

**IN THE HIGH COURT AT CALCUTTA
Civil Appellate Jurisdiction
Original Side**

**Present :- Hon'ble Mr. Justice I. P. Mukerji
Hon'ble Mr. Justice Md. Nizamuddin**

**APO No. 91 of 2019
With
CS 63 of 2019**

**Shyam Steel Industries Limited
Vs.
Shyam Sel and Power Limited & Anr.**

**For the Appellant : Mr. Ahin Choudhury, Sr. Adv,
Mr. S. N. Mookherjee, Sr. Adv,
Mr. Debnath Ghosh,
Mr. Sayan Ray Chowdhury,
Mr. Soumya Ray Chowdhury,
Mr. Goutam Banerjee,
Mr. Shounak Mitra.**

.....Advocates

**For the Respondents : Mr. S. K. Kapur, Sr. Adv,
Mr. Jishnu Saha, Sr. Adv,
Mr. Rudraman Bhattacharya,
Mr. Anuj Singh,
Mr. Subhsish Sengupta,
Ms. Madhuja Barman.**

....Advocates

Judgement On : 24.12.2019

I.P. MUKERJI, J.

The plaintiff in the suit (CS 63 of 2019), Shyam Steel Industries Ltd. and the first defendant, Shyam Sel and Power Ltd. ("the defendant") are both manufacturers of thermostatically treated bars (TMT bars). The second defendant is a group company of the first defendant and manufactures steel and ferroalloys. They also generate power. The plaintiff is the registered proprietor of the word mark 'Shyam' and label marks, featuring this word prominently.

The suit is for infringement of this trademark and passing off.

In the interlocutory application (GA 857 of 2019), made by the plaintiff the learned single judge at the ad-interim stage, that is to say at the time the motion was presented to the court refused to grant an injunction restraining the first defendant from using these marks. Obviously, at this stage no affidavit-in-opposition on behalf of the defendants could be invited.

In the said order the case of the parties was noted. Then the order was passed after recording the reasons in support of it very shortly as follows:

“I have heard learned counsel for the parties. Prima facie, I am of the view that ‘Shyam’ being a part of the business name of the defendants, no injunction should be passed to restrain them from using the said word on their packaging. Further, if the case of honest adoption can be made out by the defendants, that would also be a point in their favour. I deem it proper to grant the defendants time to file affidavit-in-opposition which may be filed positively within two weeks from date and no prayer for extension of time shall be entertained. Reply, if any, be filed within a week thereafter.

List the matter three weeks hence under the heading ‘Adjourned Motion’ as a commercial cause. In the meantime, however, the defendants shall maintain weekly accounts of sale of its products covered by class 6, which are sold under the mark ‘Shyam’. The accounts should be kept with the advocate-on-record of the defendants with a copy to advocate-on-record for the plaintiff. I make it clear that all the observations that I have made in this order are prima facie for the purpose of passing an order at the ad-interim stage and the same will have no relevance at the time of considering and deciding this application after exchange of affidavits.”

The plaintiff (the appellant) is aggrieved and is up in appeal before us.

The defendants are the respondents.

The manufactured products the TMT Steel bars were brought to court.

The appellant and the first respondent’s (hereinafter the respondent)

products seem to be identical in their character, composition, features, looks, size and so on. They are of identical shape and size. On the appellant's bar the word "Shyam Steel" and in the respondent's manufacture "Sel" are inscribed. The appellant uses a wrapper around the bar where "Shyam Steel" and 'Shyam' are prominently written. The respondent uses a similar wrapper where the word 'Sel' is prominent but no less prominent is the writing "Shyam Metalics" on top of it. On this basis, the appellant alleges infringement of their trademark.

The respondent resists this claim.

Now, let me come to the essential facts which emerged from the submissions of Mr. Ahin Choudhury, learned senior counsel for the appellant and Mr. S. K. Kapur, learned senior counsel for the respondents.

From 19th April, 1999 the appellant applied to the trade marks registry for registration of a 'label' mark which fell under the category 'device'. The mark sought to be registered was a label containing the words "Shyam Steel". This mark was registered on 23rd December, 2005 with recorded user from 30th April, 1994. This registration has been renewed upto 19th April, 2029.

On 2nd February, 2001 the appellant applied for registration, under the mark type 'word' the trade mark 'Shyam'. Use of this mark was claimed from 1st April, 1994. A certificate was issued by the said authority on 24th March, 2008. The document at Page 439 of the paper book states that this application for registration had been advertised for publication at the instance of the appellant on 1st September, 2007. The registration had been renewed for a period of 10 years from 2nd February, 2011 to 2nd February, 2021.

On 22nd August, 2006 the appellant applied for registration under the mark type 'device', the trademark "SHYAM STEEL (WHEEL DE)". User

was claimed from 1st January, 1953. This mark was registered and a certificate issued on 18th March, 2008 which was valid till 22nd August, 2026.

In or about 7th June, 2013 the respondent made an application for registration of the mark “Shyam Infra”.

It is said that the respondent had filed an opposition to the appellants’ application for registration of the trademark “Shyam EQR TMT” which was a label mark, and later abandoned it.

A controversial document is the purported letter dated 25th December, 2015 written by a director of the appellant referring to his telephonic discussion with the director of the respondent on 16th December of that year. It said that recently it had come to the knowledge of the appellant that the respondent was using ‘Shyam’ in addition to ‘SEL’. The director of the respondent is said to have acknowledged that the use was by mistake or inadvertence and that after disposal of the stock on or before the date of the letter the remainder would be destroyed by the respondent. Further, the respondent would not use the mark. The letter bears a rubber stamp allegedly of the respondent together with the inscription ‘received’ and an initial at the foot of it. Mr. Kapur says that it is a fabricated document in all respects, brought into existence for the benefit of the appellant in this proceeding.

Our attention was also drawn to a draft Red Herring Prospectus of the respondent no. 2 downloaded from the official website of SEBI on 15th March, 2019 where it was stated that “our corporate logo was ‘Shyam Metalics’” and that this did not hold any registered trademark.

On 6th June, 2018 the respondent and on 15th June, 2018 the second respondent applied for registration of a device mark “Shyam Metalics” below which is written “Ore to metal”. They stated in the application form

that the mark was proposed to be used. This application is pending. The appellant say that they came to know of this in December, 2018.

The order of the Registrar of trademarks dated 11th October, 2018 is very interesting. From it, it appears that the respondent's application for registration was advertised on 25th December, 2017. The appellant filed their opposition under Section 21(1) of the said Act on 3rd April, 2018. When this was done, a notice of opposition was served on the respondent on 4th April, 2018. Till the date of the order no counter statement had been filed by them. Since no counter statement was filed, under Section 21(2) of the said Act, the application was deemed to be abandoned.

On 8th January, 2019 the appellant through their Patent and Trademark attorneys issued a notice to the first respondent alleging infringement of their trademark and asking them to "cease and desist" from using the mark 'Shyam', withdraw their application for registration of that trademark and also to withdraw all products bearing the trademark from the market.

On 18th January, 2019 the respondent through their advocate replied to this notice stating that they were using the mark 'bona fide' and that they had adopted this mark. The reply also added that the respondent had "rights under common law" in respect of the mark. They were an honest, concurrent user of the mark and the "legal proprietor" thereof. They also said that their mark "Shyam Metalics Ore to Metal" was not "visually, structurally and phonetically" similar to the appellants' mark.

Sometime in 2019 the respondent has also applied before the Intellectual Property Appellate Board under Sections 47, 57 and 125 of the Trade Marks Act, 1999 for rectification of the register by removal of the appellant's registered trademark No. 987596. This application for rectification has been opposed by the appellant. This application is also pending.

The respondent has taken various points in defence.

The first and foremost point is that 'Shyam' is another name of Lord Krishna. No exclusive right can be claimed by anybody over this mark.

Mr. Kapur, their learned senior counsel argued that the right of the registered owner to use the mark exclusively was acquired only if its registration was valid. The registration in favour of the appellant was invalid. This ground had been taken in the application made by them before the appellate board for cancellation of this registration and rectification of the register. His client was likely to succeed, he agreed.

The respondent had been using this mark on their goods since 1998. They had been using it as a business mark for more than five decades. To substantiate this argument the respondent pleaded in their affidavit-in-opposition that Shyamlal Agarwal started trading in iron and steel in the year 1945 in his own name. His sons carried on this business after his death. On 28th December, 1979 his sons Mahabir and Bajrang together with one Mittal promoted a company "Shyam Engineering Company Pvt. Ltd." The mark 'Shyam' was adopted and used by the respondent long before registration of the mark in the appellant's favour. The respondent was continuously and uninterruptedly using the mark.

This company upon amalgamation with another merged into the first respondent.

The respondent and its group companies had a huge sales turnover of Rs.3,800 crores approximately.

It was also said on behalf of the respondent that the learned judge in passing the impugned judgment and order had in some detail recited the respective cases of the parties. His lordship had come to a prima facie finding that 'Shyam' was being used as a business name by the respondent and that for all these reasons an injunction should not be granted. Directions were made for filing of affidavits. The interlocutory

application was to be heard out thereafter. During the pendency of the application, the respondent would have to maintain weekly accounts of sale of their products sold under the mark 'Shyam'.

Learned counsel remarked that this appeal was against an ad interim order. This court should not interfere with this order substituting its views but direct speedy hearing of the interim application.

Learned counsel also said that the appellant received supply of steel from the respondent. They had at all material times not objected to the use of the business name or the mark 'Shyam' by the respondent. They had agreed to or acquiesced in its use, learned counsel submitted.

Before entering into a discussion with regard to the merits of this case I say that all the facts and papers which were necessary for deciding the prima facie case of the parties were before us. On these facts and evidence we were in a position to assess their respective prima facie case and the balance of convenience.

In those circumstances we propose to dispose of the interlocutory application ourselves instead of entering a prima facie finding and relegating it to the court below for its disposal. That would be unnecessary prolongation of the litigation and utter wastage of time.

DISCUSSION:-

First, the law on the subject has to be noticed.

Section 17 of the Trademarks Act, 1999 read with Section 28 thereof provides that when a trademark is registered, it confers on the proprietor thereof the exclusive right to use it. Section 28 adds a rider that such registration would also give him the exclusive right to use it in relation to the goods or services for which it is registered. It imposes a condition that such right could be exercised only if the registration is valid and also subject to any provisions of the Act.

Section 31 clarifies that the registration of a trademark shall be prima facie evidence of its validity.

Section 29 is about infringement of registered trademarks by a person who is not its registered proprietor.

There are well-known exceptions to this very broad principle. The first is that if another person is able to establish that he used the mark prior to the first date on which the registered proprietor used it or prior to the date of its registration, he could claim an honest concurrent use of the mark and even make a claim for its registration. (See Sections 12 and 34).

Another exception is acquiescence or user by consent of the proprietor of the mark, by another person, for a substantial length of time. In that event, the registered user loses his right to claim exclusive use, as stated in Section 33 of the said Act.

Section 9(1)(a) of the said Act lays down that a trademark shall not be registered if it is not distinctive or it is of such a nature so as to deceive the public or cause confusion [section 9(2)(a)] or hurts the susceptibilities of a class of persons [section 9(2)(b)].

Chapter VII of the Act is very important for the purpose of this appeal. Section 57 provides that the Registrar or the Appellate Board, either of whom is described as the tribunal in the Act, may cancel or vary the registration of a mark inter alia on the ground of “a contravention”.

Now, I come to Section 124. It is in the following terms:-

“124. Stay of proceedings where the validity of registration of the trade mark is questioned, etc.—

(1) Where in any suit for infringement of a trade mark—

(a) the defendant pleads that registration of the plaintiff's trade mark is invalid; or

(b) the defendant raises a defence under clause (e) of sub-section (2) of section 30 and the plaintiff pleads the invalidity of registration of the defendant's trade mark, the court trying the suit (hereinafter referred to as the court), shall,—

(i) if any proceedings for rectification of the register in relation to the plaintiff's or defendant's trade mark are pending before the Registrar or the Appellate Board, stay the suit pending the final disposal of such proceedings;

(ii) if no such proceedings are pending and the court is satisfied that the plea regarding the invalidity of the registration of the plaintiff's or defendant's trade mark is prima facie tenable, raise an issue regarding the same and adjourn the case for a period of three months from the date of the framing of the issue in order to enable the party concerned to apply to the Appellate Board for rectification of the register.

(2) If the party concerned proves to the court that he has made any such application as is referred to in clause (b) (ii) of sub-section (1) within the time specified therein or within such extended time as the court may for sufficient cause allow, the trial of the suit shall stand stayed until the final disposal of the rectification proceedings.

(3) If no such application as aforesaid has been made within the time so specified or within such extended time as the court may allow, the issue as to the validity of the registration of the trade mark concerned shall be deemed to have been abandoned and the court shall proceed with the suit in regard to the other issues in the case.

(4) The final order made in any rectification proceedings referred to in sub-section (1) or sub-section (2) shall be binding upon the parties and the court shall dispose of the suit conformably to such order in so far as it relates to the issue as to the validity of the registration of the trade mark.

(5) The stay of a suit for the infringement of a trade mark under this section shall not preclude the court from making any interlocutory order (including any order granting an injunction directing account to be kept, appointing a receiver or attaching any property), during the period of the stay of the suit.”

Section 125 says that where in a suit for infringement of a registered trademark the validity of registration is questioned by the defendant, the application under Section 57 has to be made only to the Appellate Board. Sub-section 2 provides that subject to sub-section 1 if an application for rectification of the register is made to the Registrar under Section 57, if he thinks fit shall refer the application at any stage of the proceedings to the appellate board. The effect of this section, inter alia, is that the question of validity of a trademark is to be decided by the tribunal.

The court retains its powers to decide the question of validity on a prima facie basis, pending this decision. When this question of validity is raised and referred to the tribunal or it is pending before the tribunal, the interlocutory application can be disposed of but the suit has to remain stayed till the disposal of the lis by the Appellate Board.

A Division Bench of the Bombay High Court presided over by Chief Justice Mohit S. Shah very nicely expressed this principle in **Lupin Vs. Johnson and Johnson** reported in **AIR 2015 Bombay 50**. It held that in a suit where inter alia the issue of invalidity of a mark is raised or likely to be raised, at the interim stage, the court is empowered to evaluate the prima facie case of the parties, the balance of convenience and the irretrievable injury factor. It could pass an order granting an injunction restraining infringement of a mark or refusing such an order or pass any other interim order. At the final hearing of the suit the court had no role to play to decide the issue. It would be bound by the order of the appellate tribunal on the issue and pronounce its judgment and decree accordingly.

Hence, this court has, at the interim stage the power to prima facie consider the validity of the registration of the mark of the appellant and to pass or refuse to pass an interim order as claimed by them.

In **Midas Hygiene Industries (P) Ltd. and Anr. Vs. Sudhir Bhatia and Ors.** reported in **(2004) 3 SCC 90**, the Supreme Court very laconically said that upon obtaining registration of a mark, the proprietor was normally entitled to an order of injunction restraining others from using the mark.

The dicta in *Lupin and Midas* was affirmed in a later judgment of the Supreme Court in **Patel Field Marshal Agencies and Anr. Vs. P.M. Diesels Limited and Ors.** reported in **(2018) 2 SCC 112**. In paragraph 27 of the report the court reiterated the principle in *Midas* thus: “registration of a trademark vest in the registered owner an exclusive right to use the mark in relation to the goods in respect of which the mark has been registered.” In paragraph 34 it said “all issues relating to and connected with the validity of registration has to be dealt with by the tribunal and not by the civil court.”

Another aspect of the law is of great relevance to this case. If the registered proprietor of a mark has allowed another person to use the mark for some length of time but such permission to use cannot be claimed to be acquiescence or consent to its use, then, in that case the registered proprietor is entitled to an order of injunction restraining the other person from using the mark but that person is allowed time to dispose of his stock. (See *M/s. Hindustan Pencils Pvt. Ltd. Vs. M/s. India Stationery Products Co. and Anr.* reported in AIR 1990 Delhi 19).

In **Wander Ltd. and Ors. Vs. Antox India P. Ltd.** reported in **1990 (Supp) SCC 727** the Supreme Court opined that the appeal court will not substitute its opinion for that expressed by the trial court, in an interim application unless there is perversity in the order.

To my mind, the first question which needs to be addressed is to what extent the respondent has been able to prima facie establish before this court that registration of the appellant’s mark ‘Shyam’ was invalid.

In **Lal Babu Priyadarshi v. Amritpal Singh** reported in **AIR 2016 SC 461**, the Supreme Court refused registration of the mark 'Ramayan' holding that the appellant in that case had not acquired a "reputation of user" of the mark and further that there were more than 20 traders in the market using that mark.

In **Reddy Pharmaceuticals Ltd. Vs. Dr. Reddy's Laboratories Ltd.** reported in **ILR (2008) I Delhi 1223**, a Division Bench of the Delhi High Court approved the registration of the surname "Dr. Reddy" on the ground that the product with that trademark had acquired the reputation of being identified with the respondent manufacturer and was very distinctive, rejecting the argument of the appellant that since it was a name, it was common and not distinctive at all and should not be registered.

It is true that any mark which is generic by virtue of large scale use and is not distinctive of the goods of a manufacturer cannot be registered as a trademark. This view was accepted by the Supreme Court in relation to the mark "Sky line" in **Skyline Education Institute (India) Pvt. Ltd. Vs. S.L. Vaswani and Anr.** reported in **AIR 2010 SC 3221**. On the other hand, a name or a surname, if distinctive of the goods and reputed by virtue of a large sale of the products of a particular manufacturer using that name may be registered as held in **Reddy Pharmaceuticals Ltd. Vs. Dr. Reddy's Laboratories Ltd.** reported in **ILR (2008) I Delhi 1223** and by the court of appeal of England and Wales in **Baume and Co. Ltd. Vs. A. H. Moore Ltd.** reported in **[1958] 2 W.L.R. 797**.

In my opinion, there is no authority or at least no authority was shown to us, which laid down that God's name was not registrable as a trademark.

In **Lal Babu Priyadarshi v. Amritpal Singh** reported in **AIR 2016 SC 461**, the Supreme Court only said that the names of "holy and religious

books like Quran, Bible, Guru Granth Sahib, Ramayan etc. could not be a trademark.

Therefore, this court cannot say as an infallible principle of law that registration of the word 'Shyam' was invalid and its registration should be cancelled. The respondent has to prove, by leading cogent evidence, before the Board, that indeed the name 'Shyam' refers to God only, is not distinctive of the appellant, is generic and common. Hence, its registration was invalid. The respondent has not been able to establish this, even prima facie.

The respondent has also not been able to produce any significant evidence to show that it was carrying on business using the subject trademark evidence by sales figures, prior to registration of the appellant's mark or prior to the date from which the appellant claimed first user of the mark.

It is unquestionable that the appellant is the registered owner of the trademark 'Shyam'.

Prima facie, without prejudice to the invalidity point of the respondent, the word "Shyam Steel" used by the appellant, of which 'Shyam' is only a part tends to identify the said mark with the manufacture of the appellant.

Now, the question of delay and acquiescence.

Undoubtedly, at least from the date of the letter dated 25th December, 2015 the appellant can be said to be aware of the use of their mark by the respondent. This suit was filed only in 2019.

In the meantime, the respondent had applied for rectification of the register under Section 57 of the said Act by cancellation of the appellant's trademark which the appellant is contesting. They have also made an application for registration of the self same mark in their

favour. All this, the appellant was aware of much prior to filing of the suit.

Yet, they took their own time to file this suit and apply for an injunction. In **M/s Power Control Appliances and Ors. Vs. Sumeet Machines Pvt. Ltd.** reported in **(1994) 2 SCC 448**, the Supreme Court has said that acquiescence would only arise out of the positive acts and not merely by silence or inaction. (paragraph 26). It has gone to the extent of saying that acquiescence was “one facet of delay”.

I do not think that the appellant can be accused of acquiescing to the use of their mark by the respondent but it can be positively said that they took no action to restrain them from using the mark.

An instructive judgment is **M/s. Hindustan Pencils Pvt. Ltd. Vs. M/s. India Stationery Products Co. and Anr.** reported in **AIR 1990 Delhi 19** which lays down the proposition that if acquiescence is absent but there is “inordinate delay or laches” on the part of the plaintiff, if the court thinks that the general public may be misled into buying the goods manufactured by the defendant thinking them to be the goods of the plaintiff, then an injunction “must be issued.” However, the court said that in appropriate cases some time may be granted to the defendant to sell their existing stock.

This principle was reiterated in the case of **Midas Hygiene Industries (P) Ltd. and Anr. Vs. Sudhir Bhatia and Ors.** reported in **(2004) 3 SCC 90**. The Supreme Court has said that if other circumstances to take away the right of the registered proprietor of the trademark to restrain the use of the registered mark by others are not present, mere delay shall not deprive the registered owner to obtain an order of injunction. (See also **Pfizer Products Inc Vs. Rajesh Chopra & Ors.** reported in **2007 (35) PTC 59 (Del)**).

Now, the question is whether the learned single judge exercised his discretion correctly and whether this court should interfere with that exercise of discretion.

The impugned ad-interim order was made only on the basis of the petition. Before us there is additional evidence in the form of the affidavit-in-opposition and the affidavit-in-reply. Some supplemental papers have also been filed. Therefore, we have considered the case on the basis of the petition as well as the additional evidence before us. In our opinion, this court is not called upon only to evaluate whether the exercise of discretion by the learned trial court was right or wrong. This court is duty bound to pass a suitable interim order, pending trial of the suit. In doing so, this court has to put itself in a position as if it was moved to pass an interim order in the suit. In that respect, this case is different from **Wander Ltd. and Ors. Vs. Antox India P. Ltd.** reported in **1990 (Supp) SCC 727**.

The prima facie case on facts theoretically is in favour of the appellant. However, for at least four years from December, 2015 the respondent has been manufacturing and selling TMT bars using the trademark 'Shyam', without any active interference by the appellant. Prima facie, I am of the opinion that there is no acquiescence to its use on the part of the appellant but inaction and delay in taking action.

Considering the prima facie case and balance of convenience I make the following order:-

- a) The interlocutory application before the learned single judge (GA 857 of 2019) is disposed of by this judgment and order.
- aa) The respondents shall be permitted to clear their exiting stock by manufacture and sale of their products with the said existing subject trademark till 30th April, 2020;

- b) From 1st May, 2020 there shall be operate an order of injunction restraining them from, in any way, manufacturing, selling or advertising their goods with the mark 'Shyam' or with a label or device containing the mark 'Shyam' till the disposal of the suit.
- c) If in the meantime, the Appellate Board decides the rectification proceedings before it in favour of the respondent, they shall be at liberty to make an application before the trial court for vacation of the order of injunction on the basis of the prima facie case found by this court and on the basis of the Appellate Board's order.
- d) The suit is expedited by directing filing of the written statement by the respondents by 31st January, 2020. After the written statement has been filed, the learned single judge may be approached for suitable directions for discovery, inspection and so on.
- e) The suit shall be heard in accordance with law taking into account Section 124 of the Trademarks Act, 1999.
- f) The impugned judgment and order dated 2nd April, 2019 is modified to the above extent with the clarification that accounts have to be maintained by the respondent strictly in terms of the said order, subject to any modification that may be ordered by the trial court, in changed circumstances.

Certified photocopy of this judgment and order, if applied for, be supplied to the parties upon compliance with all requisite formalities.

I agree,

(MD. NIZAMUDDIN, J.)

(I. P. MUKERJI, J.)