(2008) 08 DEL CK 0186

Delhi High Court

Case No: C.S. (OS) No. 211 of 2008

Hardev Singh Akoi		APPELLANT
	Vs	
Jasdev Singh Akoi and Others		RESPONDENT

Date of Decision: Aug. 28, 2008

Acts Referred:

- Civil Procedure Code, 1908 (CPC) - Order 39 Rule 1, Order 39 Rule 2
- Trade Marks Act, 1999 - Section 27(2)

Citation: (2008) 38 PTC 399

Hon'ble Judges: S. Ravindra Bhat, J

Bench: Single Bench

Advocate: Sudhir Chandra, Avantika Mehta, Ajoy Kalia and Ishani Sahwal, for the Appellant; Sanjeev Sachdeva, Preet Pal Singh and Sawrabh Sharma for Defendant No. 1, P.S. Khandelwal and Ajay Sahni for D-2 to D-5, for the Respondent

Final Decision: Allowed

Judgement

S. Ravindra Bhat, J.

This order shall dispose of IA No. 1425/2008 preferred by the plaintiff, under Order 39 Rule 1 & 2 of the Code of Civil Procedure, 1908 seeking an ad interim injunction restraining the defendants from passing off, dilution and destruction of trademarks.

2. It is averred that the plaintiff has joint, 50% ownership rights in "THE IMPERIAL" Hotel (hereafter ''the Hotel'') at Janpath, New Delhi. By such ownership, the plaintiff also claims to be joint owner of the word mark "IMPERIAL" and the device of a "lion" with a crown (hereinafter called the ''the lion device''). It is averred that the first defendant, the plaintiff''s, brother is the other 50% joint owner of the said marks. The second and third defendants are the wife and son of the first defendant, and are also the promoters of the fourth defendant company. The plaintiff also claims that the fifth defendant is a partnership firm in which the first, second and third defendant are partners.

3. The plaintiff avers that he and the first defendant are sons of Late Shri. Rajdev Singh, who had inherited the Hotel from the Late Shri. Ranjit Singh, who founded the hotel in 1931. It is claimed that since inception the hotel has been using the word mark ''Imperial'' and the lion device logo. Though ownership of the firm remained with Shri. Ranjit Singh, he had, at different points of time contracted out the day-to-day management of the hotel to partnership firm consisting of family members, by the name Rajdev Singh & Co. Upon the death of Shri. Ranjit Singh in 1984, ownership in the hotel, its trademarks and goodwill devolved upon his only son Shri. Rajdev Singh. It is also claimed that since 1999, the latter has been managing the firm as its sole owner and proprietor and in 2000 even applied for registration of the trademark ''Imperial'' in class 29. He passed away on 21st February 2002 and in terms of his registered Will dated 3rd June 2004 the entire property of the hotel including its trademarks, trade name, goodwill, business and land and building devolved upon his two sons, i.e., the plaintiff and the first defendant in equal shares.

4. It is claimed that pursuant to the will, the plaintiff and the first defendant, along with their sister, on 25th February 2002 formed a registered partnership firm under the name ''M/s Akoi Sahib'' to manage the hotel. It is averred that the partnership deed it was clearly mentioned that the said firm does not possess any ownership rights over the hotel property, including its trademarks, trade name, goodwill attached to the word mark and the lion device, business, building and structures etc. It was further clarified that the plaintiff and the first defendant independently of the partnership firm would, always own the trademarks, trade name, goodwill, business, building and structures and land of the hotel.

5. Further, the plaintiff avers that in 2005 serious disputes arose between him the first defendant and their sister, which resulted in his issuing a public notice in the newspapers asserting his joint rights in the said property and goodwill. It is also averred that in 2007 a suit was filed by the first defendant and his sister, against the plaintiff, in respect of her rights in the partnership firm, which is pending in this Court. The plaintiff also refers to a suit filed by his paternal aunts, in which he and the first defendant had consented to maintain status quo in relation to ownership and possession of the hotel and allied properties. It is averred that the plaintiff and the first defendant continue to be joint owners of the trademark consisting of the word mark and the lion device, which have been continuously and consistently used in relation to the hotel since the year 1931.

6. It is further averred that due to its excellent service, rich history and excellent location the reputation of the hotel has spread not only across the Indian sub continent but all over the world and it is globally known as one of the finest luxury boutique hotels. The hotel is also a part of the select preferred Hotels & Resorts Worldwide. Also, due to the long and continuous use of the trademarks ''IMPERIAL'' and the lion device, coupled with extensive and wide spread promotion thereof, the

marks have achieved distinctive status in relation to the hotel and also acquired the status of well known mark.

7. The plaintiff avers that in March 2007 he came to know that the first defendant has circulated a book titled "The Imperial" written by Andreas Augustin in the hotel rooms wherein the first, second and the third defendant projected themselves to be the sole promoters and owners of the Hotel and the sole owners of the trademarks, despite knowing fully well that the plaintiff is joint owner of the said trademarks along with the first defendant. The plaintiff claims that in the third week of December 2007, he was shocked to learn that without his consent the first defendant had changed the logo of the hotel, which is an inalienable feature of its total brand image. The original lion device, used by the hotel since 1938, had been replaced by an "elephant and a tree" logo and the lion device was miniaturized and placed on top of the new logo. It is claimed that the first defendant has been using the new logo on the stationery, boutique items, toiletries etc of the hotel. It is alleged that the first defendant by these acts is diluting and destroying the lion device trademark jointly owned by the plaintiff and the first defendant by the adoption of the "elephant and a tree" logo and miniaturizing the lion device and placing it on top of the new logo without the consent of the plaintiff.

8. Upon further enquiry it is claimed that the plaintiff found that the fourth and fifth defendants had applied for registration of the mark ''Imperial'' and several other marks of which the word Imperial formed an essential feature. It is alleged that adoption of the name Imperial Real Estate Pvt. Ltd. by the fourth defendant, incorporating Imperial as an essential feature amounts to passing off, as it is an unlawful attempt to appropriate the goodwill in the mark ''Imperial'' which was jointly owned by the plaintiff and the first defendant in relation to the Hotel. It is claimed that a similar attempt is being made in relation to the lion device, and since one of the objectives of the fourth defendant is to construct motels, hotels, resorts etc, these actions would seriously imperil the hotel''s goodwill. Such use of deceptively similar trademarks, the plaintiff claims, will definitely amount to passing off. Therefore, the plaintiff submits that the defendants ought not to be permitted to usurp or even partake of or dilute or destroy the valuable goodwill and reputation accruing in the trademark "IMPERIAL" and the lion device.

9. Mr. Sudhir Chandra, learned Senior Counsel appearing on behalf of the plaintiff sought to draw the attention of the Court to Section 27(2) of the Trade Marks Act, 1999 to contend that the plaintiff''s rights and remedies as a joint owner of the trademark, vis-�-vis the other owner, to prevent passing off such mark is saved by this provision. Learned Counsel argued that the use of the word mark in relation to hotels, motels, resorts and real estate as is evident from the objectives if the fourth defendant would amount to dilution as well as passing off, since the mark is intended to be used in relation to identical/similar services. In order to canvass the point that mere intention to use was sufficient for the issuance of an order

restraining such use, counsel placed reliance on Mars Incorporated Vs. Kumar Krishna Mukerjee and Others, Counsel reiterated that this was a fit case for maintaining a quia timet action. Reliance was also placed on Direct Line Group v. Direct Line Agency [1997] FSR 374 and Glaxo Plc. v. Glaxowellcome Ltd. [1996] FSR 388 in this regard.

10. Counsel sought to place reliance on Sir Robert McAlpine Ltd v. Alfred McAlpine PLC [2004] RPC 36 to argue that one co-owner of goodwill cannot by way of misrepresentation elbow out or deprive the other co-owner of the benefits of such goodwill by appropriating them. He submitted that since both the plaintiff and first defendant were joint owners of the trade-mark, trade name and goodwill in the mark, the first defendant''s actions to appropriate that goodwill in respect of the third and fourth defendant entities, to the exclusion of the plaintiff, would amount to passing off. Similarly, the attempt by the first defendant to change the trademark of the Hotel without the plaintiff''s consent amounts to dilution of the trademark and would result in the erosion of the goodwill associated with it. Therefore, he contended that the restraint order sought for must be granted. 11. In his reply the first defendant submits that the lion device is not the property of the hotel or the plaintiff. It is claimed that the lion logo was designed and used by the first defendant for his own correspondence and in 1974 and the copyright in the same vests in him. It is also claimed that thereafter the same logo was used for the hotel and that the lion logo was changed by the first defendant over the years from a side faced lion to a lion in a circle to a front faced lion and once again to a side faced lion and subsequently to a lion with a crown and side curtains. The first and second defendant and his son Gobind Singh Akoi, it is claimed, jointly designed the present logo of lion with a crown and curtains, and the copyright in the same vests with them. Therefore, the question of taking the permission of the plaintiff, it is asserted, does not arise. It is also alleged the plaintiff is himself not aware of the logos used over the years in Hotel Imperial as he was never part of mismanagement.
12. The first defendant also submits that notwithstanding the other contentions, the logo has not been changed. It is claimed that the elephant graphic is part of a larger packaging design for the product range, including toiletries etc., and is not a trademark as alleged by the plaintiff. The existing lion logo is nonetheless included in this packaging and is derived from earlier hotel graphics that used to include an elephant as more reflective of royal India, so the claims being made by the plaintiff are baseless. The Trophies and awards bestowed to the Hotel imperial by the Government of India, it is averred, are also in the shape of the Indian elephant and as such the use of the elephant in packaging is representative of the awards bestowed on the Hotel. The logo, it is urged, is not an inalienable feature of the total brand image. It is further averred that the lion device was not adopted in 1938, but only came subsequently and that too in different forms. The first defendant denies that the new logo has been used on the stationery of the Hotel.

13. It is also submitted that the book authored by Mr. Andreas Augustin, a world-renowned author and an authority on hotels across the world, has given the Hotel favorable publicity. The first defendant avers that instead of rejoicing on such publicity the plaintiff appears to have taken unnecessary umbrage at the fact that the author has praised the first defendant and his wife. When the first plaintiff has not contributed much in running the hotel, it is only natural that their names will not find any special mention in the book. The first defendant also denies that they have projected themselves to be the sole promoters and owners of the Hotel as well as the marks.

14. It is next stated by the first defendant that the logo of the Hotel since the 1930s till about the late 1960s used to be an elephant logo used to signify India''s grandeur. The trophies and awards bestowed upon the Hotel by the Government of India are also in the shape of the Indian elephant and as such the use of the elephant is also representative of the awards bestowed. It is claimed that the first defendant was using the lion crest designed by him for personal use and later he used it in relation to the services provided by the hotel to give it a new look. It is stated that the lion device was subsequently designed and adopted for the first time in the hotel around the year 2000, and modified in the year 2002. The first defendant further refutes the allegation of dilution of trademark and states that since he had designed the trademark along with his son, and also developed the brand image, no allegation of dilution can be raised against him.

15. The first defendant however contends that word "Imperial" though a generic, dictionary word on account of continuous use has acquired distinctiveness and recognition with the Hotel, which is jointly owned by him and the plaintiff. The mark has also acquired goodwill and reputation due the excellent quality of services rendered by the Hotel.

16. The second, third, fourth and fifth defendants filed a joint written statement. They state that the plaintiff has no individual rights in the word mark ''Imperial''. It is averred that the aforesaid mark is the property of the partnership, which cannot be claimed by the plaintiff alone. In so far as the lion device is concerned, they aver that the first and the third defendant hold the rights in the device, since they had created the logo and therefore, the plaintiff assert rights over it. They however concede that the hotel has acquired significant reputation, including trans-border reputation in relation to hotel services. But they claim that that such reputation is attributable solely to the hardwork of the first and the third defendant. They deny that by using the word mark ''Imperial'' they are in any manner indulging in passing off. In any event, they submit that the plaintiff cannot claim any individual rights over the mark.

17. Mr. Sachdeva, learned Counsel for the first defendant, submitted that the plaintiff cannot claim ad-interim relief. He contended that although there is no dispute about joint ownership by the plaintiff, of the trademark, or the widely

enjoyed reputation and goodwill associated with it, the allegations about unauthorized use, by the first defendant, or its dilution, by him, are unsubstantiated. Counsel relied on copies of the previous trademark and contended that there was never one trade mark or logo for the hotel; there were times when other occupiers had used entirely different marks or logos. Counsel contended that the hotel offers several services, including shopping, restaurants, etc. The marks and logos used for each of them are different. Therefore, the plaintiff cannot prima facie claim dilution or passing off, by the defendant. In any case, it was submitted that use of the elephant logo or theme in the paper bag, (in the hotel''s shop) does not amount to dilution, since the lion motif continues to represented.

18. It was submitted that Mr. Andreas Augustin''s book, has given the hotel favorable publicity. The plaintiff appears to be needlessly aggrieved by the fact that the author has praised the first defendant and his wife. The copyright in the book is the author''s, and he cannot be compelled in this proceeding, to include something he did not write about; besides he is not a party to the suit. Counsel submits that that the defendant No. 1 has not projected himself to be the sole promoter and owner of the Hotel as well as the marks.

19. Mr. Ajay Sahni, learned Counsel for the other defendants submitted that the plaintiff cannot seek to restrain them from using the word mark "IMPERIAL" which is generic in nature, and is a common, dictionary term. Neither the plaintiff nor anyone else can appropriate it and claim exclusive rights. Counsel sought to place reliance on copies of websites of hotels in Australia, and other countries, to say that the plaintiff cannot claim exclusive use of the trademark. Counsel also contended that the use of the trademark by the other defendant, as part of the company name, cannot be injuncted.

20. The plaintiff, in this case, places reliance on partnership deed dated 25th February 2002 entered into between him, the first defendant and their sister, Constituting a firm ''Akoi Sahib'', by which the parties had explicitly agreed that perpetual leasehold rights and the goodwill, name and title of the hotel would continue to be jointly owned by the plaintiff and the first defendant. He also places reliance on the Search Report of the Trademark Registry showing applications made by the fourth and fifth defendants in relation to the mark "Imperial'' for hotels, motels, real estate, etc. Further reliance is also placed on report of the Registrar of Companies showing the constitution of the fourth defendant and its memorandum of association. It reveals that one of the main objectives of the fourth defendant is to construct hotels, motels, resorts, banquet halls and restaurants. The first defendant does not dispute joint ownership of the trademark, or the goodwill and reputation associated with it. In these circumstances, the question is whether the plaintiff is entitled to the ad-interim reliefs sought. 21. In Robert McAlpine (supra), a joint family business was split by the brothers on geographical lines, and they continued to use their first name and the well-known surname in the course of their trade.

However, in 2003 the defendant dropped the first name from his trading style and used only the surname. The plaintiff alleged that use of the surname without using the first name amounted to misrepresentation that there was only owner of the goodwill in the mark ''Mc. Alpine'' and thereby, amounted to appropriation of such goodwill. Finding passing off, the Court granted injunctive relief and observed as follows:

48. Because this is an action between joint owners of goodwill, those dicta cannot be directly applied. However, the underlying thesis can. It looks at the value of the goodwill to the claimant and recognises that if someone else lays claim to it, that, of itself, is damage which the law will step in to prevent. In Irvine Laddie J used the metaphor of squatting. In the case of joint ownership of goodwill a more appropriate metaphor would bee 1b owing out, or moving over.

49. Just as the sole owner''s rights should not be reduced, blurred or diminished, nor should a joint owner''s, whether at the hands of the other joint owner or a third party. Neither owner has higher rights in the name and reputation than the other. But it seems to me to follow from that that neither is entitled to start to elbow the other aside by using it to describe its own business in a way which suggests the exclusion of the other. This is not to invent the tort of misappropriation of goodwill, which I have disclaimed above. It is to recognise that the shared rights to goodwill can be damaged by the co-owner arrogating to himself the use of the name in circumstances where that amounts to a misrepresentation and a partial ouster of the claimant. Because the rights are shared, Robert has had to live with the risks flowing from the use of the name by another, but that risk was limited by the general use of "Alfred" as a prefix. Once the prefix goes, there is scope for a greater amount of elbowing (or blurring, or diminishing, or erosion (per Peter Gibson LJ, in the passage from Taittinger, cited above)), to which Robert has not consented.

50. Is this sort of loss made out here? It seems to me that it certainly is. Before the re-branding, the co-owners of the goodwill co-existed and exploited the name, and benefited from it, in whatever manner they could. But at all times their activities in that respect were as a matter of fact constrained by the fact that an identifier was added to make it clear which party was speaking or being referred to. That identifier was available not only to the parties, but was also available to third parties such as the press and the construction industry generally. The exploitation was carried out without misrepresentation, and without either party taking steps to suggest that it was the sole owner of the name. That has now changed. Alfred has taken steps which suggest that it is the sole owner of the name, and to do that is to affect the value of the name to Robert because it starts to elbow it out it deprives Robert of some of the value of the name to itself, and it blurs or diminishes Robert''s rights. So to hold is not to let the metaphor govern the principle; it is to acknowledge the principle and to acknowledge the usefulness of the metaphor in expounding it. It is no answer to say that Robert could also call itself Mc. Alpine (as was suggested in

the trial). The fact is that Alfred has sought to do so, and it cannot escape the consequences by saying that Robert could do that as well if it wanted.

51. Another way of looking at this point is to consider the "punching above its weight" point. This phenomenon, identified by Fishburn or some of its interlocutors, gives each company the benefit of an impression that it might be bigger than it actually is. To do so is to some extent to live off the goodwill of the other. While each company takes steps to hold itself out as separate from the other by means of an appropriate identifier, neither can complain if the other has this benefit. It has become a necessary consequence of the shared goodwill, and something to which each has effectively consented. However, once one of them goes further, and actively looks to increase this effect by adopting the jointly owned name as its principal identifier then it is likely to increase the effect. That is damaging to the co-owner because it does in a genuine way deprive him of part of the value of the goodwill; and it achieves it by a misrepresentation, which makes it passing off. In this case I find that it is likely that that effect will be increased, and that that is damage for the purposes of passing off. It is no answer to say that this is a mutually beneficial effect. It is no answer for a defendant to say that its goods are of a higher quality than the claimant''s; so it is no answer for Alfred to say that Robert too can punch above its weight as a result of Alfred''s positive passing off activities.
Conclusions

52. It follows, therefore, that I find that passing off has been established. In the circumstances, and subject to one point as to its scope, I will grant the injunction sought in the Particulars of Claim subject to any minor amendments that might be required after further argument? I have set out its terms above. While Mr Thorley pointed out certain aspects of the terms of the injunction in his submissions on liability, it was not submitted to me that injunctive relief was inappropriate in this matter if I found that the tort was established.

22. The above ruling establishes, that a joint owner of a trademark, as in the case of joint owners of other property rights, cannot act so as to diminish the right of the other part owner, without his consent. A sole owner''s rights cannot be diminished or impaired; equally, a joint owner''s cannot be so injured, be it at the hands of the other joint owner or a third party. In these circumstances, and in view of the admissions of the first defendant as regards joint ownership of the mark, the court is of opinion that no new mark, or modification of the mark, can be brought about, unilaterally by one joint owner. The first defendant may be able to establish, in the trial, that the change, by introduction of the elephant motif does not dilute or diminish the reputation in the mark; however, for the purpose of this action, it is sufficient to notice that the introduction was without the plaintiff''s consent. It is not for the court to value judge the impact of the elephant logo. Just as a third party cannot be permitted to appropriate the plaintiff''s mark, or use it, the first defendant, though a joint owner, cannot take any action which may be perceived as

potentially damaging. The danger in permitting such changes, is the likelihood of each joint owner modifying the trademark, later, and claiming it to be minimalistic; yet, the changes, seen as a whole may injure the reputation associated with the goodwill and the mark. Therefore, neither of the joint owners, i.e the plaintiff, or the first defendant can, unilaterally, and without the other''s consent use, or cause the mark to be used in a manner that would injure the goodwill or reputation associated with it, as attested to by both parties.

23. As far as use of the word mark, logo and composite mark by the other defendants are concerned, the pleadings and documents disclose that they are closely associated with the first defendant. The first, second and third defendants are directors in the company (fourth defendant) and also its promoters; the fifth defendant is a firm. in which the first, second and third defendant are partners. These essential facts are not refuted. The use of the trademark, even the word mark "IMPERIAL" by them, in the opinion of the court, is prima facie indefensible. As held earlier, the plaintiff and first defendant are concededly joint owners of the marks. Both agree that it has acquired considerable goodwill and reputation. In the circumstances, the use of the mark, by one joint owner, by himself, or with other third parties, without consent is clearly impermissible. That the other parties, who seek to use it in this case are a company, promoted by the said first defendant and his close relatives, and a firm, again comprising of the same relatives, exacerbates the unauthorized use. This Court has held that unilateral use of a jointly owned mark can injure the rights of the other owner; applying the same logic, what such joint owner cannot do directly, cannot be achieved by him, through use of stratagems, such as closely held companies, or family firms. Therefore, these entities too cannot use the marks, and have to be enjoined in the manner sought by the plaintiff. The court is of opinion further that no bona fide justification has been given by the defendants why the word mark, or other marks, closely similar to the Hotel Imperial''s trademarks, has been given by the said company and the firm. A mere argument of the word mark being generic in such circumstances, is insufficient.

24. This Court hastens to add that ad interim injunction in this case is premised on the narrow ground of joint ownership of the trademark, and the likelihood of injury to it, on account of unilateral use by the defendants, as alleged by the plaintiff. The court is not expressing any opinion on the distinctiveness of the mark, generally, or whether it is generic, in view of the reasons given in the previous part of the judgment.

25. For the above reasons, the application has to succeed; the first defendant is restrained from altering the trademark of Hotel Imperial, by introducing the elephant mark. In view of the fact that the elephant logo had been introduced, the first defendant is enjoined to desist from using it, and shall ensure that the marks existing previously, shall be restored, within six months. The defendants are also

restrained from using the composite trademark, including the word IMPERIAL, and the LION LOGO, together, or independently, or in any other deceptively similar manner, holding out to be sole owners thereof, without the plaintiff''s consent, or in any manner holding themselves to be sole owners of the hotel.

IA No. 1425/2008 is allowed in the above terms.