(2003) 04 BOM CK 0116

Bombay High Court

Case No: Notice of Motion No. 566 of 2003 in Suit No. 547 of 2003

The Court Receiver, High Court, as Receiver of the business and assets of Ahmed Oomerbhoy		APPELLANT
	Vs	
R.R. Ommerbhoy Pvt. Ltd. and Others		RESPONDENT

Date of Decision: April 28, 2003

Acts Referred:

- Civil Procedure Code, 1882 - Section 503
- Civil Procedure Code, 1908 (CPC) - Order 40 Rule 1, 94
- Contract Act, 1872 - Section 27
- Partnership Act, 1932 - Section 14, 53, 55
- Textile Undertakings (Taking Over of Management) Act, 1983 - Section 3
- Trade and Merchandise Marks Act, 1958 - Section 2, 28, 28(1), 31, 56

Citation: (2003) 3 ALLMR 873 : (2003) 5 BomCR 501 : (2003) 27 PTC 555 : (2003) 45 SCL 335

Hon'ble Judges: S.A. Bobde, J

Bench: Single Bench

Advocate: H.W. Kane and Rahul Kadam, for the Appellant; Virendra Tulzapurkar and Salil Shah, instructed by Gajaria and Co. for defendant No. 1, R.M. Kadam and B.B. Saraf, instructed by Solomon and Co. for defendant No. 2 and S.V. Mehta and Kalpesh Joshi, instructed by Malvi Ranchhoddas and Co. for defendant No. 3, for the Respondent

Judgement

S.A. Bobde, J.

This Notice of Motion has been taken out by the plaintiff for an injunction restraining the defendant Nos. 1 and 8 to 11 from infringing the registered trade mark "Mastaan" by the use of the trade mark "Mastaan" and for an injunction restraining the defendants from manufacturing and selling edible oil under the trade mark "Mastaan" so as to pass-off their goods as edible oil being sold under the trade mark "Mastaan". The registered proprietor of the trade mark "Mastaan" is

M/s. Ahmed Oomerbhoy, a partnership firm under dissolution. The plaintiff also seeks an injunction restraining the defendants from infringing the registered trade mark "Postman" of the partnership firm, M/s. Ahmed Oomerbhoy (hereinafter referred to as the "partnership firm") by the use of the trade mark "Postiano" and for an injunction restraining the defendants from manufacturing and selling edible oil under the trade mark "Postiano" so as to pass off their goods as the edible oil being sold under the trade mark "Postman".

2. The suit is instituted by the Court Receiver who has been appointed as Receiver of the assets of the partnership firm in Suit No. 4913 of 2000 filed by the defendant No. 2 against the defendant Nos. 3 to 7 for dissolution of the firm. IN that suit, this Court by an order dated 6.10.2000 appointed the Court Receiver as Receiver of the partnership business and assets. By order dated 30.7.2001 this Court recorded the agreement of the parties that the assets of the firm are to be sold by inviting bids as under:-

"19. It is also agreed that the partners of the suit firm shall not carry on any business on the basis of the trade marks of the suit firm. The Court Receiver shall however be entitled to take steps that may be necessary to safeguard the trade marks of the firm as also take action against the persons who may be unauthorisedly using the trade marks of the firm."

3. Thereafter, one of the partners-the defendant No. 2 noticed that the defendant No. 1 had started selling packaged edible oil with the trade mark "Mastaan" and finding it to be deceptively similar to the trade mark "Mastaan" took out a Notice of Motion on 8.11.2001 seeking to restrain the defendant No. 1 from using the trade mark "Mastaan". The defendant No. 1 is a company which is admittedly controlled by the defendant No. 3, the erstwhile partner of the firm in which shares are held by the defendant No. 3, his wife, son and daughter. On this Notice of Motion, this Court passed an order dated 30.11.2001, the relevant part of which is as follows:

Receiver has already been appointed. The Court Receiver is directed by consent of the parties to engage Mr. H.W. Kane, as Advocate, to initiate proceedings in respect of what the Plaintiff alleges is infringement of the firm''s trade mark and of actual passing of goods of the firm against respondents to these proceedings."

After this order was passed, the defendant No. 2 noticed that the defendant No. 1 had commenced manufacture and distribution of marketing of packaged refined groundnut oil with the trade mark Postioano". "Postiano" was being sold in bottles and containers whose design, colour scheme, lay-our, get-up, which according to the "Postman". The defendant No. 2 once again moved this "Postman". The defendant No. 2 once again moved this Court for modification of the earlier order. On 18.12.2001 this Court passed an order directing that the opinion of an Advocate designated by the Court i.e. Mr. H.W. Kane be sought. Based thereon, the Receiver was directed to take appropriate proceedings, in accordance with law. This suit is thus filed thereupon by the Receiver.

4. Dr. Tulzapurkar, learned counsel for the defendant No. 1 company, raised a preliminary objection to the maintainability of the suit itself. According to the learned counsel, the suit for infringement of a registered trade mark can only be filed by the registered proprietor of the mark and, in no case, by the Receiver who has no proprietory rights in it. The submission is based on Section 28 of the Trade and Merchandise Marks Act. 1958, which confers on the registered proprietor of a trade mark exclusive right to the use of the trade mark in relation to the goods in respect of which the trade mark is registered. It also confers on him the right to obtain relief in respect of infringement of the trade mark in the manner provided by the Act. Section 28(1) reads as follows:-

"28. Rights conferred by registration.--

(1) Subject to the other provisions of this Act, the registration of a trade mark in Part A or Part B of the register shall, if valid, give to the registered proprietor of the trade mark the exclusive right to the use of the trade mark in relation to the goods in respect of which the trade mark is registered and to obtain relief in respect of infringement of the trade mark in the manner provided by this Act."

Clause (q) of Section 2 defines "registered proprietor" as follows:-

"(q) "Registered proprietor", in relation to a trade mark, means the persons for the time being entered in the register as proprietor of the trade mark."

Clause (b) of Section 2 defines "associated trade marks" as follows:

"(b) "associated trade marks" means trade marks deemed to be, or required to be registered as associated trade marks under this Act."

5. Dr. Tulzapurkar, learned counsel for the defendant No. 1, states that though a trade mark is property, all the incidents of property are not attributable to a trade mark. The basic difference, according to him, between a trade mark and other forms of property arises from a peculiar requirement of law in relation to a trade mark i.e. the existence of a trade mark depends on the connection in the course of trade between the registered proprietor of the trade mark and the goods in respect of which the trade mark is used. If such connection ceases to exist, the trade mark itself ceases to exist. And so does the property in it. There is a distinction between a trade mark on the one hand and a copyright, patent and a registered design on the other, since in the latter, once such intellectual property comes into existence, when it is created, there is no requirement of law that the creator of a patent or registered design must maintain a connection in the course of trade between himself and the patent or a design of the copyright. Reliance is placed on the definition of a "trade mark" in Kerly''s Law of Trade marks, Eleventh Edition, page 15, which reads as follows:

"A trade mark is a symbol which is applied or attached to goods offered for sale in the market, so as to distinguish them from similar goods, and to identify them with a particular trader or wit his successors as the owners of a particular business, as being made, worked upon, imported, selected, certified or sold by him or them, or which has been properly registered under the Acts as the trade mark of a particular trade."

It seems indisputable that such a connection between the trader and the goods either in the course of manufacture, certification, selection, working upon, etc., is necessary where the trade mark is unregistered and must be presumed where the trade mark is registered. Obviously, if the entire purpose is to distinguish and identify the goods with a particular trader, it is implicit that the trader must have some connection with the goods which he may have manufactured or worked upon, or ever certified or selected them.

6. The submission of the learned counsel is that the Court Receiver has no such connection with the trade mark, since she has neither manufactured or worked upon or had anything to do with the goods in question. Therefore, though the mark may have been property in the hands of the registered proprietors, it is not property in the hands of the Receiver. She is not a registered proprietor of the mark in question and, therefore, cannot maintain an action for infringement. This submission of the defendant No. 1 cannot be accepted as long as it cannot be disputed that the trade mark is a property. There is no doubt that the trade marks in question have all the characteristics of trade marks. They stand registered in the name of the partnership firm. the registration is valid and subsisting. It is not possible to hold that the property in them has in any way diminished because the firm has stopped manufacturing upon dissolution. A mere cessation of manufacture cannot result in the destruction or even diminishing the property in the mark where the registration of the mark subsists. The mark and the property in its must be taken to exist. Therefore, even if the Receiver has no connection in the course of trade with the goods it can be said that there is no property in the marks. The question is whether a Receiver can bring such a suit as the present one? A Receiver is appointed by this Court u/s 94 and Order 40 Rule 1 of the Code of Civil Procedure, 1908. Section 94(d) reads as follows:-
"94. In order to prevent the ends of justice from being defeated the Court may, if it is so prescribed,--

(a) ....

(b) ....

(c) ....

(d) appoint a receiver of any property and enforce the performance of his duties by attaching and selling his property:"

The Court has the power of appointment of Receiver of any property whereupon for all practical purposes, the property is treated as the Receiver''s property. This is obvious from the use of the word "his property" in Section 94(d). Thus, Order 40 reads as follows:

"1. Appointment of receivers--(1) Where it appears to the Court to be just and convenient, the Court may by order--

(a) appoint a receiver of any property, whether before or after decree:

(b) remove any person from the possession or custody of the property:

(c) commit the same to the possession, custody or management of the receiver: and

(d) confer upon the receiver all such powers, as to bringing and defending suits and for the realization, management, protection, preservation and improvement of the property, the collection of the rents and profits thereof, the application and disposal of such rents and profits, and the execution of documents as the owner himself has, or such of those powers as the Court thinks fit."

Clause (d) above clearly contents upon the Receiver all powers necessary for bringing and defending suits and for the realisation, management, protection, preservation and improvement of the property, etc. In other words, in express terms, it confers on the Receiver all such powers "as the owner himself has" or such of those powers as the Court thinks fit. It is, therefore, plain that in the present case the Receiver has been appointed in respect of the property in the trade marks with all powers of the owner. This would, therefore, include all the powers conferred on the registered proprietor. Therefore, the Receiver on whom all the powers of the registered proprietor are conferred in relation to trade mark must, therefore, be held to be perfectly competent to exercise the rights conferred by Section 28, including the right to obtain relief in respect of infringement of the trade mark in the manner provided by the Trade and Merchandise Marks Act, 1958. Indeed this must be so. Otherwise, the Receiver would be incapacitated and would not be able to exercise the powers specifically conferred upon him by Order 40 i.e. to bring and defend suits for protection, preservation and improvement of the property which the owner imposes.

7. Therefore, even if it is true that it is essential for the existence of the trade mark that there should be some connection between the registered owner and the mark and that the connection is essential, it does not follow that the Receiver cannot bring the suit for protection of the trade mark in the absence of the such a personal connection with the trade mark because the property in the registered trade mark subsists. In law and for all practical purposes, the Receiver stands in the shoes of the owner and must be held entitled to do all such acts necessary for the preservation and protection of the property, including trade marks, for which he is appointed a Receiver.

8. It is also not possible to accept the contention that apart from the owner only a person in whom the property vests by operation of law can bring the suit. There is no doubt that there is a distinction between the rights of an Official Assignee in whom the property vests by virtue of Section 17 of the Presidency Town Insolvency Act and those of a Receiver in whom the property does not vest in the sense that he does not become an owner. What is important is that on the Receiver are conferred all the powers of an owner. Therefore, if the owner has the power to bring a suit, the Receiver must also be taken to have that power. Dr. Tulzapurkar, learned counsel for the defendant No. 1, relied on the decision in Anthony C. Leo Vs. Nandlal Bal Krishnan and others, , wherein the Supreme Court has made the following observations:-

"Such de jure possession of the Court through its receiver, however, does not bring about vesting of the properties in receiver or in court free from incumbrances even pendente lite.''

This observation does not support the contention that the Receiver, therefore, cannot bring a suit merely because ownership in the property does not get transferred or vest in him. In fact, in this very case, the Supreme Court has observed that the Receiver is under an obligation to take all reasonable steps for preservation and maintenance of such property. Dr. Tulzapurkar also relied on the decision of this Court in Maharashtra State Financial Corporation, Bombay Vs. Ballarpur Industries Limited, v. The Official Liquidator, High Court Bombay and Liquidator of M/s. Atrois Chemcicals Private Limited, , where a Division Bench of this Court observed that a single Judge was not right in proceeding on the footing that the property of a company in winding up is vested in the Official Liquidator. The Division Bench observed that an Official Liquidator has only the custody of the property of the company and that the property does not vest in him as in the case of insolvency. This, in my view, makes no difference to the situation.

9. Dr. Tulzapurkar next relied on the decision of a single Judge of this Court in Ratansi Mulji v. Vinod Ratilal Gandhi, reported in AIR 1991 Bom 407. In that case, this Court held that a statutory custodian of the property of a Mill taken over under the Textile Undertakings (Taking Over of Management) Act, 1983 cannot validly prosecute the owner of the undertaking i.e. a company. The owner not having been divested of its rights as registered proprietor of the trade mark cannot be prosecuted for infringement thereof by the Custodian. This case does not help the defendant No. 1. It was found there that in pursuance of Section 3 of the Take-over Act, only the management of a textile undertaking vested in the Custodian appointed under the Act. The ownership of the trade mark remained with the company i.e. Finlay Mills Ltd. which continued to be the registered owners of the trade mark. The Act did not divest the company of any right as registered proprietor of the mark. Obviously, this case cannot support the contention that the Receiver cannot institute this suit. The Receiver stands in the shoes of the registered

proprietor and the ownership does not rest in any one else.

10. Mr. Kadam, learned counsel for the defendant No. 2, relied upon the decisions in Kurapati Venkata Mallayya and Another Vs. Thondepu Ramaswami and Co. and Another, , Koypathodi Moidin Kutty (died) and Others Vs. A.K. Doraiswami Aiyar, : Chaturbhuj Durgadas Factory v. Damodar Jamnadas Zawar AIR 1960 Bom. 424: and William Robert Fink v. Mohanraj Bahadur Singh ILR(1998) 25 Cal. 642, in support of the proposition that a Receiver can certainly maintain a suit in respect of the property. In Kurapati Venkata Mallayya''s case (supra), the Supreme Court has observed as follows:-

"(13) The next question is whether the suit was in proper form and was within time. Though the cause of action for the suit arose on June 5, 1946, it is admitted before us that the courts were closed on June 5, 1949 and the suit was filed on the day on which they reopened. It would, therefore, be within time if it was properly constituted on the date on which it was filed. In Jagat Tarini Dasi v. Naba Gopal Chaki, ILR 34 Cal. 305 which is the leading case on the point it was held by the Calcutta High Court that a Court must authorise a Receiver to sue in his own name and a Receiver who is authorised to sue though not expressly in his own name, may do so by virtue of his appointment with full powers u/s 503 of the CPC (Act XIV of 1882). In coming to this conclusion the learned Judges pointed out that the object and purpose of the appointment of a Receiver may be generally stated to be the preservation of the subject-matter of the litigation pending judicial determination of the rights of the parties and that it does not necessarily follow that if he is authorized to sue, he cannot sue in his own name. Then the learned Judges pointed out:

"Though he is in one sense a custodian of the property of the person, whom in certain respect he is made to supplant, there seems to be no reason why his power should not be held to be co-extensive with his functions. It is clear that he cannot conveniently perform those functions, unless upon the theory that he has sufficient interest in the subject matter committed to him, to enable him to sue in respect thereof by virtue of his office, in his own name.

....

On the whole, we are disposed to take the view that, although a receiver is not the assignee or beneficial owner of the property entrusted to his care, it is an incomplete and inaccurate statement of his relations to the property to say that he is merely its custodian. When a Court has taken property into its own charge and custody for the purpose of administration in accordance with the ultimate rights of the parties to the litigation, it is in custodia legis.

The title of the property for the time being, and for the purposes of the administration, may, in a sense, be said to be in the Court. The receiver is appointed for the benefit of all concerned, he is the representative of the Court, and of all parties interested in the litigation, wherein he is appointed. He is the right arm of the Court in exercising the jurisdiction invoked in such cases for administering the property: the Court can only administer through a receiver. For this reason, all suits to collect or obtain possession of the property must be prosecuted by the receiver, and the proceeds received and controlled by him alone. If the suit has to be nominally prosecuted in the name of the true owners of the property, it is an inconvenient as well as useless form inconvenient, because in many cases, the title of the owners may be the subject-matter of the limitation in which the receiver has been appointed-useless, because the true owners have no discretion as to the institution of the suit, no control over its management, and no right to the possession of the proceeds." (pp. 316-317).

Later the learned Judges pointed out, that for the time being and for the purpose of administration of the assets the real party interested in the litigation is the Receiver and, therefore, there is no reason why the suit could not be instituted in his own name. The learned Judges ten referred to a number of cases in support of their conclusion. It seems to us that the view of the Calcutta High Court that a Receiver who is appointed with full powers to administer the property which is custodia legis or who is expressly authorised by the court to institute a suit for collection of the assets is entitled to institute a suit in his own name provided he does so in his capacity as a Receiver (sic). If any property is in custodia legis the contesting parties cannot deal wit it in any manner and, therefore, there must be some authority competent to deal with it, in the interest of the parties themselves. A receiver who is placed in charge of the property on behalf of a court can be the only appropriate person who could do so. His function cannot be limited merely to the preservation of the property and it is open to a court if occasion demands, to confer upon him the power to take such steps including institution of suits in the interest of the parties themselves. Here apparently the Receiver was not a person with full powers but by its order dated June 26, 1949 the court authorised him to collect particularly as some debts were liable to get barred by time. The Receiver, therefore, had the right to institute the suit in question. It is, however, contended that the order does not say specifically that he should institute a suit. In our opinion, the authority given to the Receiver "to collect the debts" is wide enough to empower the Receiver to take such legal steps as he thought necessary for collecting the debts including instituting a suit. The suit as originally instituted, was thus perfectly competent. The High Court has observed that even assuming that it would have been more appropriate for the Receiver to show in the cause title that it was the firm which was the real plaintiff and that the firm was suing through him it was merely a case of misdescription and that the plaint could be amended at any time for the purpose of showing the correct description of the plaintiff. We agree with the High Court that where there is a case of description of parties it is open to the court to allow an amendment of the plaint at any time and the question of limitation would not arise in such a case."

The above observation leaves no manner of doubt that the present suit is maintainable.

11. In Chaturbhuj v. Damodar, reported in AIR 1960 Bom 424, a Division Bench of this Court observed as follows:-

"In respect, therefore, of a Receiver appointed in a suit for dissolution of partnership with powers invested in him under Order 40 Rule 1(d), the word "owner" in that clause will refer to the partnership itself and not only to a partner. And the Receiver so appointed by the Court will have all the powers of the partnership itself, subject to the superintendence of the Court."

It is clear that in the present case, the Receiver has the power of the partnership in respect of the property of which he has been appointed as Receiver. Having found that the suit by the Receiver is competent and tenable, it is not necessary to consider the contention raised by the learned counsel for the plaintiff and the defendant No. 2 that the defendant No. 1 was a party to the orders of this Court wherein this Court directed the Receiver to file the suit and, therefore, cannot object to the maintainability of this suit.

12. The next important question that arises is whether the plaintiff can seek an injunction against passing-off by the defendant No. 1 in view of the admitted fact that the partnership firm has last manufactured and sold edible oil under the trade mark "Postman" in December 2000 after which, admittedly, the goods of the partnership firm (hereinafter referred to as the "plaintiff"s goods") have not been sold in the market because of the dissolution. In other words, is the plaintiff entitled to an injunction against passing off even though there is no trade by the plaintiffs goods.

13. The partnership firm M/s. Ahmed Oomerbhoy carried on the business of manufacture and sale of edible oil and used the trade mark "Mastaan" and "Postman" in the course of their trade. There is no dispute about the fact that these trade marks have acquired a reputation for about 50 years. The partnership firm M/s. Ahmed Oomerbhoy used the trade mark "Postman" from 1949 and "Mastaan" since 1958 and their manufacture and sale stopped for the first time in 2000. There is also no dispute that the two marks are registered marks and have no yet been removed from the register of trade marks. The Registration Certificates are in favour of all the erstwhile partners who were shown as joint proprietors of the mark. This suit is field for an injunction restraining the defendants from infringing the mark of the plaintiff as well as for an injunction against passing-off.

14. Before considering the contention on this point, it is important to deal with the basis of an action for passing-off an important element and which is protection of goodwill. The position in law has been reproduced in a judgment of the Privy Council in Star Industrial Co. Ltd. v. Yap Kwee Kor, reported in 1976 FSR 256.

15. In Spalding & Bros. v. A.W. Gamage Ltd. (1915) 32 R.P.C. 273. Lord Parker observed:-

"There appears to be considerable diversity of opinion as to the nature of the right, the invasion of which is the subject of what are known as passing-off actions. The more general opinion appears to be that the right is a right of property. This view naturally demands an answer to the question--property in what? Some authorities say, property in the mark, name or get up improperly used by the defendant. Others say property in the business or goodwill likely to be injured by the misrepresentation. Lord Herschell in Reddaway v. Banham (1896) A.C. 199 : (1896) 13 R.P.C. 218 expressly dissents from the former view, and if the right invaded is a right of property at all, there are, I think, strong reasons for preferring the latter view."

Romer L.J. in Samuelson v. Producers" Distributing Co. Ltd. (1931) All E.R. 74 observed:-

"In passing-off cases, however, the true basis of the action is that the passing-off by the defendant of his goods as the goods of the plaintiff injures the right of property in the plaintiff, that right of property being his right to the goodwill of his business."

Therefore, the important question is whether there is any subsisting goodwill in the business capable of being injured by passing off, Mr. Kane, the learned counsel for the plaintiff, submitted that the cessation of manufacture and sale of s=edible oil by the partnership firm is only due to the dissolution and the order dated 6.12.2000 in the suit by which the Court Receiver has been appointed as Receiver of the business and assets of the partnership firm. By an order dated 30.7.2002 the Court Receiver has been appointed as Receiver of all assets of the erstwhile firm. The cessation of business of the partnership firm is because of the dissolution of the firm. As regards the stage of the dissolution of the Firm, there is no dispute about the fact that the assets have been ordered to be sold and that this Court has directed the Receiver to explore the possibility of sale of the business of the firm as a going concern which would also safeguard the interest of the employees. Clearly the winding up is not yet complete.

16. The question is does the goodwill in the business of the partnership firm exist in this situation 7 It seems to be clear that it does. Section 14 of the Indian Partnership Act, 1932 expressly stipulates that the property of the firm will include the goodwill of the business. Section 53 recognises the right of the partner to restrain another partner from carrying on business in the firm until the affairs of the firm had been completely wound up. That section reads as follows:-

"53. Right to restrain from use of firm-name or firm-property.

After a firm is dissolved, every partner or his representative may, in the absence of a contract between the partners to the contrary, restrain any other partner or his representative from carrying on a similar business in the firm-name or from using any of the property of the firm for his own benefit, until the affairs of the firm have been completely wound up:

Provided that where any partner or his representative has brought the goodwill of the firm, nothing in this section shall affect his right to use the firm-name."

Section 55 provides for the disposal of the goodwill. It reads as follows:-

"55. Sale of goodwill after dissolution.

(1) In setting the accounts of a firm after dissolution, the goodwill shall, subject to contract between the partners, be included in the assets, and it may be sold either separately or along wit other property of the firm.

Rights of buyer and seller of goodwill.

(2) Where the goodwill of a firm is sold after dissolution, a partner may carry on a business competing wit that of the buyer and he may advertise such business, but, subject to agreement between him and the buyer, he may not--

(a) use the firm-name.

(b) represent himself as carrying on the business of the firm, or

(c) solicit the custom of persons who were dealing with the firm before its dissolution.

Agreements in restraint of trade.

(3) Any partner may upon the sale of the goodwill of a firm, make an agreement with the buyer that such partner will not carry on any business similar to that of the firm within a specified period or within specified local limits, and, notwithstanding anything contained in Section 27 of the Indian Contract Act, 1872 such agreement shall be valid if the restrictions are reasonable."

It is, therefore, clear from the above provisions, it is clear that the goodwill of a firm and the dissolution does not disappear upon dissolution, but survives and can be sold for the benefit of the partners. This is a settled position in law. Lindley on the Law of Partnership. Fifteen Edition, puts it thus:-

"Assuming that the goodwill to be an asset of the firm, then the following consequences ensue:

(1) If the firm is dissolved, and there is no agreement, either express or implied, to the contrary, the goodwill must be sold for the benefit of all the partners, if any of them insist on such sale:

(2) So far as it possible, having regard to the right of ever partner to carry on business himself, the court will, on dissolution, interfere to protect and preserve the

goodwill until it can be sold;

(3) If a partner has himself obtained the benefit of the goodwill, he can be compelled to account for its value, i.e. for what it would have sold, on the footing of his being himself at liberty to compete in business with the purchaser."

Now, there seems to be no dispute that a passing-off action is based on the existence of the goodwill in the business and not merely the get-up of the goods. (See observations in Spalding & Bros. v. A.W. Gamage Ltd. reproduced supra). There is also no dispute that in partnership, trade marks are considered to be an integral part of the goodwill of the business. Lindley on the Law of Partnership, Four tenth Edition, says thus:-

"Goodwill in connection with trade marks The use of partnership trade marks is another very important element in the goodwill of the business. Such marks, as assets of the firm, are saleable on a dissolution like any other asset. Prior to the Trade Marks Act 1938, they were considered as inseparably connected with the goodwill, and could not be assigned to or apportioned among persons who were not entitled to the business concerned in the goods for which they were registered, and they determined with that goodwill. But since July 27, 1938, registered trade marks are, and are deemed always to have been, assignable or transmissible with or without such goodwill, and for all or some only of the goods in respect of which they are or were registered. Unregistered trade marks may also be assigned or transmitted in the same way if at the same time registered trade marks in respect of the same goods are assigned or transmitted to the same person."

17. However, Dr. Tulzapurkar, learned counsel or the defendant No. 1, submits that a man would have a trade mark in gross. It must be attached to a goodwill and the goodwill must be attached to a business. Therefore, in view of the fact that the partnership firm has not manufactured any goods for a period of over two years and coupled wit the fact that they do not intend to manufacture since the firm is under dissolution, it is not possible for them to maintain an action in respect of passing of. He further submitted tat a person who had not over a period of two years manufactured edible oil and who had, in fact, discontinued manufacturing altogether without an intention to resume manufacturing could not claim an injunction to restrain another manufacturer of similar goods from so marketing his goods as to believe that they were goods of someone who, in fact, had no goods in the market. He relied on what an English Court in Pink v. J.A. Sharwood & Co. Ltd., reported in Vol. 30 The Illustrated Official journal (Patents) p. 725 stated viz: "the outstanding fact is tat there are no goods of the Plaintiff for which the goods of the Defendants can be mistaken, and there were none when the action was launched." According to the learned counsel, this fact is sufficient to dispose of what has been referred to as the passing-off of this action. The learned counsel for the Defendant No. 2 relied on the statement of the plaintiff in the plaint:-

"......the business of the said partnership has been closed down and hence the products of the said partnership firm are no longer readily available in the market, for a side by side comparison."

Relying on statement coupled with the fact that there is no statement in the plaint tat the partnership firm is going to resume business, it was contended that the plaintiff is disentitled for an injunction since there is no chance of the defendants passing-off their goods as those of the plaintiff which are non-existent. In support of this proposition, he relied on the decision of the English Court in Pink v. J.A. Sharwood & Co. Ltd. (supra). It is not possible to accept the contention that because the plaintiff is not trading in the goods, she is not entitled to an injunction on the ground of passing of simply because the defendants goods cannot be confused with non-existent goods of the plaintiff. In the first place, the action of passing-off is not based on the property in the mark name or get-up improperly used by the defendants. It is a remedy against invasion of the property in the business or goodwill likely to be injured by the misrepresentation of the defendant that his goods are those of plaintiffs. Therefore, if such goodwill in the business can be shown to exist, ten obviously that business or goodwill can be invaded and the plaintiff can protect it by seeking an action in passing-off.

18. In Saville Perfumary Ltd. v. June Perfect Ltd., reported in (1939) 58 R.P.C. 147 Lord Greene M.R. said:-

"Passing off may occur in cases where the plaintiffs do not in fact deal in the offending goods."

One of the most important considerations is the likely impact of the misrepresentation on those members of the public who ultimately become purchasers. The principle is that the defendants have no right to represent their business as the business of the plaintiff. It is not limited to goods. There is no absolute requirement that the plaintiffs business must be in operation. One can easily imagine a case where trade or operation is suspended because of either sickness or lock-out or strike which sometime stretch over a long period of time. It would indeed be starting if it was stated that during such time, the plaintiff is not entitled to an injunction against passing-off. However, the learned counsel for the defendant No. 1 submits that where it is apparent that the plaintiff has voluntarily abandoned the possibility of their doing business, goodwill must be taken to have ceased immediately upon commencement of the cessation of the order of sale of the assets. According to the defendant No. 1, in the present case, though there is an order for sale of the assets, there is no specific order for sale of the trade mark. This last submission has no merit because though there is no mention of trade mark in the order by which the sale of assets is recorded, the order must be taken to cover the said trade marks since trade marks are undoubtedly assets. Therefore, according to the learned counsel, along with the business ceased, goodwill has also ceased with possibility of there being no resumption of business and, therefore, there can be no injunction for passing-off. It is not possible to accept this submission. Where the business is ceased on account of dissolution of the firm as is obvious from the provisions of the Indian Partnership Act, 1932, cessation of the business does not result in extinction of the goodwill. On the other hand, the law entitles a partner of a dissolved firm to seek an injunction restraining any other partner from carrying on a similar business in the firm until the affairs of the firm has been completely wound up, provided, however, that such an injunction cannot be sought against a partner who has got the goodwill of the firm vide Section 53. Section 55 of the Partnership Act reproduced earlier, in fact, provides that in settling the accounts of a firm after dissolution, the goodwill shall, subject to the contract between the partners, be included in the assets, and it may be sold either separately or along with other property of the firm. What must be inferred from the above is that even after the dissolution of a partnership firm, the goodwill in the business, which includes trade marks, must be taken as something that survives. It must follow, therefore, that it must be protected till it is sold or assigned or till it is found that it is not possible to seel it because of a complete devaluation. In the context of passing-off, Goodwill has been described by Kerly in the Law of Trade of Trade Marks and Trade Names, Thirteenth Edition, as something which represents "in connection with any business or business product, the value of the attraction to customers which the name and reputation possesses. It is often described as the attractive force which brings in custom". Kerly quotes the description of goodwill by Scrutton L.J. in Whiteman Smith Motor Company v. Chaplin (1934) 2 K.B. 35:-

"A division of the elements of goodwill was referred to during argument and appears in Mr. Merlin''s book (on the Landlord and Tenant Act) as cat, rat and dog basis. The cat prefers the old home though the person who has kept the house leaves. The cat represents that part of the customers who continue to go to the old shop, the old shopkeeper has gone; the probability of their custom may be regarded as an additional value given to the premises by the tenant''s trading. The dog represents that part of the customers who follow the person rather than the place; these the tenant may take away with him if he does not go too far. There remains a class of customer who may neither follow the place nor the person, but drift away elsewhere. They are neither a benefit to the landlord nor to the tenant, and have been called the rat for no particular reason except to keep the epigram to the animal kingdom. I believe my brother Maugham has introduced the rabbit, but I will leave him to explain the position of the rabbit. It is obvious that the decision of customers into cat, rat and dog must vary enormously in different cases and different circumstances.

Not at all these animals would be relevant in passing off. The dog is really the one who counts--for it is he who wants to deal with a particular enterprise. The cat is really only relevant to the situation where a business is continued in the same location under a new proprietor."

It does not require much to notice in the present case and in other cases of dissolution that the elements of goodwill mentioned by Scrutton L.J. are still around when a firm is dissolved. Till its assets are distributed, particularly in a case as the present one where the trade marks have been successfully used for over half a century, it must be held that the goodwill survives upon dissolution. In any case, the Partnership Act deems the existence of the goodwill even after dissolution of the firm. Though it was suggested by Dr. Tulzapurkar, learned counsel for the defendant No. 1, that the action for infringement of the trade mark would also not be tenable it goodwill is found to have become non-existence, it appears that there is no support whatsoever for this proposition since the right to sue for infringement of a trade mark is a statutory right and in the present case, there is no dispute that the mark is on the register and no proceedings for removal of the mark have been initiated. The application for injunction must, therefore, be held to be perfectly tenable both on the ground of passing-off as well as on the ground of infringement of the trade mark. Therefore, the goodwill of a firm which is deemed to be the property of the firm clearly survives after the dissolution. Dr. Tulzapurkar relies on the decision in Pink v. J.A. Sharwood & Co. Ltd. for the proposition that that an action for passing-off cannot be maintained by the plaintiff who has no goods since there is no possibility of confusion of the defendants goods with his. Undoubtedly, the Court in that case has held that the plaintiff can have no goodwill if its business has come to a close and is, therefore, not entitled to maintain an action for passing-off and also for alleged infringement of the trade mark. It must be noted, however, that Pink''s case was not a case of dissolution of the firm and would have no application to a situation where a firm is being dissolved in the Indian context under the Indian Partnership law which expressly recognizes the existence of goodwill after dissolution. Moreover, in that case, there is a finding that the entire business and everything has been sold. Even the stock, pots and jars and trade labels of the business were also sold. This was clearly indicative of a permission to the purchaser to use the plaintiff''s name and label. Similarly, the reliance on Star Industries Company Ltd. v. Yap Kwee Kor (supra) also does not help the defendant No. 1. That was a case in which a Hong Kong company which manufactured and sold toothbrushes in Hong Kong and Singapore stopped its sale in Singapore. Having stopped selling in Singapore due to imposition of import duty on toothbrush, it sued the defendant for an injunction against passing-off. This was after they assigned their residual goodwill in Singapore together with the right of user of the marks in issue, on an exclusive basis. The injunction was refused throughout and the refusal was upheld by the Privy Council. Again this was not a case of dissolution of a firm where even after dissolution, goodwill in the business is recognised as existing till the winding up is complete.

19. Christopher Wedlow states the (SIC) at passing-off as follows:-

"May the plaintiff in a passing-off action have a business but no goodwill, or goodwill without a business? To appreciate the significance of this it must be remembered that the English tort of passing-off only protects a business or goodwill so far as it exists in England. Although goodwill can probably only be created as a result of trading activities it does not follow that a trader must have a business in England for goodwill to exist here.

The simpler case concerns businesses which have ceased to trade without their goodwill being extinguished. It is well established that a passing-off action may succeed if the goodwill of the former business still exists, even if the business itself ceased several years ago. It is not even essential that there should be definite plans to recommence it. Subsisting goodwill arising from a formerly subsisting business is therefore a sufficient basis for a passing-off action."

The learned author further states as follows:-

"The goodwill in a business is not necessarily extinguished immediately if the owner ceases to trade. This has been recognised by the Privy Council, and there are numerous cases of plaintiffs succeeding in passing-off actions even though they may have been out of business for several years.

In an early trade mark case it was suggested by analogy with the law of easements that an intention to abandon goodwill was essential if it was to be extinguished, but this has subsequently been denied."

It is, therefore, clear that irrespective of the provisions of the Indian Partnership Act, it cannot be the law that an action for passing-off cannot be maintained merely because the plaintiff has no business. Therefore, the application for injunction both in respect of passing-off as well as infringement of the trade mark cannot be considered.

20. Now to take up the question of deceptive similarity of the marks in question.

"MASTAAN" AND "Mastaan":

The partnership firm has been selling mustard oil under the brand name "Mastaan" since 1958. The word "Mastaan" is used along with the label or device of a turbaned rustic man with a moustache. Exhibits C-1 to C-4 are the firm''s containers, bottles and labels. The mark and the label and device of the moustache rustic man were registered under Clause 28 on 5.11.1966. The firm has had an extensive sale of the edible mustard oil under the trade name "Mustaan". The sales figures at exh.D are in the region of Rs. 98 crores from the year 1990-91 to 1999-2000 which are not denied.

21. After agreeing to an order on 30.7.2001 that he partners of the suit firm shall not carry on any business on the basis of the trade marks of the suit firm, the defendant No. 1, which is a company owned and controlled by the defended No. 3, the erstwhile partner, and his wife, son and daughter, commenced sale of packaged mustard oil under the trademark "Mastaan" (word and device), "Mastaan" is also

being used on a label containing the device of a rustic man with a moustache. It is important to note that the design, colour scheme, get-up and the general visual appearance of the bottle and the containers in which Mastaan is sold is similar to that of the plaintiff''s mark "Mastaan".

22. It is clear that there is a phonetic similarity between "Mastaan" and "Mastaan". Except for the alphabet M and its round, there is virtually no difference in the two words, the pronunciation of "Mastaan" can easily be confused with "Mastaan". The minor difference created by the alphabet ''M'' is in the middle and is not of much significance. Apart from the word, there is also deceptive similarity in the turbaned rustic man with a moustache in the two marks. Obviously, the features of the two are not identical and indeed they need not be, in order to be similar. One thing is clear: at the distance at which such products are normally seen either on the shelf, a look at eh device of the turban man with a mustache in "Mastaan" reminds one the device of "Mastaan". In the present case, it would lead the unwary, which most customers would be, to confuse them with the device of the former "Mastaan" which is not on the shelf than does.

23. Apart from these similarities in the word and the device, the get-up is strikingly similar. The shape of the bottles is identical. In fact, even the dimples on the bottle and other marks on the bottle are not different. The colour scheme is similar, Dr. Tulzapurkar, learned counsel for the defendant No. 1, submitted that the word "Mastaan" is originated by the defendant No. 1 simply because what is sold word is mustard oil. It is different to accept this submission. There is an obvious intention to simulate the effect of the plaintiff''s mark, device and get-up in their product "Mastaan". I, therefore, hold that the marks must be held to be deceptively similar.

"POSTMAN" & "POSTIANO":

24. Now, as regards "Postman", the firm has been manufacturing refined groundnut oil under the trade name "Postman" since 1949. Refined groundnut oil manufactured by the firm is having a distinctive design, shape, colour scheme, lay-out, get-up and appearance as would be apparent from the photographs at exhibits I-1 to I-4. The trade name "Postman" and the several labels and devices depicting a Postman were registered with the Registrar of Trade Marks and have been used for decades. Apparently, the label "Postman" is also registered with the Registrar of the Trade Marks in U.A.E. (Dubai) and the United Kingdom. The documents of registrations are at exh.B-3 to B-20. The mark appears to be registered in the name of all the partners trading as Ahmed Oomerbhoy and also as Ahmed Mills. There is no dispute that this registration is current and subsisting.

25. It appears that after the order dated 30.11.2001 was passed, the defendant-company which is controlled by the defendant No. 3 and his relatives started marketing packed refined groundnut oil under the trade mark "Postiano". This was being sold in bottles and containers whose design, colour scheme, etc. are

similar to that of "Postman" brand. The photographs of the bottles and containers are at exh. L-1 to L-3. Again the two words are not identical. But it is important to see if the similarities between the two are such as to make "Postiano" deceptively similar to "Postman". In the peculiar facts of this case, it must be remembered that Postman is not being marketed any more and, therefore, cannot be seen on the shelf. Therefore, what needs to be seen is whether "Postiano" would remind one of "Postman". The word "Postiano" is pronounced differently in the sense that it ends with O. This, however, is not of much significance and is susceptible of being slurred over. The absence of ''M'' does not appear to be of much significance. The word "Postiano" can be confused with the word "Postman", particularly because of the first two syllables Post which are identical and a similarity in ending which is (SIC) the brand "Postman" has become so popular that anything which resembles it closely would be confused with it. Moving from the word to the label, it may be seen that both the word marks are surrounded by a black ring which is slightly less distinct in the case of "Postiano". The device of the "Postman" is absent. However, there is a great deal of similarities in the design, colour scheme, lay-out, get-up and general visual appearance. The bottles are identical. Even the dimples and other marks are identical. from a distance, the general visual appearance is such that one could easily mistake the product in "Postiano" bottle for that in the Postman bottle. The appearance of similarity is the same when one sees the plastic container.

26. Dr. Tulzapurkar, learned counsel for the defendant No. 1, submitted that "Postiano" is not the word for "Postman" in Italian and is the name of a town. The learned counsel pointed out that the word for "Postman" in Italian is "Post+aeon". He, therefore, submitted that the adoption of "Postiano" by the defendant has no connection whatsoever with "Postman". This argument cannot be accepted. There is no reason why a party would adopt the name of a town in Italy for selling groundnut oil in India. Prima facie, it is obvious that "Postman" was adopted because it has some resemblance to "Postman" which was already used for the sale of groundnut oil and which had acquired a reputation. Having regard to the fact that the defendant No. 1 is a company controlled by the defendant No. 3 and his family members and the fact that the defendant No. 3 was a partner of the firm under dissolution. I have no doubt prima facie that "Postiano" was adopted because it would resemble "Postman". Thus, having regard to these similarities. I am of view that taking the two products and the words as a whole "Postiano" is deceptively similar to "Postman" and is intended to simulate the latter. The Supreme Court in Cadila Health Care Ltd. Vs. Cadila Pharmaceuticals Ltd., has quoted the observation of Farwell, J. in William Bailey (Birmingham) Ltd.''s Application (1935) 52 RPC 136:-

"I do not think it is right to take a part of the word and compare it with a part of the other word: one word must be considered as a whole and compared with the other word as a whole..... I think it is dangerous method to adopt to divide the word up and seek to distinguish a portion of it from a portion of the other word."

27. The words and symbols involved here i.e. "Mastaan" and "Mastaan" and "Postman" and "Postiano" must be held to be deceptively similar. As observed by the Supreme Court in Ruston and Hornsby Ltd. Vs. The Zamindara Engineering Co., :-

"It is enough that the get-up of B(SIC)s goods has become distinctive of them and that there is a probability of confusion between them end the goods of A. No case of actual deception nor any actual damage need be proved."

In that case, the Supreme Court held that there is a distinctive resemblance between the word "RUSTON" and the word "RUSTAM" and, therefore, the use of the bare word "RUSTAM" constituted infringement of the plaintiff''s trade mark "RUSTON". In fact, the Supreme Court further observed that if ''INDIA'' is added to the respondent''s trade mark "RUSTAM", it would make no difference and the plaintiff would still be entitled to succeed in the action for infringement of its trade mark.

28. Having held that the dependent No. 1''s marks are deceptively similar, I am of view that the plaintiff would be entitled to an injunction on the ground of passing-off. In addition, however, the plaintiff has sought an injunction on the ground of infringement of the trade mark. In Ruston''s case (supra), the Supreme Court observed:-

"But where the alleged infringement consists of using not the exact mark on the Register, but something similar to if the test of infringement is the same as in an action for passing-off. In other words, the test as to likelihood of confusion or deception arising from similarity of marks is the same both in infringement and passing-off actions."

Having regard to the finding above, I am of view that the plaintiff has also made out a case for infringement of their registered trade mark and is, as such, entitled to an injunction on the ground of infringement also.

29. Dr. Tulzapurkar, learned counsel for the defendant No. 1, however, submitted that the plaintiff is not entitled to an injunction in respect of the marks "Mastaan" and "Postman" because the registration of the marks by the partnership firm has become vulnerable. These marks have, according to the learned counsel, become vulnerable because Section 24 of the Trade Marks Act requires the marks to be used by partners and use by anyone else would not be used by the registered proprietor. It is urged that on the plaintiff''s own showing, there has been no use of any registered trade mark and there is no intention to use the same. Therefore, according to the learned counsel, there ought not be an injunction. In support of the contention, the learned counsel relied on the decision of the Delhi High Court in R.J. Reynolds Tobacco Co. v. I.T.C. Limited 1990 IPLR 785. It is not possible to apply the decision of the Delhi High Court refusing injunction to the present case. The injunction was refused on the overall facts and circumstances of the case which included the fact that the defendant''s design, lettering, colour scheme, etc. were entirely different: the plaintiff was found to have no bona fide intention to use the

mark at the time of the application and the balance of convenience was in favour of the defendant. On the other hand, the decisions relied upon by Mr. Kadam, learned counsel for the defendant No. 2, seem to conclude the issue. In Hindustan Embroidery Mills Pvt. Ltd. v. K. Ravindra & Co. 76 Bom LR 146, this Court observed:-

"It is not the practice to consider the validity of the registration of a trade mark on a Motion for interlocutory injunction taken out by the person who has got the mark registered in his name. While a mark remains on the register (even wrongly), it is not desirable that others should imitate it."

Section 31 of the Trade and Merchandise Marks Act, 1958 reads as follows:-

"31. Registration to be prima facie evidence of validity.--(1) In all legal proceedings relating to a trade mark registered under this Act (including applications u/s 56), the original registration of the trade mark and of all subsequent assignments and transmissions of the trade mark shall be prima facie evidence of the validity thereof.

(2) In all legal proceedings as aforesaid a trade mark registered in Part A of the register shall not be held to be invalid on the ground that it was not a registrable trade mark u/s 9 except upon evidence of distinctiveness and that such evidence was not submitted to the Registrar before registration, if it is proved that the trade mark had been so used buy the registered proprietor or his predecessor in title as to have become distinctive at the date of registration."

Thus, it would be undesirable to consider the arguments of the mark having become vulnerable in view of the fact that the marks are registered.

30. The next submission by the learned counsel for the defendant No. 1 is that the balance of convenience is not on the plaintiff''s side because the partnership firm is not carrying on any business and that although orders for sale were obtained by the plaintiff as early as 2001, no sale has taken place of the assets of the partnership firm. It was lastly submitted that the plaintiff is not entitled to an injunction because the plaintiff is not likely to suffer any damages in view of cessation of its business. In the first place, it is not possible to accept the contention that there is no likelihood of damage. The circumstances of the case clearly suggests that the plaintiffs marks which have acquired reputation for over 50 years would be greatly diminished in value by such deceptive similarity. I am, therefore, of view that the plaintiff must be taken as likely to suffer substantial damage to the property in the mark. Having regard to the entire purpose for protecting the marks, viz., in order to ensure that they can be sold in the process to winding up without being appreciably diminished in value by their infringement, it is difficult to withhold the injunction on the ground of alleged balance of convenience. Things have no doubt not moved with desired speed in the matter of sale of the assets which includes the trade mark. However, admittedly, a Division Bench of this Court has on 25.4.2003 passed an order directing the Receiver to explore the possibility of the sale of the business as a going concern along with the trade mark. Merely because it has not been done till date, it

is no reason to allow a further erosion of the value of the mark. There is no notable feature of this case which, to my mind, merits the grant of an injunction and that is the manner in which the impugned marks "Mastaan" and "Postman" have been put to use. As may be recalled in the suit for dissolution and winding up of the partnership firm, this Court passed an order dated 30.7.2001. In para 19 of that order, the following agreement was recorded:-

"19. It is also agreed that the partners of the suit firm shall not carry on any business on the basis of the trade marks of the suit firm. The Court Receiver shall however be entitled to take steps that may be necessary to safeguard the trade marks of the firm as also take action against the persons who may be unauthorisedly using the trade marks of the firm."

Thereafter in August 2001, the defendant No. 1, a company in which shares are held by the defendant No. 3, a partner who had agreed to the above order, started using the trade mark "Mastaan". Then after this Court passed the order dated 30.11.2001 directing the Receiver to engage an Advocate to initiate proceedings in respect of the infringement of the trade mark "Postman", the defendant No. 1 started using the trade mark "Postiano". The trade marks having been found to be deceptively similar, it is clear that this is an obvious attempt to circumvent the orders of this Court and I am, therefore, of the prima facie view that the adoption of the trade marks in the present case amounts to a dishonest adoption of the mark and on this count alone, an injunction is liable to be issued. In fact, it appears in this case that the defendant No. 1 company has been operated b the defendant No. 3 to use the deceptively similar trade marks knowing fully well that the partnership firm has stopped using those marks and possibly also with a view to be relieved of the duty to purchase the marks in the course of sale of the marks upon dissolution and winding up. In this view of the matter, I am of view that this is a fit case for allowing this Notice of Motion.

31. The Notice of Motion, therefore, allowed in terms of prayer Clause (a) that costs.

32. Mr. Shah, learned counsel for the defendant No. 1, prays for stay of this judgment. Mr. Saraf, learned counsel for the defendant No. 2 opposes this request. However, in the circumstances of the case, viz., that the plaintiff is not actually in business, there shall be a stay of this order till 12.6.2003.

33. Copy of this judgment duly authenticated by the Associate of this Court be supplied to the parties.

34. P.S. to give ordinary copy of this judgment to the parties concerned.