

Sharayu Khot.

IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION

COMMERCIAL MISCELLANEOUS PETITION NO. 47 OF 2022

Electonica India Ltd.

...Petitioner

Versus

Electonica Hitech Machines Private Limited & Anr.

...Respondents

WITH

COMMERCIAL MISCELLANEOUS PETITION NO. 51 OF 2022

Electonica India Ltd.

...Petitioner

Versus

Electonica Hitech Machines Private Limited & Anr.

...Respondents

Mr. Hiren Kamod a/w Mr. Nishad Nadkarni, Mr. Aasif Navodia, Ms. Khushboo Jhunjhunwala, Ms. Jaanvi Chopra & Ms. Rakshita Singh i/by Khaitan & Co. for the Petitioners.

Mr. Ashish Kamat, Senior Counsel a/w Ashwin Bhadang, Mr. Aditya Chitale, Mr. Ameet Deshpande, Mr. Ranjit Wagh, Mr. Sumedh Ruikar Mr. Shubhankar Ranade & Proutima Ray i/by RK Dewan Legal Services for the Respondent No.1.

Mr. Yashodeep P. Deshmukh a/w Ms. Vaidehi Pradeep for Respondent No. 2.

CORAM : R.I. CHAGLA J

DATE : 15 April 2024

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JUDGMENT :

1. By these above Commercial Miscellaneous Petitions, the Petitioner has raised a challenge to the purported orders of the Trade Mark Registry – Respondent No. 2 allowing the two Form TM-24 Applications of the Respondent No. 1 for bringing on record the name of Respondent No. 1 as the subsequent proprietor. The original files produced by the Trade Marks Registry contain no such order. The prayer in the Commercial Miscellaneous Petitions is for setting aside the impugned orders passed by the Registry of Trade Marks, Mumbai in connection with the request of the 1st Respondent on Form TM-24.

2. Upon this Court inquiring as to whether there is an order passed by the Respondent No. 2 allowing the Form TM-24 Applications, Mr. Yashodeep Deshmukh, the learned Counsel for the Respondent No. 2 has stated on instructions of Respondent No. 2 and after producing the original record of the papers and proceedings concerning the Applications made on Form TM-24 that there is no speaking order which has been passed by Respondent No. 2 and there is only a communication to that effect.

3. Mr. Yashodeep Deshmukh has on instructions also accepted the position that in the event this Court is of the view that the matter should be remanded back, Respondent No. 2 shall pass appropriate order under Section 45 of the Trade Marks Act, 1999 on the Form TM-24 Application.

4. Mr. Hiren Kamod, the learned Counsel appearing for the Petitioner has submitted that the original records produced by Respondent No. 2 raise several questions. The online status pages in respect of trademark Nos. 1313395 and 1313396 reflect that Respondent No. 1's request on Form TM-24 was allowed vide order dated 25th January 2018. However, there was no order dated 25th January 2018 made available. Further, upon an RTI request filed by the Petitioner, an intimation dated 18th May 2018 was made available and no order dated 25th January 2018 was made available. Subsequently, the communication dated 18th May 2018 was uploaded as an order in the online database of the Trade Marks Registry in respect of the trademark Nos. 1313395 and 1313396. However, it is clear from the record that there are two versions even for the communication dated 18 May 2018 which bear two different signatures. There is no explanation or justification as to how multiple

orders could have been passed by Respondent No. 2 allowing the very same request for recordal of transmission.

5. Mr. Kamod has made submissions with regard to the alleged impugned order dated 25th January 2018 or 18th May 2018, assuming that there is any order passed, being an unreasoned and non-speaking order inasmuch as the same does not consider the objections put forth by the Petitioner vide its letter dated 19th January 2018 (“*Objection Letter*”) to Respondent No. 1’s request on Form TM-24 for recordal under Section 45 of the Trade Marks Act, 1999 (“*TM-24 Proceedings*”) nor does it provide any reasons for rejecting the objections of the Petitioner.

6. Mr. Kamod has also made submissions with regard to the rights of the Petitioner completely being disregarded by the Registrar. He has submitted that the Petitioner is not an interloper. Further, in the Application under Form TM-24 a false Affidavit was filed by Respondent No. 1 upon being called by the Trade Mark Registrar to disclose on Affidavit all and any pending disputes pertaining to the mark “Electronica” (“**the subject mark**”). He has submitted that there were disputes pertaining to the subject mark as in the Petitioner’s

reply to the Injunction Application filed by Respondent No. 1 in the Pune Suit, the Petitioner had in fact already challenged Respondent No. 1's exclusive claim to the subject mark. Had Respondent No. 1 disclosed the Pune Suit proceeding in the said Affidavit, Respondent No. 2 would have followed the mandate laid down in Section 45(3) of the Act and stayed his hands till such time the rights in the subject mark are decided by the competent Court.

7. Mr. Kamod has also made submission of locus of Petitioner in filing the above Petitions/Appeals under Section 91 of the Act. The Petitions/Appeals had initially been filed before the IPAB and upon this Court having substituted the IPAB, before this Court. This in connection with his argument that the Petitioner is a "person aggrieved" by the impugned order or decision of the Registrar under the Trade Marks Act, 1999.

8. Mr. Kamod has submitted that the Respondent No. 1 has dealt with the merits of the matter and in so doing is treating the present Appeal as a proceeding of first instance. He has submitted that in the event, Respondent No. 2 felt that the Petitioner was an interloper or had no locus to file the Objection Letter or that Section

45 of the Act does not contemplate providing an opportunity to such party to object to the recordal of transmission, Respondent No. 2 could also have recorded so in the Impugned Order.

9. Mr. Kamat, learned Senior Counsel for Respondent No. 1 has on the other hand, submitted that the Respondent No. 1 cannot be made to suffer due to any acts done/not done by the Registrar/Trademark Registry with respect to the order dated 25th January 2018. Grave prejudice and irreparable loss will be caused to Respondent No. 1 in the event the matter is sent back to the Registrar for fresh consideration under Section 45, as the registration of trademark would exist in vacuum. He has addressed this Court on the merits of TM-24 Application made by the Respondent No. 1 and has referred to the decision of the Andhra Pradesh High Court in **Vali Pattabhirama Rao Vs. Sri Ramanuja Ginning and Rice Factory**¹ at paragraphs 19 and 28, in support of his submission that no document is required for conversion of a partnership to a company. In the present case, the subject trademark “Electronica” was registered in the name of the partnership firm M/s. Electronica from 2004 both under Class 7 and Class 9 of the Trade Marks Act and the subject

¹ AIR 1984 ANDHRA PRADESH 176

mark had thereafter automatically vested in Respondent No. 1 Company upon the firm's conversion to part IX Company under the Companies Act which would amount to transmission. This conversion was on 30th March 2011 where all three partners of the erstwhile Firm agreed to and were promoters and directors of Respondent No.1.

10. Mr. Kamat has submitted that upon conversion of a partnership Firm into a limited company under part IX of the Companies Act, all assets of firm stand automatically transferred to and vest in the company without a necessary instrument or document. He has relied upon the decision of this Court in **HEM Corporation Pvt.Ltd. & Ors. Vs. ITC Limited**² at paragraphs 5, 19 and 20. He has further submitted that when a partnership Firm was converted to a company under part IX of the Companies Act, there is no transfer which is involved i.e. there is neither a transferor nor transferee. Such a conversion of partnership Firm to a company under part IX of the Companies Act would amount to transmission. He has relied upon the decision of the Madras High Court in **L.K.S. Gold**

² SCC OnLine Bom 551

Palace and Ors. Vs. L.K.S. Gold House P Ltd.³ at paragraph 4.

11. Mr. Kamat has submitted that when conversion of a partnership firm into a part IX company takes place under the provisions of the Companies Act, there is a transmission by operation of law not requiring any agreement/deed to be executed. He has further submitted that by such a transmission the property/right/title/interest in the subject mark Electronica, which was registered in the name of the partnership Firm will automatically be vested and deemed to continue as the property/right/title/interest of the Respondent No. 1. He has submitted that when an application is made under the provisions of Section 45 of the Trade Marks Act before the Registrar, no other document of title is required to be considered to register in the name of Respondent No. 1 in place of the partnership firm. Thus, the Registrar was only required in the present case to replace the name of Respondent No. 1 company in place of partnership firm as the registered proprietor of the trademark in accordance with the document of title being the certificate of incorporation of Respondent No. 1.

³ 2004 SCC OnLine Mad 887

12. Mr. Kamat has submitted that in the event, this Court considers sending the matter back to the Registrar for fresh consideration under Section 45, the same would result in either the Registrar confirming the transmission in favour of Respondent No.1 or being misled into thinking that there is a challenge (objection that is not maintainable) to the title of the trademark Electronica and therefore, the Registrar may either reject the application of Respondent No. 1 under the provisions of Section 45 or choose to await the outcome of the various Court proceedings.

13. Mr. Kamat has submitted that in the first scenario as aforementioned, the matter need not go back to the Registrar even if the Court comes to conclusion that there is violation of principles of natural justice as the effect of the order dated 25th January 2018 does not change the outcome as the transmission has already been taken place by law, the trademark is required to be registered in the name of Respondent No. 1.

14. Mr. Kamat has placed reliance upon the decision of the Supreme Court in **State of U.P. Vs. Sudhirkumar Singh**⁴ and

⁴ (2021) 19 SCC 706

Haryana Financial Corporation Vs. Khailash Chandra Ahuja⁵ in this context.

15. Mr. Kamat has submitted that in the second scenario as aforementioned, in the event, the Registrar does not register the trademark in the name of Respondent No. 1, the same will render the principle and object of part IX of the Companies Act otiose and the registration of the trademark will exist in vacuum in the name of an entity not in existence. This is because the partnership firm has ceased to exist on conversion into a part IX Company. He has submitted that the fundamental principle and object of the Trade Mark Act is that the trademark is required to be protected.

16. Mr. Kamat has submitted that the Petitioner has not filed any request under Section 45 as it can neither claim to be the partnership firm nor the Respondent No. 1 Company. The Petitioner has separately filed TM Applications and sought to claim a right to the trademark under the provisions of Section 18 and Section 57 of the Trade Mark Act and therefore, no prejudice would be

⁵ (2008)9 SCC 31

caused to the Petitioner.

17. Mr. Kamat has submitted that the principles of natural justice have undergone a sea change and the Court is required to consider whether a real prejudice is caused to the party in the event the order is to be set aside. He has placed reliance on the decision of the Supreme Court in **State of U.P. Vs. Sudhirkumar Singh** (supra) and **Haryana Financial Corporation** (supra), where the Supreme Court has held that every violation of a facet of natural justice may not lead to the conclusion that the order passed is always null and void. The Court is required to consider whether any purpose would be served in remitting the case back to the authority and/or would such remit make any difference in the outcome of the matter. The Supreme Court also held that it is not necessary to strike down the action and refer the matter back to the authorities to take fresh decision after complying with the procedural requirement in those cases where non grant of hearing has not caused any prejudice to the person against whom the action is taken. The Supreme Court has held that even those cases where the procedural requirement has not been complied with, the action has not been held *ipso facto* illegal, unlawful or void, unless it is shown that non observance had

prejudicially affected the Applicant.

18. Mr. Kamat has also referred to the scope under Section 45 of the Trade Mark Act being very limited with the Registrar as registration of assignment or transmission under Section 45 is a mere formality. He has placed reliance upon the decision of this Court in **Parksons Chartamundi Pvt.Ltd. Vs. Suresh Kumar Jasraj Burad**⁶ at paragraphs 19 to 23 and the Delhi High Court decision in **Classic Equipments Pvt.Ltd. Vs. Johnson Enterprises & Ors.**⁷ at paragraphs 22, 25, 29 to 32 in this context.

19. Mr. Kamat has submitted that mere fact of the Suit being pending before the Trial Court and the Petitioner having filed Reply to the Notice of Motion of Respondent No. 1 in the year 2016, cannot be relied upon by the Petitioner to contend that the Affidavit dated 10th July 2017 of the Respondent No. 1 placed before the Respondent No. 2 in the TM-24 proceedings should have reflected that there was dispute in respect of the Respondent Nos. 1's trademark on title.

⁶ 2012 SCC OnLine Bom 438

⁷ 2009 (41) PTC 385 Delhi

20. Mr. Kamat has accordingly, submitted that this Court was fully justified in ordering the name of Respondent No. 1 to continue on record on the Trade Mark Registry and which is in the line with the operation of law. There is no prejudice caused to the Petitioner, who has no *locus standi* in the matter.

21. Having considered the rival submissions, in my view, the Respondent No. 2 has abdicated its duty under Section 45 of the Trade Marks Act, 1999 which expressly provides as under :-

“45. Registration of assignments and transmissions.--

- (1) Where a person becomes entitled by assignment or transmission to a registered trade mark, he shall apply in the prescribed manner to the Registrar to register his title, and the Registrar shall, on receipt of the application, register him as the proprietor of the trade mark in respect of the goods or services in respect of which the assignment or transmission has effect, and shall cause particulars of such assignment or transmission to be entered on the register.*
- (2) The Registrar may require the applicant to furnish evidence or further evidence in proof of title only*

where there is a reasonable doubt about the veracity of any statement or any document furnished.

- (3) *Where the validity of an assignment or transmission is in dispute between the parties, the Registrar may refuse to register the assignment or transmission until the rights of the parties have been determined by a competent court and in all other cases the Registrar shall dispose of the application within the prescribed period.*
- (4) *Until an application under sub-section (1) has been filed, the assignment or transmission shall be ineffective against a person acquiring a conflicting interest in or under the registered trade mark without the knowledge of assignment or transmission.]”*

22. This provision requires the Registrar of Trade Marks upon a receipt of an application for either assignment or transmission to follow due process of law and in certain instances, require the applicant to furnish evidence in proof of title where there is a reasonable doubt about veracity of any statement or any document furnished. It is only upon such satisfaction that the Registrar may register the applicant as the proprietor of the trade mark in respect of the goods or services in respect of which the

assignment or transmission has effect, and shall cause particulars of such assignment or transmission to be entered on the register. In Sub-section 3 of Section 45 it is provided that when the validity of an assignment or transmission is in dispute between the parties, the Registrar may refuse to register the assignment or transmission until the rights of the parties have been determined by a competent Court and in all other cases the Registrar shall dispose of the application within the prescribed period.

23. Further, under Section 91 of the Trade Marks Act there is a provision for an Appeal to this Court by any “person aggrieved” from the date on which the order or decision sought to be appealed against is communicated to such person preferring the appeal. Thus, the provisions of the Trade Marks Act, 1999 for registration of assignment and transmission contemplates adjudication of the applications made to the Registrar and passing of an order by the Registrar which is subject to Appeal to this Court.

24. Under the Trade Marks Rules, 2002, in particular Rule 71 thereof, the Registrar may call upon any person who applies to register as proprietor of registered trademark to furnish such proof

or additional proof of title as he may require to his satisfaction. Further, in the commentry of Venkateshwaran of the Trade Marks and passing off-Volume II at page 1844, the Author deals with Section 45 of the Trade Marks Act. It is mentioned therein that the Registrar's refusal to register the assignment or transmission will naturally arise only before the actual change is effected in the register. Further, in case of transmission where before a change is made in the register by which the name of the applicant is entered as subsequent proprietor, the transmission may be disputed by some person showing evidence of his interest.

25. In the present case, the Petitioner had issued the Objection Letter dated 19th January 2018 objecting to the Respondent No. 1's request on Form TM-24, which request sought for recordal under Section 45 of the Trade Marks Act, 1999. However, without considering the Objection Letter, and without passing an order thereupon by the Registrar, the applications made on Form TM-24 were allowed. It is ironic that the Respondent No. 2 had issued two communications/purported orders dated 25th January 2018 and 18th May 2018. It is now clarified by Counsel for the Respondent No. 2 that these only communicate that the Applications TM-24 had been

allowed and the change effected in the register of trademarks. Further, it is necessary to note that in the RTI request made by the Petitioner requesting for the order which allowed the applications made on Form TM-24 only the communication dated 18th May 2018 was made available and there was no order dated 25th January 2018 made available. The communication dated 18th May 2018 had been uploaded as an order on the online database of the Trade Marks Registry in respect of the subject trademark Nos. 1313395 and 1313396. It is now clear from the record that there are two versions even for communicated from 18th May 2018 which bear two different signatures. Thus, the Respondent No. 2 has now through its Counsel, Mr. Yashodeep Deshmukh stated that since there is no speaking order on record passed by the Respondent No. 2, the matter could be remanded back to Respondent No. 2 for fresh consideration.

26. I find that the proceedings under Section 45 of the Trade Marks Act cannot be merely an administrative function particularly since the aforementioned Sub-Section 2 of Section 45 of the Trade Marks Act read with Rule 77 of the Rules provides that the Registrar may require the applicant to furnish such proof of title over the concerned trademarks which the Registrar may require for his

satisfaction. It is an admitted fact that the Respondent No. 2 had directed Respondent No. 1 to file Affidavit to the effect whether proceedings were pending in relation to the subject mark “Electronica” vide its letter dated 17th October 2017 and stated that the matter would be re-examined further on compliance by Respondent No. 1. To which a prior Affidavit i.e. date 10th July 2017 had been submitted by the Respondent No. 1 in which they have stated that there is no pending legal proceedings in respect of the subject trademarks.

27. The Respondent No. 2 has in my view acted contrary to Section 45 of the Trade Marks Act in failing to consider the Objection Letter of the Petitioner. Further, presuming that the Respondent No. 2 found that the Petitioner was an interloper, the same should have formed part of a speaking order passed by the Respondent No. 2. This given the fact that the Respondent No. 2 had itself sought for an Affidavit that there were no proceedings concerning the subject mark.

28. There is an existing Suit filed by the Respondent No. 1 in the Pune District Court, where initially an interim injunctive

relief had been granted in favour of Respondent No. 1 and which was thereafter, set aside in Appeal and remanded back to the Pune District Court for fresh consideration by consent of the parties. The Pune District Court thereafter, heard the interim application on merits and by its detailed order dated 28th August 2019, the Pune District Court dismissed the injunction application of Respondent No.1. The said order was challenged by Respondent No. 1 in Appeal before this Court which had vide an order dated 6th December 2019, granted injunction reliefs to Respondent No. 1 without providing any reasons for the same. The said order dated 6th December 2019 was challenged by the Petitioner before the Supreme Court and the same was set aside and remanded back to this Court on the ground that the said order was an unreasoned and a nonspeaking order. The Appeal before this Court is now pending.

29. The Pune District Court has considered the issues arising in the Suit, which would have to await trial viz., (i) Whether or not Respondent No. 1 has title over the subject mark Electronica or (ii) Whether Respondent No. 1 is just allowed to use the subject mark Electronica in a restrictive sense and for a particular business. Thus, it was necessary for the Respondent No. 1 to have disclosed these

proceedings to the Respondent No. 2 who would then have had an opportunity to consider whether these proceedings were material after hearing the Petitioner.

30. There have been submissions made on title to the subject trade mark, and merits thereto. However, considering that the above two Commercial Miscellaneous Petitions are Appeals under Section 91 of the Trade Marks Act, from orders passed by a *quasi-judicial* authority i.e. Respondent No. 2, the Respondent No. 1 cannot treat the present appeals as proceedings of first instance and delve into the merits of the matter.

31. I do not find merit in the submissions of Mr. Kamat that since there was transmission from the partnership firm M/s. Electronica to the company under part IX i.e. Respondent No. 1 where the partners of the erstwhile partnership have agreed to such transmission and upon such transmission by operation of law the subject trademark has automatically vested in Respondent No. 1, a mere administrative act of the Respondent No. 2 was required to replace the name of Respondent No. 1 Company in place of the partnership firm. The Respondent No. 2 should have been mindful of

the objections raised by the Petitioner to such application. Further, as held above, there has been a failure on the part of the Respondent No. 1 to disclose that there were proceedings between the Respondent No.1 and Petitioner where the Petitioner has raised the issue on title of the subject trademark before the Pune District Court.

32. Accordingly, I do not consider the remand back to the Respondent No. 2 for fresh consideration of the TM-24 applications to be a futile exercise and in fact, the same is much warranted, in the present case. The submissions with regard to the principle of natural justice having considerably changed as contended by Mr. Kamat and reliance placed by him upon the decision of the Supreme Court in **State of U.P.** (supra) and **Haryana Financial Corporation** (supra) are inapplicable in the present case, particularly, considering that there has been no order which has been passed by the Respondent No. 2 as admitted by Respondent No. 2 and hence, the issuance of an order would be a pre-requisite for the decisions to apply.

33. The above Commercial Miscellaneous Petitions are allowed in terms of prayer clauses (a) and (b) of the Petitions. The

impugned orders/communications of the Respondent No. 2-Registrar of the Trade Marks, Mumbai allowing the requests of Respondent No. 1 in Form TM-24 are set aside. The Respondent No. 2 shall consider the applications in Form TM-24 *de novo* after granting the Petitioner an opportunity of being heard and thereafter, passing a speaking order on the requests of the 1st Respondent in Form TM-24 which shall be in conformity with Section 45 of the Trade Marks Act, 1999.

34. The above Commercial Miscellaneous Petitions are accordingly, disposed of. There shall be no order as to costs.

35. Mr. Kamat, learned Senior Counsel for the Respondent No. 1 has sought stay of this judgment and order, considering that the registration of the two subject trademarks had been effected by the Respondent No. 2 by allowing the requests under Form TM-24 in the year 2018.

36. Mr. Kamod has vehemently opposed any stay of this judgment and order, considering the findings therein that there has been no order passed by the Respondent No. 2 allowing the request of Respondent No. 1 in Form TM-24 and registering the

subject trademarks.

37. Having considered the submissions on stay of this order, for the period of four weeks from the date of this order, the Respondent No. 2 to whom the matter has been remanded shall not proceed with *de novo* hearing of the applications under TM-24.

[R.I. CHAGLA J.]