

Before Anil Kshetarpal, J.

M/S AMAN ENGINEERING WORKS—Appellant

versus

M/S B.M. WATER METERS – Respondent

FAO No.70 of 2021

September 21, 2021

Trade Marks Act, 1999 – S. 33 – Doctrine of estoppel – Acquiescence – If proprietor of previous trade mark acquiescences for continuous period of 5 years in use of registered trademark, being aware of use – Not entitled to resist registration of same trade mark by a subsequent user – Section 33 of 1999 Act based on doctrine of estoppels – Requirements for Section 33 – (1) later/subsequent user should be proprietor of same registered trade mark (2) acquiescence by previous proprietor of trade mark to be for continuous period of 5 years (3) earlier proprietor must be aware of its use by subsequent proprietor.

Held that, if the proprietor of a previous trade mark acquiescences for a continuous period of 5 years in the use of the registered trademark, being aware of that use, he shall no longer be entitled to resist the registration of the same trade mark by a subsequent user. In the present case, Section 33 of the 1999 Act has no application. This is a new provision which did not exist in the previous Act. Section 33 of the 1999 Act has different ingredients. Basically it is based on the doctrine of estoppels. First requirement for applicability of the provision is that the later/subsequent user should be a proprietor of the same registered trade mark. Secondly, acquiescence by the previous proprietor of trade mark is required to be for a continuous period of 5 years. Thirdly, the earlier proprietor must be aware of its use by the subsequent proprietor. If all these conditions are fulfilled only then Section 33 of the 1999 Act shall be applicable.

(Para 4.3)

Further held that, in the context of Section 33 of the 1999 Act, to show acquiescence it has to be proved that the proprietor of registered trademark was not only aware of the use of the later trademark/wordmark, but also by the positive acts inconsistent with the claim of exclusion rights, the proprietor of the earlier mark had acquiesced in the use of the later trade mark.

(Para 4.4)

Further held that, the defendant has never applied for registration of the trade mark “KRANTI” and therefore, Section 33 of the 1999 Act has no application. The defendant firm came into existence on 26.10.2016, whereas the present suit was filed on 27.08.2018. Hence, the period of 5 years is not over.

(Para 4.5)

Further held that, the first reason as noticed is with regard to the failure of the plaintiff to prove and financial loss. The learned trial Court has erred in laying its order on the aforesaid reason because the plaintiff is not required to prove that it has suffered financial loss or his turnover has decreased. In a suit for passing off, the court is more concerned with the likelihood of confusion with possible injury to the public due to misrepresentation. The defendant is using the trademark as well as label by giving an impression that it is the product of the plaintiff which is factually incorrect.

(Para 4.7)

Puneet Bali, Sr. Advocate, with Nipun Saxena, Advocate, Balvinder Sangwan, Advocate, Serena Sharma, Advocate, Uday Agnihotri, Advocate and Achin Sharma, Advocate, *for the appellant.*

Sunil Chadha, Sr. Advocate, with Savita Bhandari, Advocate, for the respondent.

ANIL KSHETARPAL, J.

(1) The plaintiff lays challenge to the order passed by the trial court while refusing to grant temporary injunction in an action suit complaining passing off by the defendant.

FACTS

(2) At this stage, it would be appropriate to note the distinction between company B.M. Meters Private Limited and a partnership firm M/s B.M. Water Meter. The plaintiff had assigned or permitted the use of its trademark/wordmark 'KRANTI' to B.M. Meters Private Limited originally for a period of 5 years vide an agreement dated 01.09.1989, which was further extended for a period of 5 years and consequently, it expired on 31.08.1999, whereas M/s B.M. Water Meters (the defendant-respondent), a partnership firm, has been floated on 26.10.2016 by Smt. Arun Sharma along with her husband Avinash

Sharma, her son Kushal Sharma and Archana Sharma. Thus, the defendant's (respondent) firm has been floated by the family of Smt. Arun Sharma, exclusively.

2.1) It is the case of the plaintiff that Late Sh. Des Raj Sharma along with Smt. Prem Kanta wife of Sh. Subhash Sharma S/o Sh.Des Raj Sharma started the plaintiff partnership firm i.e. Aman Engineering Works with effect from 01.01.1980. On 01.07.1980, the partnership firm was registered under the Indian Partnership Act, 1932. Late Sh. Des Raj Sharma had three sons, namely, Avinash Sharma, Subhash Sharma and Ashok Sharma. Smt. Prem Kanta is the wife of Subash Sharma. It is claimed that Aman Engineering Works started using wordmark/trademark 'KRANTI' since 01.01.1980 in its products including the Water Flow Meters. With the passage of time, various partners joined and retired. Smt. Arun Sharma wife of Avinash Sharma retired from the plaintiff firm on 31.03.2004 and Clauses 7, 9 and 10 of the retirement deed reads as under:-

7. That the retiring party hereby declares that she has nothing to do with the business which may be carried on after retirement by the said continuing parties or in partnership with any other persons under the name and style of M/s Aman Engineering Works, Aman Nagar, Jalandhar or any other palce of places.

8. XX XX XX

9. That the continuing parties are hereinafter entitled to immovable assets of the firm consisting of lands, buildings, machinery, vehicle etc., all movable asets, consisting of debtors, advances, securities, cash & Bank balance etc Brand name & Trade mark Kranti, goodwill and shall be liable for its debts and liabilities past and future and do hereby indemnify and agree to keep the retiring parties identify against all claims, demands costs etc. in respect of the firm.

10. That the continuing parties shall utilize all licenses, quotas, Trade Marks, Brand name and agencies which have already been granted to the firms.”

2.2) Certain partners of the plaintiff firm and other family members floated a company, namely, B.M. Meters Private Limited which was assigned/permitted to use trademark 'KRANTI' for a period of 10 years. The plaintiff firm got its trademark “KRANTI”

registered under the Copy Right Act 1957 vide a registration No.A47073/1985 under the category of Artistic Work. Thereafter, the plaintiff got the trademark “KRANTI” registered on 16.05.1995 under Clause-9 of the Fourth schedule bearing trademark No.537044/B under the Trade Marks Rules,2002. From a perusal of the certificate issued at the time of registration of trademark, it is evident that the date of its use is recorded from 16.10.1980. The plaintiff firm claims that the respondent-firm registered its trademark “BLENTO” on 15.06.2017. The plaintiff further claims that the firm is manufacturing various kinds of products including the Water Flow Meters of all categories. It has been asserted that the plaintiff is manufacturing and marketing 24 different models of water flow meters of different designs and specifications. The plaintiff claims that on 20.07.2018, when the plaintiff firm's sales team accessed a You Tube video publicizing the name of the defendant's firm along with a range of products by making a specific reference to 'KRANTI “water meters, the plaintiff got the knowledge of this fact and consequently, the suit was filed on 27.08.2018.

2.3) The defendants contested the suit by claiming that Avinash Sharma, one of the partners of the defendant firm is a prior user of the trademark “KRANTI” since 1975. It has further been claimed that the suit is not maintainable as from the very inception M/s Aman Engineering Works was a family partnership firm which carried out the the family business under the trademark “KRANTI”, therefore, the defendants are continuing to use the same trademark and in view of Section 34 of the Trademark Act, 1999, the proprietor or a registered user of registered trademark has no right to interfere or restrain a prior user to use of an identical trademark. From reading of the written statement, it is clear that the defendant has laid more stress on denying the assertions made in the plaint rather than establishing its own right of using the trademark. It is also claimed that the defendants have no connection with M/s B.M. Meters Private Ltd.. It is important to note here that M/s B.M. Meters Private Ltd. is not a party(defendant). In paragraph 11, after taking a stand that the defendant firm has no relation whatsoever with M/s B.M. Meters Private Ltd., stated that M/s B.M. Meters Private Ltd. was converted into B.M. WaterMeters which is a partnership concern of Avinash Sharma, Miss. Arun Sharma, Kushal Sharma and Archana Sharma and that the plaintiff has suppressed the correct facts.

2.4) The trial court refused to grant injunction on the following

grounds:-

- (i) The plaintiff has failed to prove that it has suffered any financial loss, as the turn over of the plaintiff is showing upward trend and therefore, the plaintiff has failed to prove loss of reputation or goodwill.
- (ii) The defendant firm is manufacturing water flow meters for commercial purpose whereas the plaintiff firm is manufacturing for domestic purpose. Since the size and price of both the water meters are different, therefore, the plaintiff is not entitled to injunction.

This Bench has heard the learned counsel for the parties at length and with their able assistance perused the paper book and the documents filed. Apart from addressing the oral arguments, the learned counsel representing the parties have filed respective written synopsis.

ARGUMENTS OF LEARNED COUNSELS REPRESENTING THE PARTIES

(3) The learned counsel representing the appellant (plaintiff) contends that the trial court has failed to take into consideration more than 20 statutory documents which enjoy presumption of correctness to prove that the petitioner firm is using the wordmark “KRANTI” since 1980. The court has further erred in refusing to grant injunction on the ground that no adverse effect has been caused to the business of the plaintiff. He relies upon the judgment of the Supreme Court in *Laxmikant V. Patel versus Chetanbhai Shah & Anr*¹. The appellant being proprietor of the registered trademark and a prior user has a superior right by virtue of common law. He contends that the rights of prior user are recognized by Section 27 of the Trade Marks Act, 1999, which are considered superior to the rights conferred by registration of the Trade Mark. He contends that law of passing off requires that no person should represent his goods as the goods of another manufacturer or person to represent his business as being the business of another person which results in misrepresentation to the consumers. Moreover, the trial court has erred in recording that the water flow meters manufactured by the petitioners are only for domestic use whereas the water flow meters manufactured by the defendants are bigger in size and are meant for commercial use and that their price is also different. He further submits that the trial court has

¹ 2002(3) SCC 65

failed to consider that the products of the plaintiff and defendant are not only similar but identical and the defendant does not dispute that he is misrepresenting his product as that of “KRANTI”.

3.1) Per contra, learned senior counsel representing the defendant while drawing the attention of the court to paragraph 33 of the suit contends that the plaintiff has misrepresented to the Court that cause of action accrued in his favour on 20.07.2018. He submits that the trademark “KRANTI” is being used for more than 5 years and therefore, in view of Section 33 of the Trade Marks Act, 1999, the plaintiff has acquiesced to the use of the same. He further submits that the appellant firm is not the same firm as Aman Engineering which was registered under the Indian Partnership Act on 01.07.1980. He submits that the firm was given serial number 2411 whereas the present firm is registered in 1970. While relying upon the judgment passed in *Khoday Distilleries Limited (Now known as Khoday India Limited) versus The Scotch Whisky Association and others*² the learned counsel contends that now the plaintiff cannot restrain the defendant from using the trademark “KRANTI”. He further relies upon the judgment passed by Bombay High Court in *Pidilite Industries Ltd. And Anr versus Vilas Nemichand Jain And Anr*³.

ANALYSIS BY THE BENCH

(4) After having heard the learned counsel for the parties at length, this Bench now attempts to resolve the controversy.

At this stage, it is necessary to remind that the defendant firm has come into being on October 2016 and it has never been assigned or permitted to use the trademark/wordmark “KRANTI”. No doubt, the parties belong to one larger family, however, that itself is no ground to refuse the injunction. This Bench has also examined the labels as well as the photographs of the products manufactured and marketed by both the parties. It is crystal clear that the plaintiff uses its wordmark/trademark as “KRANTI” whereas the defendant uses “KRANTI and BLENTO” simultaneously. Both the words are written side by side. The defendant firm does not claim either assignment of the trademark “KRANTI” in its favour nor it claims to be a proprietor or a registered user thereof. The defendant has produced affidavits to support its plea of being a prior user. The aforesaid affidavits have been executed and attested on a single day. In the affidavits, it has been

² 2008 (10) SCC 723

³ 2015(64) BHC 184

stated that Avinash Sharma is manufacturing water flow meters since the year 1978. It is also evident that all the affidavits are from one and the same printer. Apart from the aforesaid affidavits, the defendants have not produced any other evidence to prove that the defendant was using the trademark “KRANTI” before 1980. Even no material has been produced to prove that Avinash Sharma was continuously using the wordmark 'KRANTI' since 1980 individually or as a partner of a partnership firm. Furthermore, the defendant firm has come into existence only on 26.10.2016. It is the case of the defendant itself that it has no connection or concern with B.M.Meters Private Ltd. Moreover, on perusal of the clauses 7 to 10 of the retirement deed, it is clear that Smt. Aruna Sharma had agreed not to use the brand name or trademark “KRANTI” or the goodwill of the plaintiff firm. Now, let's examine the arguments of learned counsel representing the defendant.

4.1) First argument is with regard to the plaintiff firm being different than the firm which was registered in the year 1980. It may be noted here that the defendant has not pleaded this fact while filing its written statement or the amended written statement. Additionally, the aforesaid issue can be examined only after the parties are permitted to lead evidence. It is not in dispute that the partners of the plaintiff firm are from the family of late Sh. Des Raj Sharma who was the original promoter of the firm along with Smt Prem Kanta. Hence, this issue should not be dealt by the court further, at this stage.

4.2) The next argument of the learned counsel representing the defendant is with reference to Section 33 of the Trade Marks Act, 1999, which is extracted as under:-

“33. Effect of acquiescence.—

(1) Where the proprietor of an earlier trade mark has acquiesced for a continuous period of five years in the use of a registered trade mark, being aware of that use, he shall no longer be entitled on the basis of that earlier trade mark—

a) to apply for a declaration that the registration of the later trade mark is invalid, or

b) to oppose the use of the later trade mark in relation to the goods or services in relation to which it has been so used, unless the registration of the later trade mark *was not applied in good faith.*

(2) Where sub-section (1) applies, the proprietor of the later trade mark is not entitled to oppose the use of the earlier trade mark, or as the case may be, the exploitation of the earlier right, notwithstanding that the earlier trade mark may no longer be invoked against his later trade mark.”

4.3) On a careful reading of the aforesaid provision, it is crystal clear that if the proprietor of a previous trade mark acquiesces for a continuous period of 5 years in the use of the registered trademark, being aware of that use, he shall no longer be entitled to resist the registration of the same trade mark by a subsequent user. In the present case, Section 33 of the 1999 Act has no application. This is a new provision which did not exist in the previous Act. Section 33 of the 1999 Act has different ingredients. Basically it is based on the doctrine of estoppel. First requirement for applicability of the provision is that the later/subsequent user should be a proprietor of the same registered trade mark. Secondly, acquiescence by the previous proprietor of trade mark is required to be for a continuous period of 5 years. Thirdly, the earlier proprietor must be aware of its use by the subsequent proprietor. If all these conditions are fulfilled only then Section 33 of the 1999 Act shall be applicable.

4.4) In the context of Section 33 of the 1999 Act, to show acquiescence it has to be proved that the proprietor of registered trademark was not only aware of the use of the later trademark/wordmark, but also by the positive acts inconsistent with the claim of exclusion rights, the proprietor of the earlier mark had acquiesced in the use of the later trade mark.

4.5) The defendant has never applied for registration of the trade mark “KRANTI” and therefore, Section 33 of the 1999 Act has no application. The defendant firm came into existence on 26.10.2016, whereas the present suit was filed on 27.08.2018. Hence, the period of 5 years is not over. The judgment relied upon by learned counsel representing the respondent in *Khoday Distilleries Limited (supra)* is with reference to an application for rectification filed under Section 56 of the Trade Marks Act, 1999, hence, the aforesaid judgment does not apply. Besides, the judgment passed in *Pidilite Industries (supra)* is also distinguishable because it was established before the Court that the defendant is using the word Leakguard since 2005, whereas the suit was brought in the year 2010. Additionally, the court refused to grant injunction because the trial of the suit had made substantial progress as evidence of one of the plaintiff had been recorded. The present suit is at

its initial stage. Hence, the aforesaid judgment, also has no application.

4.6) The respondent in his synopsis has highlighted that the name of Mrs. Arun Sharma has been deleted only on 16.02.2018 from the certificate issued under the Trade Marks Act, 1999. It may be noted that the respondent does not dispute that she retired on executing the retirement deed on 31.03.2004. Hence, the delay in submitting an application for substitution of proprietors does not have any adverse impact particularly when the respondent does not claim exclusive registered proprietorship of the word mark "KRANTI". In the synopsis filed by the respondent, stress has been laid on the various transactions between the plaintiff and the defendant. It is important to note that previously the plaintiff firm had been dealing with M/s B.M. Meters Pvt. Ltd. which is a separate entity from the respondent firm. Furthermore, the plaintiff firm had also permitted M/s B.M. Meters Pvt. Ltd. to use this word mark. Further reference has been made to the invoice issued on 21.07.2017 when the plaintiff firm is alleged to have purchased water flow meters with the brand name 'KRANTI'. As far as manufacturing of water flow meters under the brand name 'KRANTI' for the plaintiff firm does not itself permit the respondent to use word mark 'KRANTI' for marketing its identical products.

Now let's analyze the reasons given by the trial court.

4.7) The first reason as noticed is with regard to the failure of the plaintiff to prove any financial loss. The learned trial court has erred in laying its order on the aforesaid reason because the plaintiff is not required to prove that it has suffered financial loss or his turnover has decreased. In a suit for passing off, the court is more concerned with the likelihood of confusion with possible injury to the public due to misrepresentation. The defendant is using the trademark as well as the label by giving an impression that it is the product of the plaintiff which is factually incorrect. Reliance in this regard can be placed on the judgment passed by the Supreme Court in *Laxmikant V. Patel versus Chetanbhai Shah* (*supra*). Also, the trial court has erred in declining to grant injunction on the ground that the water flow meters manufactured by the plaintiff are for domestic purpose, whereas the water flow meter manufactured by the defendant are being used for commercial purpose. As already noticed that both the parties are manufacturing water flow meters. The plaintiff has specifically pleaded that they are also manufacturing bulk meters which are used by all the categories of consumers. In addition to it, the court has also erred in

refusing to grant injunction on the ground that size and price of both the water meters are different. This is not the criteria to grant or refuse an injunction. Moreover, it has been demonstrated that the plaintiff is also manufacturing bigger size/large water flow meters in order to cater to the requirement of bulk consumers. The defendant neither claims to be a registered proprietor of the trademark nor a permitted user. Furthermore, defendant has also failed to establish that defendant firm is a prior user of the trademark “KRANTI”. Additionally, the defendant does not claim that the trademark or trade label being used is different either in design or otherwise.

4.8) Keeping in view the aforesaid discussion, the order passed by learned trial court suffers from perversity and therefore, this Bench is left with no choice but for to set aside the same.

RELIEF/CONCLUSION

(5) Accordingly, while allowing the appeal, the defendant is restrained from using trademark/word mark “KRANTI” as a trademark on the goods marketed by the defendant firm. The defendant is also restrained from marketing or advertising via any online or offline medium of the trademark “KRANTI ” either directly or indirectly or conjunctively and disjunctively. The defendant is further restrained from marketing water flow meter with a name “KRANTI” embossed on it.

5.1) These observations are based only on prima-facie findings and will not affect the final decision of the suit. The Presiding Judge of the trial court is also requested to expedite the final decision of the suit.

Shubreet Kaur