention was that the acronym ICAI was registered as a trade mark under the Trade Marks Act by Certificate of Registration of Trade Mark dated 11.09.2016. Consequently, the use of the acronym ICAI by the first Respondent infringes the Trade Mark of the third Respondent as per Section 29 of the Trade Marks Act. For the above reasons, the learned counsel submitted that the present proceeding is maintainable as it pertains to the violation of statutory provisions by the first Respondent and that the existence of an alternative remedy is not material in such event.

10. We considered the submissions of the learned senior counsel/ counsel for the respective parties and examined the records.

11. The first question that is required to be considered is whether the Appellant/Petitioner had the locus standi to maintain the writ petition. In the impugned order, the learned Judge concluded that the Petitioner is not the person aggrieved and that, therefore, the Petitioner is not entitled to maintain the writ petition. The learned Judge also held that the rights in a trade mark are proprietary rights and that only the owner of the trade mark is entitled to initiate proceedings in respect thereof. On this question, the contention of the Appellant was that he is a member of the third Respondent Institute and is, therefore, entitled to maintain the writ petition to espouse the interest of the third Respondent. Upon perusal of the CA Act and, in particular, Section 3 thereof, we find that the third Respondent is a body corporate established by statute and conferred with perpetual succession, the right to a common seal and the right to sue and be sued in its name. The party-in-person has not filed the writ petition in his personal capacity or as a public interest litigation. Instead, it is in the nature of an action for and on behalf of the third Respondent. In effect, using a private law analogy, the present writ petition and the appeal arising there from appear to be in the nature of a derivative action. Even in the realm of private law, derivative actions cannot be maintained unless it is established that the entity on whose behalf such action is initiated is unable, for justifiable reasons, to prosecute proceedings to protect its interest. A reference may be made

to the judgment of the Court of Appeals in *Edwards v. Halliwell* [(1950) 2 All ER 1064] in this regard. Neither the party-in-person nor the third Respondent have pleaded nor raised any contention to the effect that the third Respondent was disabled for some valid reasons from initiating proceedings in order to protect its rights and interests. A fortiori, a discretionary public law action cannot be maintained in this situation. Therefore, we concur fully with the findings of the learned Judge in the impugned order that the Appellant/Petitioner does not have locus standi and that the writ petition was not maintainable at his instance.

12. Nevertheless, in view of the fact that detailed submissions were made by the Appellant and by the third Respondent with regard to the alleged infringement of the statutory rights of the third Respondent, we propose to deal briefly with the said contention. The contention that the statutory rights of the third Respondent are being violated by the first Respondent is founded on two planks. The first being that Sections 15-A and 24-A of the CA Act prohibit a person from using a name or common seal which is identical with or so nearly resembles that of the CA Institute as to deceive or be likely to deceive the public. It is evident from the language of Section 24-A of the CA Act that the protection is extended to the name and nomenclature. The name of the first Respondent as per the CA Act is the Institute of Chartered Accountants of India. Thus, from the perspective of alleged violation of the CA Act, the name of the third Respondent, as per the CA Act, and that of the first Respondent, i.e. the Institute of Cost Accountants of India, are not identical. In any event, Section 28 of the CA Act enables prosecution only on a complaint made by the Council of the CA Institute or the Central Government for the violation of provisions such as Section 24A. In these circumstances, no case is made out for the exercise of discretionary jurisdiction by this Court on account of the use of the acronym ICAI. Such question would have to be decided in appropriate legal proceedings initiated by the third Respondent.

13. The second plank on which the Appellant's case rests is that the third Respondent obtained a trade mark registration for the acronym ICAI and that consequently, the third Respondent is entitled to restrain the use of the acronym ICAI by the first Respondent. The Trade Marks Act enables the registered proprietor of a trade mark to sue for infringement. Even with regard to an unregistered trade mark, it recognizes the right of the proprietor to initiate an action for passing off under common law. Needless to say, an action for infringement or passing off should be initiated by the registered proprietor or proprietor, respectively, of the trade mark. In other words, the Appellant herein would not have the locus standi to initiate either an action for infringement or passing off. Once again, we find no infirmity

in the conclusion in the impugned order on this issue. One more issue was raised by the parties, namely, the correspondence with the Ministry of Corporate Affairs with regard to the use of the acronym ICAI. By letter dated 17.06.2020, the Ministry of Corporate Affairs had advised the first Respondent that it is not desirable for the first Respondent to use the acronym ICAI. However, by subsequent letter dated 26.06.2020, the earlier letter was modified and paragraph 7, which dealt with the non-desirability of using the acronym ICAI, was withdrawn by the Ministry of Corporate Affairs. By relying upon these documents, the party-in-person had contended that the Ministry of Corporate Affairs is of the view that the first Respondent should desist from using the acronym ICAI, and that a direction should be issued to that effect. This correspondence was exchanged after the writ petition was filed and in light of the conclusions that we have set out above, we do not propose to issue any such direction.

14. In the result, the impugned order is affirmed and the appeal fails. No costs.

Sd/-

Assistant Registrar(CS VII)

//True Copy//

Sub Assistant Registrar

To

- 1.The President
Institute of Cost Accountants of India
No.12, Suddar Street, Kolkotta - 700 016.
- 2.The Joint Secretary,
Union of India
Ministry of Corporate Affairs,
5th Floor, A - Wing, Sastri Bhavan,
Dr. Rajendra Prasad Road,
New Delhi - 110 001.
- 3.The Secretary,
Institute of Chartered Accountants of India,
ICAI Bhavan, Indraprastha Marg,
Post Box - 7100, New Delhi 110 002.
- 4.The Secretary,
CA Welfare Association,
10/11, Dr. Subbarayannagar Main Road,
Near Samiyar Madam, Kodambakkam, Chennai -600024.

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