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W.P. No.2087/2022

**IN THE HIGH COURT OF JUDICATURE AT MADRAS**

| Reserved on | Pronounced on |
|-------------|---------------|
| 21.08.2024  | 09.09.2024    |

**CORAM**

**THE HONOURABLE MR. JUSTICE M.DHANDAPANI**

**W.P. NO. 2087 OF 2022  
AND  
W.M.P. NOS. 2245 & 6430 OF 2022**

M/s. KCP Infra Ltd.  
No.4, Ground Floor  
Aalayam Space, Anandha Road  
Alwarpet, Chennai 600 018.

.. Petitioner

**- Vs -**

1. The Regional Director  
Ministry of Corporate Affairs  
(Southern Region)  
5<sup>th</sup> Floor, Shastri Bhavan  
26, Haddows Road, Chennai 600 006.

2. M/s. The KCP Ltd.  
No.2, Dr.P.V.Chерian Crescent  
Egmore, Chennai 600 008.

.. Respondent

Writ Petition filed under Article 226 of the Constitution of India praying  
this Court to issue a writ of certiorari quashing the order dated 7.1.2022 in F.



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No.CA 08/Sec 16/RD (SR)/2021-22 passed by the 1<sup>st</sup> respondent and permit the petitioner to continue to use the name M/s.KCP Infra Limited.

For Petitioner : Ms.Gladys Daniel

For Respondents : Mr. Krishna Srinivas, for  
M/s. Ramasubramaniam  
Associates for R-2  
Mr. A.R.Sakthivel, SPC for R-1

### **ORDER**

The impugned order in and by which the application of the 2<sup>nd</sup> respondent herein for a direction to the petitioner to change the name of the company and restrain it from using “KCP” has been affirmatively answered in favour of the 2<sup>nd</sup> respondent by the 1<sup>st</sup> respondent is put to challenge in the present petition.

2. It is the averment of the petitioner that initially the petitioner firm was started as a partnership firm in the name of “KCP Engineers and Fabricators” in the year 2005 and later, it was incorporated as a Private Limited Company in the year 2011 under the Companies Act, 1956 under the name of KCP Engineers Pvt. Ltd. The word “KCP” has been part of the name of the company since the date of incorporation of the company in the year 2011.



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3. It is the further averment of the petitioner that in the light of Section 16 (b) of the Companies Act, the limitation period for change changing the name is 3/5 years of incorporation of the company, be it under Section 16 (1) (b) of Companies Act, 2013 or under proviso to Section 22 of the Companies Act, 1957. It is the further averment of the petitioner that it has been using the name “KCP” as part of the name of the company from 2011 and by the petitioner’s predecessor in title as part of a partnership from 2005.

4. It is the further averment of the petitioner that the company was converted as a Public Limited Company on 16.04.2021 and subsequent to the same, the name of the company was changed to “KCP Infra Ltd., bearing Corporate Identification No.U45400TN2011PLC099511. It is the further averment of the petitioner that since the inception of the company in the year 2005, the promoter and Managing Director of the Company, viz., Mr. K.Chandraprakash, who is the registered proprietor and trademark holder of ‘KCP’, which mark is valid and subsisting till date had granted unconditional consent to the company to use the trademark ‘KCP’.



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5. It is the further averment of the petitioner that the name of the founder of the company has been abbreviated and has been bona fide adopted, which is protected u/s 35 of the Trademarks Act, 1999. The company has immense reputation and is well known in various Government departments and is executing road and infra projects for the Government and private sector and retail businesses related to manufacturing, sales and marketing of construction related business and construction material suppliers.

6. It is the further averment of the petitioner that the petitioner company, KCP Engineers Pvt. Ltd., was converted to a Public Limited Company as 'KCP Infra Ltd.', and had filed Application No.4911560 for Class-37 which came to be registered and that the said mark is valid and subsisting till date on the Trade Mark Register.

7. It is the further averment of the petitioner that the company is carrying on business using the name 'KCP' continuously without any interruption and that the company is the registered proprietor of the trademark 'KCP Infra' as the



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company is in continuous use of the trademark KCP and KCP Infra. The petitioner company has spent valuable sums of money and has put its hard work and effort to popularize its trademarks 'KCP' and 'KCP Infra'.

8. It is the further averment of the petitioner that when the matters stood thus, the 2<sup>nd</sup> respondent initiated proceedings u/s 16 of the Companies Act, 2013 (for short 'Act, 2013') against the petitioner seeking to remove the letters KCP forming part of the petitioner's company name as the same was undesirable in view of the prior incorporation of the 2<sup>nd</sup> respondent company with the same letters KCP forming part of their company name.

9. It is the further averment of the petitioner that a direction has been issued by the respondent to the petitioner company to change its name within three months u/s 16 (1) of Act, 2013, failing which the Registrar of Companies, Tamil Nadu was directed to initiate action in terms of Section 16 (3) of Act, 2013. Challenging the said order, as the petitioner is left with no other equally effective, efficacious and alternative remedy, has come before this Court by filing the present petition.



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10. Learned counsel for the petitioner, even at the very outset, submitted that the present petition is hopelessly barred by limitation u/s 16 of Act, 2013, as the term 'KCP' has formed prominent part of the partnership/company for the past 17 years, which fact has been lost sight of by the 1<sup>st</sup> respondent while passing the impugned order.

11. It is the further submission of the learned counsel that the petitioner is the registered proprietor of the trademark 'KCP' under application dated 19.03.2021 in class 37 with respect to Civil Contractor and with respect to the trademark 'KCP Infra' under application dated 19.3.2021 also under Class 37 with respect to construction, infrastructure construction, building maintenance and repairs and, therefore, the term 'KCP' has been recognized as an exclusive right in favour of the petitioner and, therefore, the said impugned order is not in consonance with the Trademarks Act, 1999 and, therefore, it is liable to be quashed.



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12. It is the further submission of the learned counsel that the line of operation of the petitioner and the 2<sup>nd</sup> respondent are distinctly different and there would be no confusion arising in the mind of the customers or clients of the two companies and for the past 17 years, the 2<sup>nd</sup> respondent having allowed the petitioner to function by co-existing, no detriment would be caused to the 2<sup>nd</sup> respondent due to the continuance of the name of the petitioner concern.

13. It is the further submission of the learned counsel that inspite of the fact that the 2<sup>nd</sup> respondent was well aware of the presence of the petitioner, who had been functioning by taking up Government contracts for the past decade, but without taking any action till 2021, the 2<sup>nd</sup> respondent is barred from initiating any proceedings against the petitioner.

14. It is the further submission of the learned counsel that the 2<sup>nd</sup> respondent having allowed the petitioner to develop into a well known entity by remaining a mute spectator, the belated application filed by the 2<sup>nd</sup> respondent to change the name of the petitioner is wholly impermissible as the conduct of



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the 2<sup>nd</sup> respondent amounts to acquiescence and, therefore, no order could be granted in favour of the 2<sup>nd</sup> respondent.

15. It is the further submission of the learned counsel that having allowed the petitioner to function for about 17 years, the petitioner having developed enough goodwill amongst its customers and clients, passing the impugned order would severely derail and cause serious prejudice to the petitioner. It is the further submission of the learned counsel that the petitioner having bona fide adopted the name of 'KCP', which is derived from the name of its founder, which is specifically permitted under the Trademarks Act, 1999, and the said adoption not being in any manner detrimental to the functioning of the 2<sup>nd</sup> respondent, the failure of the 1<sup>st</sup> respondent to consider the bona fide adoption reflects total non application of mind.

16. It is the further submission of the learned counsel that the petitioner and the 2<sup>nd</sup> respondent having been under co-existence for more than a decade with no complaints, the present petition, which is belated and not maintainable, as barred by limitation, as no confusion would arise amongst the public due to



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the same name as the business venture of the petitioner and the 2<sup>nd</sup> respondent are entirely different and the said aspect has not been taken into consideration by the 1<sup>st</sup> respondent while passing the impugned order, which renders the impugned order liable for being quashed.

17. It is the further submission of the learned counsel that the present complaint u/s 16 of Act, 2013, was the result of a complaint, which had been lodged against the petitioner by certain vested political interest mainly to sabotage the name of the petitioner. The petitioner not having been convicted by any court of law, if the impugned order is upheld by this Court it would only besmirch the name of the petitioner in the eyes of the general public, as the change of name would severely impact the business of the petitioner and would seriously prejudice the petitioner in the eyes of its customers and clients for satisfying the business interest of the 2<sup>nd</sup> respondent in the eyes of its customers and such an act would be against the interest of justice and, therefore, this Court may set aside the impugned order and allow the petitioner to continue functioning under the same name.



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18. Per contra, learned Special Panel Counsel appearing for the 1<sup>st</sup> respondent, basing his arguments on the counter filed by the 1<sup>st</sup> respondent submitted that the impugned order does not suffer the vice of illegality as it is not the case of the petitioner that the order is devoid of merits. It is the further submissions of the learned counsel that the date of incorporation of the 2<sup>nd</sup> respondent is on 3.7.1941 while that the date of initial registration of the petitioner is only on 14.12.2011, which has subsequently changed its name on 24.8.2021 and, therefore, the petition u/s 16 (1) (b) is maintainable and is not barred by limitation.

19. It is the further submission of the learned counsel that the name of both the companies bear the word “KCP”, which is phonetically too nearly resembles each other and that the power vested u/s 16 of Act, 2013, is much wider and there is no need to examine whether there is a likelihood of deception or confusion. So long as the resemblance is too conspicuous, the 2<sup>nd</sup> respondent is well within its limit to seek for the relief u/s 16 (1)(b) and rightly the 1<sup>st</sup> respondent had passed the order.



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20. It is the further submission of the learned counsel that when the opening name of the 2<sup>nd</sup> respondent and the petitioner is too similar, the similarity is sufficient to give rise to great risk and confusion from the point of view of the common man and the two trade names is not distinctively different insofar as even an ordinary prudent man could distinguish.

21. It is the further submission of the learned counsel that the diversified interests of the 2<sup>nd</sup> respondent even with its overseas presence, there is every likelihood of the customers across the globe to be under the impression that both the companies are under one and same management and this would cause irreparable injury to the 2<sup>nd</sup> respondent, if the petitioner is permitted to use the word “KCP”.

22. It is the further submission of the learned counsel that the 2<sup>nd</sup> respondent had been using the trademark “KCP” for more than six decades even prior to the inception of the petitioner and has global presence and the name of the petitioner being too resembling to the trademark of the 2<sup>nd</sup> respondent, if the petitioner company is permitted to use the said trademark “KCP” it will certainly



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lead to mislead the public to believe that the petitioner and the 2<sup>nd</sup> respondent are associated with each other and appreciating the above, the impugned order had come to be passed, which does not suffer the vice of any illegality.

23. It is the further submission of the learned counsel that the petitioner company, even of its own admission, had admitted in para-6 of the affidavit that the petitioner had converted into a public limited company on 16.4.2021 by changing the name of the company as “KCP Infra Ltd.” With effect from 17.5.2021, the averments of the petitioner that the application of the 2<sup>nd</sup> respondent and the consequent order of the 1<sup>st</sup> respondent is hit by limitation is wholly erroneous as Section 16 applies to change of name also, which is clear from the scope of Section 16 of Act, 2013.

24. It is the further submission of the learned counsel that the name of the petitioner is derived from the name of the promoter and Managing Director of Company and, therefore, is saved u/s 35 of the Trademarks Act, 1999 is wholly flawed, inasmuch as Section 35 of the Trademarks Act is a saving clause, while



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Section 16 is a procedural, statutory and mandatory provision and, therefore, Section 16 of Act, 2013 would supercede Section 35 of the Trademarks Act, 1999.

25. It is therefore the submission of the learned counsel that the continuance of 'KCP' in the name would severely impact the 2<sup>nd</sup> respondent more than causing prejudice and hardship to the petitioner, as the 2<sup>nd</sup> respondent has been using the said name for more than six decades whereas the petitioner has been using it only over the past decade and a half and, therefore, the balance of convenience is more in favour of the 2<sup>nd</sup> respondent and rightly the 1<sup>st</sup> respondent has passed the impugned order so as to protect the goodwill of the 2<sup>nd</sup> respondent, which cannot be said to be illegal, perverse and arbitrary and, therefore, no interference is warranted with the well considered order passed by the 1<sup>st</sup> respondent.

26. Learned counsel appearing for the 2<sup>nd</sup> respondent submitted that the 2<sup>nd</sup> respondent is the prior user of the trade name "KCP", which has been in existence since 1941 and, therefore, it stands protected under Act, 2013. It is the further submission of the learned counsel that "KCP" was first registered in the



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year 1968 and, thereafter, under different classes in the years 2006 and 2014 in the name of the 2<sup>nd</sup> respondent and in the said backdrop, the petitioner's use of the same trade name "KCP" is not bona fide or honest, but an attempt to dilute the distinctive character of the 2<sup>nd</sup> respondent's trade name, thereby destroying the goodwill generated over several decades by the 2<sup>nd</sup> respondent.

27. It is the further submission of the learned counsel that the petition filed by the 2<sup>nd</sup> respondent u/s 16 of Act, 2013 is not barred by limitation, as the same had been filed within 3 years from the date of change in name of the petitioner company, which was converted into a public limited company in the year 2021 and a fresh certificate of incorporation had been issued. It is the further submission of the learned counsel that there is no evidence to show that the trademark "KCP, which is alleged to have been registered in the name of the Managing Director and Promoter, has been permitted to be used as a trademark by way of assignment as is required under the Trademarks Act. It is the further submission of the learned counsel that Section 35 of the Trademarks Act permits personal use by a person of his name, but the same cannot be made applicable to an artificial person like the petitioner, without there being any valid assignment.



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28. It is the further submission of the learned counsel that the 2<sup>nd</sup> respondent has not acquiesced to the petitioner's use of the trademark "KCP", as upon immediately coming to know of the identical name, the 2<sup>nd</sup> respondent had applied to the 1<sup>st</sup> respondent for changing the name of the petitioner. It is the further submission of the learned counsel that mere inaction or silence cannot be said to be laches on the part of the 2<sup>nd</sup> respondent and there has to be positive act resulting in acquiescence of the petitioner's right to use the trademark.

29. It is the further submission of the learned counsel that the 1<sup>st</sup> respondent has passed the order on balance of convenience being in favour of the 2<sup>nd</sup> respondent and any inaction on the part of the petitioner to change the name will cause irreparable injury to the 2<sup>nd</sup> respondent. The criminal action against the petitioner has made inroads into the business activity of the 2<sup>nd</sup> respondent and this led to questioning the credibility and goodwill of the 2<sup>nd</sup> respondent and only to avert the loss of goodwill direction has been given by the 1<sup>st</sup> respondent to the petitioner to change the name. The same cannot be said to be erroneous or illegal as allowing the petitioner to continue with the present



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name would cause irreparable loss and, therefore, prayed for dismissal of the writ petition.

30. On the above submissions and counter submissions, reply affidavits have been filed by the petitioner as also the 1<sup>st</sup> and 2<sup>nd</sup> respondent countering the submissions made by the rival parties, which, in sum and substance, traverses only around the contentions already raised, with a further more emphasis on acquiescence, which is pointed by the petitioner, while loss of goodwill and reputation and damage caused on account of the same is pressed by the 2<sup>nd</sup> respondent, while the 1<sup>st</sup> respondent has tried to impress upon this Court the legality of the order passed.

31. This Court gave its anxious consideration to the submissions advanced by the learned counsel appearing on either side and perused the materials available on record as also the relevant provisions of law and also the decisions relied on by the parties in support of their stand.



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32. Before embarking upon analysing the merits of the case, it is to be noted that decisions have been referred to in support of the submissions placed before this Court by the respective learned counsel and this Court would deal with the said decisions in the relevant context of the case at the appropriate place.

33. In a case relating to a trademark being identical, normally, the claim made by the parties would either relate to similarity in the trademark, which is used for the purpose of infringement or passing off the goods and, moreso, the goods that are covered under the said trademark would be identical. In the present case, it cannot be said that identical goods are being dealt with by the petitioner and the 2<sup>nd</sup> respondent, but there is overlapping in the business of the petitioner and the 2<sup>nd</sup> respondent. However, the trademark, viz., “KCP” is similar to both the petitioner and the 2<sup>nd</sup> respondent and due to certain alleged acts of the petitioner, investigation is underway, which, according to the 2<sup>nd</sup> respondent, erodes its goodwill and reputation, thereby, resulting in filing the petition u/s 16 (1) (b) of Act, 2013, before the 1<sup>st</sup> respondent so as to safeguard its reputation and goodwill amongst its customers. Therefore, the whole case before the 1<sup>st</sup>



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respondent was premised on the basis of the erosion of the goodwill of the 2<sup>nd</sup> respondent due to certain alleged acts of the petitioner, which has a direct impact on the business transactions of the 2<sup>nd</sup> respondent with its customers, which led to the filing of the present complaint before the 1<sup>st</sup> respondent.

34. In this regard, the main issue pressed before this Court is the breach of goodwill and reputation of the 2<sup>nd</sup> respondent, more particularly, in respect of the allegations that have been levelled against the petitioner resulting in the breach of goodwill and reputation of the respondents. In this regard, it would be worthwhile to have a bird's eye view of the ratio laid down in this regard by the Apex Court with regard to the goodwill and the sanctity to safeguard the goodwill vis-a-vis the trademarks registered by two different entities carrying on similar business.

35. In *Syed Mohideen case (supra)*, the Apex Court, while considering the case of passing off in the context of prior user and the need for protection of goodwill and reputation and damage caused in the business due to the same, held thus :-



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*“31.1. Traditionally, passing off in common law is considered to be a right for protection of goodwill in the business against misrepresentation caused in the course of trade and for prevention of resultant damage on account of the said misrepresentation. The three ingredients of passing off are goodwill, misrepresentation and damage. These ingredients are considered to be classical trinity under the law of passing off as per the speech of Lord Oliver laid down in the case of Reckitt & Colman Products Ltd. v. Borden Inc MANU/UKHL/0012/1990 : (1990) 1 All E.R. 873 which is more popularly known as "Jif Lemon" case wherein the Lord Oliver reduced the five guidelines laid out by Lord Diplock in Erven Warnink v. Townend & Sons Ltd. [1979] AC 731, 742 (HL)] (the "Advocate Case") to three elements: (1) Goodwill owned by a trader, (2) Misrepresentation and (3) Damage to goodwill. Thus, the passing off action is essentially an action in deceit where the common law rule is that no person is entitled to carry on his or her business on pretext that the said business is of that of another. This Court has given its imprimatur to the above principle in the case of Laxmikant V. Patel v. Chetanbhat Shah and Anr.”*

*(Emphasis Supplied)*

36. From the abovesaid decision, it transpires that the three ingredients of passing off are goodwill, misrepresentation and damage. However, what is



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pressed vehemently on behalf of the petitioner is acquiescence and the 2<sup>nd</sup> respondent having kept quiet, the 2<sup>nd</sup> respondent cannot now turn back and claim that its goodwill and reputation have been damaged, that too at a distant point of time, when the petitioner has been using the trademark “KCP” for more than a decade and a half.

37. It is evident from the records that though there is overlapping of certain business activities of the petitioner over the 2<sup>nd</sup> respondent, but by far, they are separated and, therefore, deception is not pressed into service. However, the whole genesis of the case of the petitioner is on the ground of its registration having been granted in the year 2004, which was subsequently changed in the year 2011 and, thereafter, in the year 2021 as “KCP Infra” and all along, between 2004 and 2021, the prefix “KCP” has never changed and the 2<sup>nd</sup> respondent not objected to the same, there applies the bar on limitation and, therefore, the 2<sup>nd</sup> respondent cannot seek the relief sought for u/s 16 (1) (b) of Act, 2013.



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38. To appreciate the above contention, before looking into the facts of the case, it would be worthwhile to have a glimpse at Section 16 (1)(b) of Act, 2013, which is quoted hereunder :-

*“16. Rectification of name of company.-*

*\* \* \* \* \**

*(b) on an application by a registered proprietor of a trade mark that the name is identical with or too nearly resembles to a registered trade mark of such proprietor under the Trade Marks Act, 1999 (47 of 1999), made to the Central Government within three years of incorporation or registration or change of name of the company, whether under this Act or any previous company law, in the opinion of the Central Government, is identical with or too nearly resembles to an existing trade mark, it may direct the company to change its name and the company shall change its name or new name, as the case may be, within a period of three months from the issue of such direction, after adopting an ordinary resolution for the purpose.*

*\* \* \* \* \**

39. Even a bare perusal of sub-clause (b) of sub-section (1) of Section 16, it is clear that it provides that even with regard to incorporation or registration or change of name of the company, a period of limitation of three years is provided



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for a registered proprietor to file application against the use of the trade mark, which is identical or too nearly resembles an already registered trade mark.

40. In the case on hand, the petitioner was initially started as a partnership firm in the name of “KCP Engineers & Fabricators” in the year 2005 and later it was incorporated as a Private Ltd. Company in the year 2011 under the Companies Act, 1956 in the name of “KCP Engineers Private Ltd.” And, thereafter, the petitioner was converted into a Public Limited Company on 16.04.2021 as “KCP Infra Ltd.”

41. From the above, it is clear that the petitioner was converted into a Public Limited Company on and from 16.4.2021 and the name of the petitioner was changed from KCP Engineers Pvt. Ltd. To “KCP Infra Ltd.”. In the aforesaid backdrop, as is evident from clause (b) of sub-section (1) of Section 16, an application could be filed by a registered proprietor of a trade mark claiming that the name is identical with or too nearly resembles to a registered trade mark of such proprietor within three years of incorporation or registration or change of name of the company.



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42. In the case on hand, though initially the petitioner company was registered as a partnership firm in the year 2005, it was incorporated as a Private Limited Company in the year 2011 and, thereafter, the petitioner was converted into a Public Limited Company on 16.4.2021 and the name of the petitioner was changed with effect from 17.5.2021 and, therefore, within three years from 17.05.2021, an application could be filed against the changed name of the petitioner.

43. The 2<sup>nd</sup> respondent, as it transpires from the records, had filed an application before the 1<sup>st</sup> respondent u/s 16 (1)(b) of Act, 2013 with regard to similarity in the name of the petitioner, as is identical or too nearly resembles the trademark of the 2<sup>nd</sup> respondent, which application, being within the period of three years from 17.5.2021, the application by the 2<sup>nd</sup> respondent is very well maintainable and the same has been properly considered by the 1<sup>st</sup> respondent while passing the impugned order and, therefore, on the said aspect there requires no interference with the said order and the contention in this regard deserves to be rejected.



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44. The next issue relates to the acquiescence put forth by the petitioner and as the 2<sup>nd</sup> respondent had not objected to the continuance of the use of the mark “KCP” since 2005, the said mark having been continued in 2011 and also in the 2021 registration, the 2<sup>nd</sup> respondent cannot raise any objection at this distant point of time and in this regard, the decision of the Apex Court in the case of **Power Control Appliances & Ors. – Vs – Sumeet Machines Pvt. Ltd. & Ors. (1994 (2) SCC 448 :: MANU/SC/0646/1994)**, wherein the Apex Court held as under :-

*“29. Acquiescence is sitting by, when another is invading the rights and spending money on it. It is a course of conduct inconsistent with the claim for exclusive rights in a trade mark, trade name etc. It implies positive acts; not merely silence or inaction such as is involved in laches.*

*In Harcourt v. White 28 Beav 303 Sr. John Romilly said: "It is important to distinguish mere negligence and acquiescence." Therefore, acquiescence is one facet of delay. If the plaintiff stood by knowingly and let the defendants build up an important trade until it had become necessary to crush it, then the plaintiffs would be stopped by their acquiescence". If the acquiescence in the infringement amounts to consent, it will be a complete defence as was laid down in Mouson & Co. v. Boehm (1884) 26 Ch D 406. The*



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*acquiescence must be such as to lead to the inference of a licence sufficient to create a new right in the defendant as was laid down in Rodgers v. Nowill (1847) 2 De GM & G 614 : 22 LJ kCh 404.*

*30. The law of acquiescence is stated by Cotton, L.J. in Pro tor v. Bannis (1887) 36 Ch D 740 as under:*

*It is necessary that the person who alleges this lying by should have been acting in ignorance of the title of the other man, and that the other man should have known that ignorance and not mentioned his own title.*

*In the same case Bowen, L.J. said:*

*In order to make out such acquiescence it is necessary to establish that the plaintiff stood by and knowingly allowed the defendants to proceed and to expend money in ignorance of the fact that he had rights and means to assert such rights.*

*In Messr, Devidoss and Co. (supra) at pages 33 and 34 the law is stated thus:*

*To support a plea of acquiescence in a trade-mark case it must be shown that the plaintiff has stood by for a substantial period and thus encouraged the defendant to expend money in building up a business associated with the mark. In (1896) 13 R P C 464, Rowland v. Michell, Romer J. observed:*

*If the plaintiff really does stand by and allow a man to carry on business in the manner complained of to acquire a reputation and to expend money he cannot then after*



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*along lapse of time, turn round and say that the business ought to be stopped.*

*In the same case, but on appeal Lord Russel C.J. said (1897) 14*

*R P C 37 :*

*Is the plaintiff disentitled to relief under that head by injunction because of acquiescence? Of course it is involved in the consideration of that that the plaintiff has a right against the defendant and that the defendant has done him a wrong and the question is whether the plaintiff has so acted as to disentitled him from asserting his right and front, seeking redress from the wrong which has been done to him. Cases may occasionally lay down principles and so forth which are a guide to the Court, but each case depends upon its own circumstances.*

*31. Dealing with the question of standing by in (1923) 40 R P C*

*138 Codes v. Addis and Son at p. 142, Eve J. said:*

*For the purpose of determining this issue I must assume that the plaintiffs are traders who have started in this more or less small way in this country, and have been continuously carrying on this business. But I must assume also that they have not, during that period, been adopting a sort of Rip Van Winkle policy of going to sleep and not watching what their rivals sand competitors in the same line of business were doing. I accept the evidence of any gentleman who comes into the box and gives his evidence in a way which satisfies me that he is speaking the truth*



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*when he says that he individually did not know of the existence of a particular element or a particular factor in the goods marketed by his opponents. But the question is a wider question than that: ought not he to have known: Is he entitled to shut his eyes to everything that is going on around him, and then when his rivals have perhaps built a very important trade by the user of indicia which he might have prevented their using had he moved in time, come to the Court and say : 'Now stop them from doing it further, because a moment of time has arrived when I have awakened to the fact that this is calculated to infringe my rights.' Certainly not. He is bound, like everybody else who wishes to stop that which he says is an invasion of his rights, to adopt a position of aggression at once, and insist, as soon as the matter is brought to Court, it ought to have come to his attention, to take steps to prevent its continuance; it would be an insufferable injustice were the Court to allow a man to lie by while his competitors are building up an important industry and then to come forward, so soon as the importance of the industry has been brought home to his mind, and endeavour to take from them that of which they had legitimately made use; every day when they used it satisfying them more and more that there was no one who either could or would complain of their so doing. The position might be altogether altered had the user of the factor or the*



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*element in question been of a secretive or surreptitious nature; but when a man is openly using, as part of his business, names and phrases, or other elements, which persons in the same trade would be entitled, if they took steps, to stop him from using, he gets in time a right to sue them which prevents those who could have stopped him at one time from asserting at a later stage their right to an injunction.*

*In (1960) 23 R P C 1, Me. Caw Stevenson & Orr Ltd. v. Lee Bros, acquiescence for four years was held to be sufficient to preclude the plaintiff from succeeding. In 1897 the plaintiffs in that case registered the word 'glacier' as a trade mark in respect of transparent paper as a substitute for stained glass. As the result of user the word had become identified with the plaintiffs' goods. In 1900 the defendants commenced to sell similar goods under the name "glazine." In 1905 the plaintiffs commenced an action for infringement. The defendants denied that the use of the word "glazine" was calculated to deceive and also pleaded acquiescence. A director of the plaintiff company admitted that he had known of the use of the word "gaizine" by the defendants for four years-he would not say it was not five years. It was held that the plaintiffs failed on the merits and by reason of their delay in bringing the action.*



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*Delay simpliciter may be no defence to a suit for infringement of a trade mark, but the decisions to which I have referred to clearly indicate that where a trader allows a rival trader to expend money over a considerable period in the building up of a business with the aid of a mark similar to his own he will not be allowed to stop his rival's business. If he were permitted to do so great loss would be caused not only to the rival trader but to those who depend on his business for their livelihood. A village may develop into a large town as the result of the building up of a business and most of the inhabitants may be dependent on the business. No hard and fast rule can be laid down for deciding when a person has, as the result of inaction, lost the right of stopping another using his mark. As pointed out in (1897) 14 R P C 37 , Rowland v. Michell, each case must depend on its own circumstances, but obviously a person cannot be allowed to stand by indefinitely without suffer the consequence."*

45. Relying on the aforesaid decision, learned counsel tried to impress upon this Court that delay simpliciter may be no defence and when the 2<sup>nd</sup> respondent had slept over the matter and allowed the rival to expend money and expand his business with the aid of a mark similar to his own, he cannot be



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allowed to stop his rival's business. In the aforesaid backdrop, the 2<sup>nd</sup> respondent having not acted vigilantly, cannot now seek the sympathy of this Court to pass orders to change the name of the petitioner, as the reputation which the petitioner has built over such a long time would get jeopardized.

46. The argument, though on the face of it looks attractive, yet the same cannot be countenanced for various reasons as could be detailed as under.

47. Even as per the averment of the petitioner, the petitioner was started as a Partnership Firm in the year 2005 in the name of "KCP Engineers and Fabricators" and, thereafter, in the year 2011, the petitioner company was incorporated as Private Limited Company under the name of "KCP Engineers Pvt. Ltd.". Thereafter, in the year 2021, more particularly on 16.4.2021, the petitioner company converted itself into a Public Limited Company by changing its name as "KCP Infra Ltd.". So all along, there change, not only in the name, but in the nomenclature of the company as well, it going from partnership firm to a private limited company and, thereafter to a public limited company. Merely because the company had held on to the letters "KCP" all through the change, the same



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would not cloth the petitioner with any right to hold on to the said prefix of “KCP” and claim that 2<sup>nd</sup> respondent cannot enforce Section 16 (1)(b) of Act, 2013, as it is hit by acquiescence.

48. When there is a complete change in the legal status of the company, without there being any specific agreement between the erstwhile proprietor and the newly constituted entity, continuance of the term “KCP” in the name of the company would not enure to the benefit of the company, as the said term had not been parted with by the proprietor of the company to the newly constituted entity.

49. In this backdrop, when the materials on record are looked at, the 2<sup>nd</sup> respondent had registered the trademark “KCP” way back in the year 1941 and had been continuing with its usage till date. In fact, many companies have been floated by the 2<sup>nd</sup> respondent since 1941 and the 2<sup>nd</sup> respondent had been using the trademark “KCP” since 1941 and is a prior user of the trademark, which has been registered.



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50. The usage of the trademark “KCP” by the petitioner is only since 2005 and as aforesaid, the company has undergone change in nomenclature twice, though it had retained its name “KCP”. It is also to be noted that the petitioner is also holding a registration in its name, however, since the changed nomenclature from 17.5.2021.

51. In this backdrop, it is the stand of the petitioner that the impugned order directing it to change its name as sought for by the 2<sup>nd</sup> respondent, as it would prejudicially affect its business interests and further all along the petitioner had retained the word “KCP” in its name and, therefore, the 2<sup>nd</sup> respondent, having not made any quarrel all along, is bound by acquiescence having not made any effort till date.

52. There could be no quarrel with the fact that the 2<sup>nd</sup> respondent is the prior user of the trademark “KCP”, having got it registered it way back in the year 1941 and had all along been continuing with the same, while the petitioner had registered in the year 2005, which was subsequently changed in the year 2011 and, thereafter, in the year 2021.



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53. In this regard, it would be apposite to refer to the various decisions relied on by the learned counsel for the 2<sup>nd</sup> respondent with regard to the how the issue with regard to prior user has to be looked at when a particular trademark is registered in respect of two different entities.

54. In *Syed Mohideen case (supra)*, the Apex Court was called up to consider the impact of the owner of a trademark suing another for infringement of his registered trade mark if the other person also has the trade mark registered, wherein . In the said context, the Apex Court held thus :-

*“28. However, what is stated above is the reflection of Section 28 of the Act when that provision is seen and examined without reference to the other provisions of the Act. It is stated at the cost of repetition that as per this Section owner of registered trade mark cannot sue for infringement of his registered trade mark if the Appellant also has the trade mark which is registered. Having said so, a very important question arises for consideration at this stage, namely, whether such a Respondent can bring an action against the Appellant for passing off invoking the provisions of Section 27(2) of the Act. In other words, what would be the interplay of Section 27(2) and Section 28(3) of the Act is the issue*



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*that arises for consideration in the instant case. As already noticed above, the trial court as well as High Court has granted the injunction in favour of the Respondent on the basis of prior user as well as on the ground that the trade mark of the Appellant, even if it is registered, would cause deception in the mind of public at large and the Appellant is trying to encash upon, exploit and ride upon on the goodwill of the Respondent herein. Therefore, the issue to be determined is as to whether in such a scenario, provisions of Section 27(2) would still be available even when the Appellant is having registration of the trade mark of which he is using.*

*(Emphasis Supplied)*

55. Deliberating on the aforesaid issue, the Apex Court, in the said judgment, has gone on to hold as under :-

*“30. Firstly, the answer to this proposition can be seen by carefully looking at the provisions of Trade Marks Act, 1999 (The Act). Collective reading of the provisions especially Section 27, 28, 29 and 34 of the Trade Marks Act, 1999 would show that the rights conferred by registration are subject to the rights of the prior user of the trademark. We have already reproduced Section 27 and Section 29 of the Act.*

*30.1 From the reading of Section 27(2) of the Act, it is clear that the right of action of any person for passing off the*



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*goods/services of another person and remedies thereof are not affected by the provisions of the Act. Thus, the rights in passing off are emanating from the common law and not from the provisions of the Act and they are independent from the rights conferred by the Act. This is evident from the reading of opening words of Section 27(2) which are "Nothing in this Act shall be deemed to affect rights...."*

*30.2 Likewise, the registration of the mark shall give exclusive rights to the use of the trademark subject to the other provisions of this Act. Thus, the rights granted by the registration in the form of exclusivity are not absolute but are subject to the provisions of the Act.*

*30.3 Section 28(3) of the Act provides that the rights of two registered proprietors of identical or nearly resembling trademarks shall not be enforced against each other. However, they shall be same against the third parties. Section 28(3) merely provides that there shall be no rights of one registered proprietor vis-à-vis another but only for the purpose of registration. The said provision 28 (3) nowhere comments about the rights of passing off which shall remain unaffected due to overriding effect of Section 27(2) of the Act and thus the rights emanating from the common law shall remain undisturbed by the enactment of Section 28(3) which clearly states that the rights of one registered proprietor shall not be enforced against the another person.*

*30.4 Section 34 of the Trade Marks Act, 1999 provides that nothing in this Act shall entitle the registered proprietor or*



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registered user to interfere with the rights of prior user. Conjoint reading of Section 34, 27 and 28 would show that the rights of registration are subject to Section 34 which, can be seen from the opening words of Section 28 of the Act which states "Subject to the other provisions of this Act, the registration of a trade mark shall, if valid, give to the registered proprietor.." and also the opening words of Section 34 which states "Nothing in this Act shall entitle the proprietor or a registered user of registered trade mark to interfere..". Thus, the scheme of the Act is such where rights of prior user are recognized superior than that of the registration and even the registered proprietor cannot disturb interfere with the rights of prior user. The overall effect of collective reading of the provisions of the Act is that the action for passing off which is premised on the rights of prior user generating a goodwill shall be unaffected by any registration provided under the Act. This proposition has been discussed in extenso in the case of N.R. Dongre and Ors. v. Whirlpool Corporation and Anr. MANU/DE/0700/1995 : AIR (1995) Delhi 300 wherein Division Bench of Delhi High Court recognized that the registration is not an indefeasible right and the same is subject to rights of prior user. The said decision of Whirlpool [supra] was further affirmed by Supreme Court of India in the case of N.R. Dongre and Ors v. Whirlpool Corporation and Anr. MANU/SC/1223/1996 : 1996 (3) R.C.R. (Civil) 697 : (1996) 5 SCC 714.



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30.5 The above were the reasonings from the provisions arising from the plain reading of the Act which gives clear indication that the rights of prior user are superior than that of registration and are unaffected by the registration rights under the Act.

31. Secondly, there are other additional reasonings as to why the passing off rights are considered to be superior than that of registration rights.

31.1 Traditionally, passing off in common law is considered to be a right for protection of goodwill in the business against misrepresentation caused in the course of trade and for prevention of resultant damage on account of the said misrepresentation. The three ingredients of passing off are goodwill, misrepresentation and damage. These ingredients are considered to be classical trinity under the law of passing off as per the speech of Lord Oliver laid down in the case of Reckitt & Colman Products Ltd. v. Borden Inc MANU/UKHL/0012/1990 : (1990) 1 All E.R. 873 which is more popularly known as "Jif Lemon" case wherein the Lord Oliver reduced the five guidelines laid out by Lord Diplock in Erven Warnink v. Townend & Sons Ltd. [1979] AC 731, 742 (HL)] (the "Advocate Case") to three elements: (1) Goodwill owned by a trader, (2) Misrepresentation and (3) Damage to goodwill. Thus, the passing off action is essentially an action in deceit where the common law rule is that no person is entitled to carry on his or her business on pretext that the said business is of that of another. This Court has given its imprimatur



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to the above principle in the case of *Laxmikant V. Patel v. Chetanbhat Shah and Anr.* MANU/SC/0763/2001 : 2002 (2) R.C.R. (Civil) 357 : (2002) 3 SCC 65.

31.2 The applicability of the said principle can be seen as to which proprietor has generated the goodwill by way of use of the mark name in the business. The use of the mark/carrying on business under the name confers the rights in favour of the person and generates goodwill in the market. Accordingly, the latter user of the mark/name or in the business cannot misrepresent his business as that of business of the prior right holder. That is the reason why essentially the prior user is considered to be superior than that of any other rights. Consequently, the examination of rights in common law which are based on goodwill, misrepresentation and damage are independent to that of registered rights. The mere fact that both prior user and subsequent user are registered proprietors are irrelevant for the purposes of examining who generated the goodwill first in the market and whether the latter user is causing misrepresentation in the course of trade and damaging the goodwill and reputation of the prior right holder/former user. That is the additional reasoning that the statutory rights must pave the way for common law rights of passing off.

32. Thirdly, it is also recognized principle in common law jurisdiction that passing off right is broader remedy than that of infringement. This is due to the reason that the passing off doctrine operates on the general principle that no person is



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entitled to represent his or her business as business of other person. The said action in deceit is maintainable for diverse reasons other than that of registered rights which are allocated rights under Recent Civil Reports the Act. The authorities of other common law jurisdictions like England more specifically Kerry's Law of Trademarks and Trade Names, Fourteenth Edition, Thomson, Sweet & Maxwell South Asian Edition recognizes the principle that where trademark action fails, passing off action may still succeed on the same evidence. This has been explained by the learned Author by observing the following:-

*"15-033 A claimant may fail to make out a case of infringement of a trade mark for various reasons and may yet show that by imitating the mark claimed as a trademark, or otherwise, the Defendant has done what is calculated to pass off his goods as those of the claimant. A claim in "passing off" has generally been added as a second string to actions for infringement, and has on occasion succeeded where the claim for infringement has failed."*

32.1 The same author also recognizes the principle that Trade Marks Act affords no bar to the passing off action. This has been explained by the learned Author as under:--

*"15-034. Subject to possibly one qualification, nothing in the Trade Marks Act 1994 affects a trader's right against another in an action for passing off. It is, therefore, no bar to an action for passing off that the trade name,*



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*get up or any other of the badges identified with the claimant's business, which are alleged to have been copies or imitated by the Defendant, might have been, but are not registered as, trade marks, even though the evidence is wholly addressed to what may be a mark capable of registration. Again, it is no defense to passing off that the Defendant's mark is registered. The Act offers advantages to those who register their trade marks, but imposes no penalty upon those who do not. It is equally no bar to an action for passing off that the false representation relied upon is an imitation of a trade mark that is incapable of registration. A passing off action can even lie against a registered proprietor of the mark sued upon. The fact that a claimant is using a mark registered by another party (or even the Defendant) does not of itself prevent goodwill being generated by the use of the mark, or prevent such a claimant from relying on such goodwill in an action against the registered proprietor. Such unregistered marks are frequently referred to as "common law trade marks"*

*32.2 From the reading of aforementioned excerpts from Kerly's Law of Trademarks and Trade Names, it can be said that not merely it is recognized in India but in other jurisdictions also including England/UK (Provisions of UK Trade Marks Act, 1994 are analogous to Indian Trade Marks Act, 1999) that the registration is no defense to a passing off action and nor the Trade Marks Act, 1999 affords any bar to a passing off action. In such an event, the*



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*rights conferred by the Act under the provisions of Section 28 has to be subject to the provisions of Section 27(2) of the Act and thus the passing off action has to be considered independent of 'Truttukadai Halwa' the provisions of Trade Marks Act, 1999.*

*33.. Fourthly, It is also well settled principle of law in the field of the trade marks that the registration merely recognizes the rights which are already pre-existing in common law and does not create any rights. This has been explained by the Division Bench of Delhi High Court in the case of Century Traders v. Roshan Lal Duggar Company MANU/DE/0153/1977 : AIR 1978 Del 250 in the following words:*

*"10. '16. .... First is the question of use of the trade mark. Use plays an all important part. A trader acquires a right of property in a distinctive mark merely by using it upon or in connection with his goods irrespective of the length of such user and the extent of his trade. The trader who adopts such a mark is entitled to protection directly the article having assumed a vendible character is launched upon the market. Registration under the statute does not confer any new right to the mark claimed or any greater right than what already existed at common law and at equity without registration. It does, however, facilitate a remedy which may be enforced and obtained throughout 'the State and it established the record of facts affecting the right to the mark. Registration itself does not create a trade mark. The trade mark exists independently.*



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of the registration which merely affords further protection under the statute. Common law rights are left wholly unaffected'."

(Emphasis Supplied)"

(Emphasis Supplied)

56. In an earlier decision in **Laxmikant V.Patel – Vs – Chetanbhai Shah & anr. (2002 (3) SCC 65)**, the Supreme Court had occasion to consider a similar issue relating to the use of an identical trademark and the effect that it would have on the user with specific relation to passing off and goodwill of the registered user and in the said context, held as under :-

"12. In Oertli v. Bowman (1957) RPC 388, (at page 397) the gist of passing off action was defined by stating that it was essential to the success of any claim to passing off based on the use of given mark or get-up that the plaintiff should be able to show that the disputed mark or get-up has become by user in the country distinctive of the plaintiff's goods so that the use in relation to any goods of the kind dealt in by the plaintiff of that mark or get up will be understood by the trade and the public in that country as meaning that the goods are the plaintiff's goods. It is in the nature of acquisition of a quasi-proprietary right to the exclusive use of the mark or get-up in relation to goods of that kind because of the plaintiff having used or made it known that



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the mark or get-up has relation to his goods. Such right is invaded by anyone using the same or some deceptively similar mark, get-up or name in relation to goods not of plaintiff. The three elements of passing off action are the reputation of goods, possibility of deception and likelihood of damages to the plaintiff. In our opinion, the same principle, which applies to trade mark, is applicable to trade name.

\* \* \* \* \*

15. The observation of the Trial Court that the business name sought to be adopted by the defendants was "somewhat similar" to that of the plaintiffs was immaterial and irrelevant. this observation, the Trial Court was probably persuaded to make, in the background that the business name sometimes adopted by the plaintiff used "QSS" as prefixed to 'Muktajivan Colour Lab' or as part of the full name and that made the difference. The learned counsel for the plaintiff-appellant has pointed out that 'QSS' is an abbreviation, the elongated or full form whereof is 'Quick Service Station' and that was merely an adjective prefixed to the name. We find merit in the submission. It is the word Muktajivan' the employment of which makes distinctive the business name of the plaintiff and it is the continued use of 'Muktajivan' in the business name of the plaintiff which has created a property therein linked with the plaintiff. We are, therefore, unhesitatingly of the opinion that a clear case for the grant of ad interim injunction prayed for by the plaintiff was made out and the trial court and the High court - both fell in error in not granting the same."



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(Emphasis Supplied)

57. With regard to 'Acquiescence' and the principle thereof, the Supreme Court had occasion to consider the same in the case of **Ramdev Food Products (P) Ltd. – Vs – Arvinbhai Rambhai Patel & Ors. (2006 (8) SCC 726)**, and it had gone on to hold as under :-

*“Acquiescence is a facet of delay. The principle of acquiescence would apply where: (i) sitting by or allow another to invade the rights and spending money on it; (ii) it is a course of conduct inconsistent with the claim for exclusive rights for trade mark, trade name, etc.*

58. In *Power Control Appliances and Ors. v. Sumeet Machines Pvt. Ltd.* MANU/SC/0646/1994 : [1994]1SCR708 , this Court stated:

*“26. Acquiescence is sitting by, when another is invading the rights and spending money on it. It is a course of conduct inconsistent with the claim for exclusive rights in a trade mark, trade name etc. It implies positive acts; not merely silence or inaction such as is involved in laches.”*

59. In an infringement of trade mark, delay by itself may not be a ground for refusing to issue injunction as has been observed by Lahoti, J. (as His Lordship then was) in *Midas Hygiene*



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*Industries (P) Ltd. v. Sudhir Bhatia and Ors.* MANU/SC/0186/2004  
: 2004(28)PTC121(SC) in the following terms:

*“5. The law on the subject is well settled. In cases of infringement either of trade mark or of copyright, normally an injunction must follow. Mere delay in bringing action is not sufficient to defeat grant of injunction in such cases. The grant of injunction also becomes necessary if it prima facie appears that the adoption of the mark was itself dishonest.”*

*(Emphasis supplied)*

106. The defence of acquiescence, thus, would be satisfied when the plaintiff assents to or lay by in relation to the acts of another person and in view of that assent or laying by and consequent acts it would be unjust in all the circumstances to grant the specific relief.

107. Kerr in his "Treatise on the Law and Practice of Injunction", Sixth Edition at pages 360-361 states as under:

*“Mere delay after knowledge of the infringement to take proceedings, not sufficient to call the Statute of Limitations into operation, or where the infringement continues, is not, it seems, a bar to the right of an injunction at the trial. Lapse of time unaccompanied by anything else is, it seems, no more a bar to a suit for an injunction in aid of the legal right than it is to an action deceit.*





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the petitioner started using “KCP” by registering it. Therefore, there could be no second thought that as the *prior user*, the 2<sup>nd</sup> respondent, even had it not registered the trade mark, a registered proprietor or registered user cannot interfere with the rights of the prior user. However, at the risk of repetition, it is to be pointed out that the trademark “KCP” has been registered by the 2<sup>nd</sup> respondent way back in the year 1941.

61. The petitioner had registered the trade mark “KCP” as a partnership firm only in the year 2005 under the name and style of KCP Engineers & Fabricators, which was later converted into a private limited company and was incorporated in the name of KCP Engineers Pvt. Ltd, in the year 2011. Therefore, the legal status of the petitioner stood changed since 2011 and while the said change took place, there was no implicit arrangement with the erstwhile proprietor with regard to usage of the term KCP by the private limited company.

62. Further, as held by the Court above, Section 35 of the Trade Marks Act, 1999 does not provide for a person, who is running a business upon registration in his own name to permit transfer of the said name to the other entity upon its



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change in character and incorporation thereafter. The petitioner, who had initially started the partnership firm in his name, though at the relevant point of time was well within the provision of Section 35 of the Trade Marks Act to use his name, however, he is not empowered to permit the usage of the name “KCP” by the changed entity, viz., KCP Engineers Pvt. Ltd. And such being the case, the name cannot be carried forward when the company changed into a public limited company, viz., “KCP Infra Ltd.”. Therefore, in the year 2021, more particularly on 17.5.2021, the petitioner having been incorporated as a public limited company, the flow of the trademark “KCP” from the partnership firm to the private limited company and, thereafter, to the public limited company cannot be allowed to be continued, more so, when a company, viz., the 2<sup>nd</sup> respondent herein is subsisting with a similar name even as early as from 1941.

63. Be that as it may. It is the stand of the petitioner that as the prior user of the trademark “KCP”, no claim was made by the 2<sup>nd</sup> respondent since 2005 till August, 2021. The basis of the application of the 2<sup>nd</sup> respondent u/s 16 (1)(b) of Act, 2013 was on account of certain criminal acts, which were alleged against the petitioner company but due to similarity in the names, the tide took a turn



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against the 2<sup>nd</sup> respondent, where the 2<sup>nd</sup> respondent was put to a grave predicament in its business due to the aforesaid news, resultantly, the 2<sup>nd</sup> respondent was forced to file the application before the 1<sup>st</sup> respondent u/s 16 (1)(b) of Act, 2013.

64. This Court has already held that the application of the 2<sup>nd</sup> respondent is well within the period of limitation and, therefore, is maintainable. However, the only aspect which requires consideration is acquiescence and whether the delay would impact the impugned order.

65. There could be no quarrel that as the prior user, the 2<sup>nd</sup> respondent has a march over the registered trademark “KCP” over the petitioner. But in the case of acquiescence, delay, though could be fatal, but it is not so in all cases and at all times. In *Ramdev Food Products case*, the Supreme Court has clearly held that *“the defence of acquiescence, thus, would be satisfied when the plaintiff assents to or lays by in relation to the acts of another person and in view of that assent or laying by and consequent acts it would be unjust in all circumstances to grant the specific relief”*.



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66. In the above backdrop, the decision in *Syed Mohideen case*, when looked at reveals that *“passing off in common law is considered to be a right for protection of goodwill in the business against misrepresentation caused in the course of trade and for prevention of resultant damage on account of the said misrepresentation. The three ingredients of passing off are goodwill, misrepresentation and damage”*. From the above, it is manifestly clear that where there is damage to the goodwill and reputation, the right for protection against passing off could be resorted to. From the above, it follows that where the goodwill of an entity is put to stake by another entity, both of whom are carrying on activities under similar registered trademarks, the prior user would have a right to have his goodwill in the business protected against damage to his goodwill.

67. It is to be pointed out in the present case that the goodwill is not being sabotaged in any manner by passing off by means of deceit or misrepresentation by the petitioner, but the goodwill is sought to be damaged due to certain acts that are alleged to have been done by the petitioner, resultantly action had been



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taken against the petitioner, but for the common registered trademark, the name of the 2<sup>nd</sup> respondent is being roped in.

68. Further, it cannot also be said that activities of the petitioner and the 2<sup>nd</sup> respondent are not similar. Though there is not extended similarity, but definitely there are certain gray areas, where the activities of the petitioner and the 2<sup>nd</sup> respondent cross/overlap each other. The mere act of the petitioner in retaining a portion of the trademark “KCP”, which is being continued along with other suffixes over all its activities from 2005 to 2021, clearly would go to show that the petitioner is riding on its trademark. Equally, the 2<sup>nd</sup> respondent is riding on its trademark since 1941 and for almost six decades there has been no qualm about the acts of the petitioner from the 2<sup>nd</sup> respondent. However, out of blue, the acts alleged to have been done by the petitioner have brought the 2<sup>nd</sup> respondent into focus, which has necessitated the 2<sup>nd</sup> respondent to resort to filing of an application u/s 16 (1)(b) of Act, 2013.

69. Rightly, no application was filed by the 2<sup>nd</sup> respondent against the incorporation either in the year 2005 or in the year 2011, however, only with



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regard to the conversion and incorporation on 16.4.2021 followed by the establishment of the business under the name “KCP Infra Ltd.” on 17.05.2021, the 2<sup>nd</sup> respondent has taken action against the petitioner by filing the application for change of name, as it is identical or almost reasonably resembles the trademark of the 2<sup>nd</sup> respondent, which, as stated above, is not only maintainable, but the 2<sup>nd</sup> respondent is legally entitled to sustain its claim as a prior user and acquiescence would have no part to play in the said aspect, as delay cannot be attributed to the case on hand, as the fresh incorporation as a public limited company on 17.5.2021 had given the necessary cause of action for the 2<sup>nd</sup> respondent to take action and the 2<sup>nd</sup> respondent has rightly utilised the opportunity to take necessary action by filing application u/s 16 (1)(b), which cannot be said to be erroneous.

70. The 2<sup>nd</sup> respondent is well within its right, as the prior user, to seek for name change, which is provided u/s 16 (1)(b) of Act, 2013. Further, in the facts and circumstances of the case, the need for name change had been occasioned by the enquiries made of the 2<sup>nd</sup> respondent with regard to acts, which are alleged to have been committed by the petitioner, which has put the 2<sup>nd</sup>



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respondent in bad light. As the prior user, when the 2<sup>nd</sup> respondent has right over the trademark, which it has been using for over six decades and which trademark has been registered, the mere registration of the mark by the petitioner would not give it any right more than what is available to the 2<sup>nd</sup> respondent. The 2<sup>nd</sup> respondent has got a much larger and stronger right than the petitioner by virtue of its long usage of the trademark. Merely because the petitioner has been using the words “KCP” in all the changed names since 2005 alone would not suffice to hold that the petitioner would be entitled to hold on to the said trademark.

71. Though the petitioner has contended in the reply affidavit that the proprietor and Managing Director of the partnership firm had permitted the use of the trademark “KCP” by the Private Limited Company and, thereafter, by the Public Limited Company, during 2011 and 2021, however, there is no material standing testimony of such permission being accorded by the individual.

72. Further, Section 35 of the Trademarks Act, 1999, only prevents the proprietor or a registered user of a registered trade mark to interfere with any



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bona fide use by a person of his own name. However, the said provision of law does not contemplate the person from according permission for use of his name by any other entity, as such a scenario is not envisaged u/s 35 of the Trademarks Act.

73. In the aforesaid backdrop of the legal provision as provided for under the Trade Marks Act, 1999, as observed by the Apex Court in *Syed Mohideen case*, *“the mere fact that both prior user and subsequent user are registered proprietors are irrelevant for the purposes of examining who generated the goodwill first in the market and whether the latter user is causing misrepresentation in the course of trade and damaging the good will and reputation of the prior right holder/former user. That is the additional reasoning that the statutory rights must pave the way for common law rights of passing off”*.

74. From the above ratio laid down by the Apex Court, once it is established that the goodwill and reputation of the 2<sup>nd</sup> respondent is being damaged by the petitioner due to certain alleged acts, as the prior user, the 2<sup>nd</sup>



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respondent is well within its rights to claim the relief of passing off by filing application u/s 16 (1)(b) of Act, 2013, seeking name change of the petitioner and the said act cannot be said to be erroneous, as the name stood changed only from 17.5.2021 and within three months thereof, the 2<sup>nd</sup> respondent had filed the application u/s 16 (1)(b) of Act, 2013.

75. In *Syed Mohideen's case*, it has been further held that in case of conflict between two registered proprietors, the evaluation of better rights in common law was held to be the source to determine whose rights between the two are better and superior. In this context, the Apex Court held as under :-

*"33.2. We uphold the said view which has been followed and relied upon by the courts in India over a long time. The said views emanating from the courts in India clearly speak in one voice, which is, that the rights in common law can be acquired by way of use and the registration rights were introduced later which made the rights granted under the law equivalent to the public user of such mark. Thus, we hold that registration is merely a recognition of the rights pre-existing in common law and in case of the better rights in common law is essential as the common law rights would enable the court to determine whose rights between the two registered proprietors are better and superior in common law.*



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which have been recognised in the form of the registration by the Act.”

*(Emphasis Supplied)*

76. From the above, it is clear that where the rights of two registered proprietors cross each other, the evaluation of the better rights in common law is essential as the common law rights would enable the court to determine whose rights between the two registered proprietors are better and superior in common law, which have been recognised in the form of the registration by the Act.

77. The above decision of the Apex Court make it distinctly clear that the common law rights enjoyed by the 2<sup>nd</sup> respondent, as the prior user of the trademark “KCP” coupled with the fact that the said trademark was registered as early as in the year 1941, a more better right stands established over the 2<sup>nd</sup> respondent than the petitioner and when the goodwill and reputation of the 2<sup>nd</sup> respondent is falling in jeopardy, though directly not by the act of the petitioner to sabotage the reputation, but by certain acts alleged to have been done by the petitioner, which impacts the reputation and goodwill of the 2<sup>nd</sup> respondent, as the prior user and also a registered proprietor, the 2<sup>nd</sup> respondent gets a better



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right over the registered trade mark and in such a scenario, filing of application by the 2<sup>nd</sup> respondent u/s 16 (1)(b) of Act, 2013, and the consequential act of the 1<sup>st</sup> respondent in allowing the application and directing the petitioner to change the name within a prescribed period cannot be said to be erroneous, as the said order does not undermines the status or the business interests of the petitioner, rather, it safeguards the status and business interests of the 2<sup>nd</sup> respondent, thereby safeguarding its goodwill and reputation amongst its customers.

78. Therefore, the order passed by the 1<sup>st</sup> respondent against the petitioner cannot be said to be an infirm or illegal order and it is not also an order passed arbitrarily, but has been passed after carefully analysing all the materials placed before it, including the question of maintainability of the petition on the aspect of limitation and all the aspects have been properly considered by the 1<sup>st</sup> respondent while passing the impugned order and the said order does not require any interference at the hands of this Court.

79. Accordingly, for the reasons aforesaid, this writ petition fails and the same is dismissed confirming the impugned order passed by the 1<sup>st</sup> respondent.



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Consequently, connected miscellaneous petitions are dismissed. However, there shall be no order as to costs.

**09.09.2024**

Index : Yes / No

GLN



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To

The Regional Director  
Ministry of Corporate Affairs  
(Southern Region)  
5<sup>th</sup> Floor, Shastri Bhavan  
26, Haddows Road, Chennai 600 006.



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**M.DHANDAPANI, J.**

**GLN**

**PRE-DELIVERY ORDER IN  
W.P. NO. 2087 OF 2022**

**Pronounced on**



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09.09.2024