

(2025) 12 MAD CK 0004

Madras HC

Case No: Civil Miscellaneous Appeal (TM) No. 2 Of 2023

Dasaprakash Restaurant And Ice
Cream Parlour Pvt.Ltd

APPELLANT

Vs

Deputy Registrar Of Trademarks
And Others

RESPONDENT

Date of Decision: Dec. 16, 2025

Acts Referred:

- Trade Marks Act, 1999-Section 19(1), 24

Hon'ble Judges: N. Anand Venkatesh, J

Bench: Single Bench

Advocate: Arun C.Mohan, C.V.Ramachandramurthy, Praveen, G.K.Muthukumar,
S.P.Vijayaraghavan, C.Gladys Daniel

Final Decision: Dismissed

Judgement

N. Anand Venkatesh, J

1. This appeal has been filed under Section 19(1) of the Trade Marks Act, 1999 (for the sake of brevity, hereinafter referred to as 'the Act') against the order passed by the 1st respondent dated 20.08.2009, rejecting the request made by the appellant on Form TM-24 in respect of registered Trade Mark No.309327 in Class 30.

2.The case of the appellant is that they have obtained rights pertaining to the Trademark through a legally binding and enforceable Memorandum of Understanding (MOU) dated 16.01.2001 between the proprietor of the Trademark Dasaprakash and Hotel Dasaprakash viz., Mr.Balakrishna Rao and the appellant.

3.As per the MOU, the proprietor agreed to sell/transfer all the Franchise Agreement except the Agreements in Delhi and Madras to a proposed newly incorporated private limited company. The Proprietor was entitled to open any restaurant in India

or abroad as per a family settlement and by virtue of the same, he wanted to transfer that right to use the name of Dasaprakash to the appellant Company. A sum of Rs.50 Lakhs along with 40% shareholding in the Company was given in favour of the proprietor and the proprietor agreed to transfer all the Franchisee Agreements pertaining to operations at Agra, Lucknow, Kanpur, Jaipur and Chandigarh.

4.The very next day, on 17.01.2001, the appellant Company was incorporated and the said Balakrishna Rao was inducted as a promoter-shareholder and as a director of the appellant Company.

5.On 11.11.2001, it is alleged that the said Balakrishna Rao by concealing the fact that he had moved a petition to declare himself as an Insolvent and that an interim order also was passed in that petition, entered into an Agreement with the appellant. In this Agreement, the Assignor/Transferor acknowledged the receipt of Rs.32.5 Lakhs by way of cheque and a sum of Rs.17.5 Lakhs was also set off towards liabilities.

6.On the strength of the above Agreements, the appellant applied for registration of the Marks Dasaprakash, Dasa and symbol D with a crown in the name of the appellant. After due examination of the application, the Registrar of the Trademarks granted registration of the Trade Mark symbol D with a crown and entered the same in the Register of Trademarks.

7.On 25.09.2003, the interim order that was passed was made absolute by the High Court by declaring the Assignor/Transferor as Insolvent.

8.During January 2009, the appellant decided to record their rights over the Trademark assigned/transferred to the appellant vide MOU. Hence, an application was filed requesting the Registrar to record the rights of the subsequent co-proprietor in the place of the Assignor/Transferor in Form TM-24. The Registrar of Trademarks received objections and conducted hearing and ultimately, by the impugned proceedings dated 20.08.2009, the application was refused to be entertained. Aggrieved by the same, the present appeal has been filed before this Court.

9.This Court has carefully considered the submissions made on either side and also the materials available on record.

10.The specific case of the appellant is that they have obtained rights pertaining to the Trademark Dasaprakash vide MOU dated 16.01.2001 entered into with one of the co-proprietors of the Trademark viz., K.Balakrishna Rao. This MOU dated 16.01.2001, stricto sensu cannot be called as an Agreement and at the best, it can only be termed as an Agreement to enter into a future Agreement. This is in view of the fact that the appellant Company itself came into existence only on 17.01.2001. Therefore, as an entity, the appellant Company could not have entered into an MOU

on 16.01.2001.

11.Before going into the other issues, it is relevant to take note of the fact that the Dasaprakash Group of Hotels and Restaurants was founded by Mr.K.Seetharama Rao and he had adopted the brand name/trademark Dasaprakash as early as in the year 1940. Owing to the reputation and goodwill earned by the brand name Dasaprakash, the successors of late K.Seetharama Rao applied for the registration of the label mark Dasaprakash under No.207104 in Class 30 on 30.01.1962 and the same was registered in the year 1963. Subsequently, on 20.10.1975, another Trademark of application was filed for the mark Dasaprakash under No.309327 in Class 30 and the same was also registered in the year 1982. These registrations were subsisting.

12.Disputes arose between the family members and hence, a Partition Suit came to be filed in C.S.No.285 of 1988. The family members decided to resolve the dispute amicably among themselves and hence, they arrived at an oral arrangement and recorded the same by means of a Family Arrangement on 30.05.1989. As per this Family Arrangement, the brand name Dasaprakash can be used by any of the family members in business or in business association with any third parties as per the terms of the said arrangement.

13.After the demise of Mr.K.Seetharama Rao, his sons and legal descendants became the co-proprietors/joint owners of the Trademark Dasaprakash. Thus, the Trademark Dasaprakash is a family Mark that was jointly owned by the nine sons of late K.Seetharama Rao. The above said Balakrishna Rao entered into an MOU dated 16.01.2001 with the promoters of the appellant Company. It will be relevant to take note of Clause 16 of the Family Arrangement, which is extracted hereunder:

10. It was further agreed to by all of us that any of the sons of late K.Seetharama Rao or their legal representatives can use the brand name of Dasaprakash or "Dasaprakash Ice Creams" or any combination of the term Dasaprakash in any part of India. However, it was clearly understood among them that in such an event the said party or his/her respective legal heirs must remain in such undertaking if outsiders are taken into the said undertaking as a participant in any capacity whether as director or as a major share holder or as partner.

14.A careful reading of the various Clauses in the Family Arrangement makes it abundantly clear that the brand name Dasaprakash can be used only by the family members in business or in a business association with any third parties subject to the terms of the Family Arrangement. The above clause provided that if an outsider enters into the business, a family member must be a participant in that business in his capacity as a Director or as a major shareholder or as a partner. This is in view of the fact that the Trademark Dasaprakash was treated as a family Mark which was jointly owned by the legal heirs of late K.Seetharama Rao.

15. In spite of the specific terms of the Family Arrangement, Balakrishna Rao, who is one of the co-proprietors entered into an MOU with the promoters of the appellant Company on 16.01.2001. It is quite surprising that the said Balakrishna Rao showed himself as the proprietor of the Dasaprakash chain of Restaurants and that he intended to sell/transfer all the Franchise Agreement except the Franchisee Agreement existing in Delhi and Madras. Apart from that, he also intended to transfer such right to use the name Dasaprakash to the appellant Company. This right to use the name Dasaprakash, which is said to have been transferred to the appellant Company was understood by the appellant Company as if it was an assignment of the Trademark Dasaprakash in favour of the appellant Company. The recitals and more particularly, recitals 1,3 and 4 gives an impression as if Balakrishna Rao is the sole proprietor of Dasaprakash. As per Clause 6 of the MOU, 40% of the shares were agreed to be transferred in the name of Balakrishna Rao. He also receives a sum of Rs.50 Lakhs along with 40% shareholding and agrees to assign all the right, title and interest in the brand name Dasaprakash in the name of the appellant Company.

16. It is an admitted fact that, as on the date when the MOU was entered into on 16.01.2001, the appellant Company was not even born and it came into existence only on 17.01.2001. Hence, at the best, the MOU dated 16.01.2001 can only be construed as an Agreement to enter into a future Agreement and that Agreement by itself does not vest any right on the appellant Company.

17. It is brought to the notice of this Court by the learned counsel appearing on behalf of respondents 7 to 10 and 28 to 35 that the signature of Balakrishna Rao was forged in the MOU dated 16.01.2001 and that he never signed any such Agreement with the appellant Company. To substantiate this submission, the learned counsel brought to the notice of this Court, the statement that was recorded by the Official Assignee after the said Balakrishna Rao was declared as an Insolvent. Even in the report that has been filed by the Official Assignee before this Court, the said stand taken by the Balakrishna Rao has been mentioned at Paragraph No.7 of the report.

18. The learned counsel further brought to the notice of this Court that when the authority insisted on the production of the original MOU dated 16.01.2001, the appellant Company in order to escape from the consequences took a stand that the original Agreement is not available and the original Agreement dated 16.01.2001, never saw the light of the day.

19. Yet another issue that was brought to the notice of this Court is with respect to what was ultimately allotted in terms of shares, in favour of the said Balakrishna Rao. The said Balakrishna Rao while giving his statement before the Official Liquidator made it clear that he was only allotted 10% of the shares in the appellant Company as against the original 40% that was agreed upon. Thus, the said Balakrishna Rao was not a majority shareholder and therefore, he could not transfer

any right or title in favour of the appellant Company, since the requirement under Clause 16 of the Family Arrangement dated 03.05.1989 has not been fulfilled.

20. There is yet another vital issue that stares against the appellant Company. The said Balakrishna Rao filed an Insolvency Petition in I.P.No.34 of 2001 and an interim order was passed on 22.03.2001 adjudging him as an Insolvent and thereby, all the estate and effects of the insolvent stood vested in the Official Assignee of this Court. In such an event, Balakrishna Rao will not have the right to enter into any Agreement and if any such Agreement is entered into, it will be the non est in the eye of law. While facing this disqualification, the subsequent Agreement is said to have been entered into between Balakrishna Rao and the appellant on 11.11.2001. On the day when the said Balakrishna Rao is said to have been entered into an Agreement, he is legally incompetent and this Agreement itself is void ab initio.

21. The learned counsel for the appellant submitted that the appellant was kept in dark regarding the insolvency proceeding initiated by Balakrishna Rao and that the appellant is entitled for being treated as one of the co-proprietors of the trademark and therefore, the appellant is entitled to submit Form TM-24 in this regard where the appellant sought to include their name as the co-owner of the Trademark Dasaprakash.

22. As stated supra, the Trademark Dasaprakash was a family Mark and it was jointly owned by the legal heirs of the deceased Seethrama Rao.

Therefore, one of the proprietors cannot transfer the rights in favour of any person or entity. On a demurrer, even if it is assumed that Balakrishna Rao can transfer his share/right in favour of the appellant Company, such right was lost after the said Balakrishna Rao was adjudged as an Insolvent.

23. At this juncture, it will be relevant to take a note of Section 24 of the Act. When the parties are the joint proprietors of the registered trademarks, one of the co-proprietors will not have any right whatsoever to exclusively use the same and the use, if any, made by one of the co-proprietors will be only for the benefit of all the other joint proprietors. Useful reference can be made to the judgement of the Apex Court in Power Control Appliances vs Sumeet Machines Pvt. Ltd reported in 1994 1 SCR 708. Reference can also be made to the Division Bench of this Court in J. Zeenath Bivi and Ors. vs. M. Khader Ibrahim and Ors. reported in 2004 1 MLJ 406.

24. The 1st respondent has taken all these vital facts into consideration and has rightly rejected the application filed by the appellant in Form TM-24. The impugned order dated 20.08.2009 does not suffer from any illegality warranting the interference of this Court.

25. Accordingly, the order passed by the 1st respondent dated 20.01.2009, is confirmed and this Appeal stands dismissed. No Costs.