

THE HIGH COURT OF DELHI AT NEW DELHI

% Judgment Reserved on: 26.10.2010
Judgment Pronounced on: 29.10.2010

+ CS(OS) 1108/2006

ROHTAS GOEL AND ANR. Plaintiffs

- versus -

SOMAY NAYAK AND ORS. Defendants

Advocates who appeared in this case:

For the Plaintiff : Ms Bitika Sharma
For the Defendant : None.

CORAM:-

HON'BLE MR JUSTICE V.K. JAIN

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| 1. Whether Reporters of local papers may be allowed to see the judgment? | Yes |
| 2. To be referred to the Reporter or not? | Yes |
| 3. Whether the judgment should be reported in Digest? | Yes |

V.K. JAIN, J

1. This is a suit for permanent injunction and damages. Plaintiff No.1 Rohtas Goel is the Chairman and Managing Director of plaintiff No.2 M/s Omaxe Construction Ltd., which is a company engaged in real

estate development and construction of buildings, roads, bridges, malls, shops, etc. It has been alleged that the plaintiffs adopted “Omaxe” as a part of their corporate name and their services in the year 1989 and have been conducting their business activities, using that trade name. The plaintiffs have developed a number of projects, consisting of apartments and villas, including Omaxe Plaza Wedding Mall, Omaxe Green Valley, Omaxe NRI City, Omaxe Arcade, Omaxe Heights and Omaxe City. Omaxe has thus become a well-recognized name in the field of real estate, is a coveted property of the plaintiffs and is entitled to highest degree of protection. The plaintiffs claim to be proprietor of mark “Omaxe” in several classes including class 19, and class 37 (which pertains to building construction; repair and installation services). The registration under class 37 had been applied for when the suit was filed but, is stated to have been granted during pendency of the suit. According to the plaintiffs they have turnover of about Rs. 450 Crore and have invested huge amount in advertising and promoting the brand “Omaxe”.

2. It has been further alleged that the plaintiffs came to know that a company by the name “Omaxe Real Estate

Pvt. Ltd.”(defendant No.3) had been registered with Registrar of Companies in January 2006. Defendants No. 1 and 2 were shown as the subscribers to the Memorandum of Association of defendant No.3 in the record. The use of the word “Omaxe”, according to the plaintiff, is in clear violation of their statutory and common law rights and use of this word as a prominent and essential part of the corporate name of defendant No.3 is completely mala fide and dishonest, as this word has no obvious meaning. It has also been alleged that use of the word “Omaxe” as part of the corporate name of the defendant would also result in enormous confusion and deception in the market since the defendants, as their name suggest, also are in the field of real estate and the real estate venture that may be started by the defendants may be connected or associated with the plaintiff, resulting in injury to their reputation and misrepresentation to the public, which may think that the defendants are somehow connected with the plaintiffs and that is why they are using this word “Omaxe”.

3. During pendency of the suit, defendants No. 4 and 5 were impleaded as additional defendants when the plaintiffs came to know about incorporation of these

companies. The name “Omex” has been used in the corporate name of defendants No. 4 and 5 and these companies are also stated to have incorporated in January 2006. On enquiry with the Registrar of Companies, the plaintiffs came to know that the authorized share capital of defendants No. 3 to 5 is Rs. 1 Lac each.

4. The plaintiffs have sought an injunction restraining the defendants from using the impugned corporate name or any other name or mark, which contains plaintiffs’ trademark “Omaxe” or any word deceptively similar to that mark. The plaintiffs have also claimed damages amounting to Rs. 25 Lac from the defendants.

5. The defendants were proceeded ex parte, since they did not appear despite service upon them. The plaintiffs have filed affidavits of plaintiff No. 1 Sh. Rohtash Goel and Mr Venkat Rao, Company Secretary of plaintiff No. 2.

6. In his affidavit, plaintiff No. 1 Rohtas Goel has supported the case setup in the case and has stated that the word “Omaxe” was coined and adopted by him in the year 1989 and is a coveted property owned by him, which enjoys immense goodwill in the market. He further stated that the word “Omaxe” has no obvious meaning and that

the right to use trademark “Omaxe” was transferred by him to plaintiff No.2 vide agreement dated 1st October 2005, which is Ex.PW 2/1 and was extended till 31st March 2011 vide subsequent agreement Ex.PW 2/2. He also stated that the trademark “Omaxe” is registered under various classes including Class No. 19 for which it is registered vide registration No. 1164507 and Class No. 37 where it is registered vide registration No. 1366775.

7. Sh. Venkat Rao in his affidavit stated that the plaintiffs are in the business of construction and real estate since the year 1989 and a number projects mentioned in para 4 of his affidavit were handled by the plaintiffs. He further stated that plaintiff No.2 developed various apartments, commercial spaces etc. including Omaxe Plaza Wedding Mall, Omaxe NRI City, Omaxe Arcade, Omaxe Heights and Omaxe City. The brochures in respect of some of these projects are Ex.PW 1/4 to PW 1/10. He also stated that the plaintiffs today have a turnover of about Rs. 757 Crore and have invested huge amount for advertising and promoting the brand “Omaxe”. The expenses incurred on advertisement and sales promotions in the year 2006-07, 2007-08 and 2008-09 amounted to Rs. 37.20 Crore,

Rs.30.52 Crore and Rs. 26.54 Crore, respectively.

8. Ex. PW 2/3 is the certificate of registration of the trademark “Omaxe” in the name of plaintiff No.1 Rohtas Goel in Class No. 37 vide trademark No. 1366775 on 27th June 2005, in respect of building construction, repair, installation service, included in Class 37. A perusal of the trademark agreement Ex. PW 2/1 would show that plaintiff No.1 granted a license to plaintiff No.2 to use the trademark “Omaxe” registered under Class 19. Ex. PW2/2 is the agreement dated 1st May 2009 whereby use of the trademark “Omaxe” was licensed by plaintiff No.1 to plaintiff No.2 of payment of license fee specified in the agreement.

9. Ex. PW 1/14 is the search report obtained from the website of Ministry of Company Affairs, which shows that defendant No.3 has been registered under the name Omaxe Real Estate Pvt. Ltd., with authorized and paid up share capital of Rs. 1Lac, each, on 23rd January 2006, at the address of E-6, Sector-I, Gautam Budha Nagar, Noida and defendants 1 & 2 Somay Nayak and Surjit Nayak were the subscribers to the Memorandum of Association and Articles of Association of this company.

10. The search report in respect of Omex Properties

Pvt. Ltd(defendant No.4) shows that this company was registered on 27th January 2006 at the same address at which defendant No.3 was registered and it also has authorized and paid up share capital of `1Lac each and Somay Nayak and Surjit Nayak were also subscribers to the Memorandum of Association and Articles of Association of this company. The search report with respect to Omex Realtors Pvt. Ltd.(defendant No. 5) shows that this company was also registered at the same address at which defendants No.3 & 4 were registered and it also has authorized and paid up share capital of Rs. 1Lac each and the same persons were the subscribers to the Memorandum of Association and Articles of Association of this company

11. The case of the plaintiff against the defendants is based upon infringement of their registered trade mark as well as on passing off. Section 28 of Trade Marks Act, 1999 gives to the registered proprietor of the trade mark the exclusive right to the use of the trade mark in relation to the goods or services 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. The action for infringement is, thus, a remedy provided by Trade

Marks Act to the registered proprietor of a registered trade mark in case there is an invasion of the statutory right provided to him for use of that trade mark in relation to the goods for which the trade mark has been registered in his name. In a case based on infringement of this statutory right it is necessary for the plaintiff to prove that his registered trade mark has been used by the defendant, though no such use is required to be established in an action for passing off. It is also a settled proposition of law that if the defendant resorts to colourable use of a registered trade mark such an act of the defendant would give rise to an action for passing off as well as for infringement. In an action based upon infringement of a registered trade mark if the mark used by the defendant is visually, phonetically or otherwise so close to the registered trade mark of the plaintiff that it is found to be an imitation of the registered trade mark, the statutory right of the owner of the registered trade mark is taken as infringed. In such a case if it is found that the defendant has adopted the essential features of the registered trade mark of the plaintiff, he would be liable even if he is able to establish that on account of packaging, get up and other writings on his goods or on the

container in which the goods are sold by him, it is possible to clearly distinguish his goods from the goods of the plaintiff. On the other hand in a case of passing off if it is shown that on account of these factors it is very much possible for the purchaser to identify the origin of the goods and thereby distinguish the goods of the defendant from the goods of the plaintiff, the defendant may not be held liable.

12. Section 29(5) of the Trade Marks Act provided that a registered trade mark is infringed by a person if he uses such registered trade mark, as his trade name or part of his trade name, or name of his business concern or part of the name of his business concern dealing in goods or services in respect o which the trade mark is registered.

13. Therefore, by using the word 'Omaxe' which is the registered trade mark of the plaintiff and an essential feature of its corporate name, defendant No. 3 has clearly infringed the registered trade mark of the plaintiffs. The trade mark 'Omaxe' has also been registered, in the name of plaintiff No. 1, under category 37 of the Fourth Schedule to Trade Marks Act, 1999 in respect of building construction, repairs and installation services. Plaintiff No. 2 is actually engaged in the business of construction and real estate

development which are covered in clause 37 of the Fourth Schedule. Plaintiff No. 2 is a large company having turn over of more than Rs.700 crores during a year. This company has been incurring huge expenditure on promotion and building of the trade mark 'Omaxe' licenced to it by plaintiff No. 1. Plaintiff No. 2 has incurred expenditure of more than Rs.94 cores in advertising and promotion during the last three years. A number of real estate projects development by plaintiff No.2 used the trade mark 'Omaxe' as a prefix. Defendant No. 3 to 5 appear to have been incorporated for engaging in the business of construction and real estate development as is suggested by their corporate names. All the three companies have been registered on the same address in Noida. Plaintiff No. 2 has already developed a large number of projects in Noida. Considering the extensive use of the trade mark 'Omaxe' by the plaintiffs over the last more than 20 years and the huge expenses incurred by them in advertising and promoting the brand 'Omaxe' in the filed of real estate development, there is a strong possibility of the persons considering buying of space in the projects developed by plaintiff No. 2 getting confused on account of similarity of names and going in for

buying space in the projects that may be developed by defendants No. 3 to 5, under a bonafide impression that since the word 'Omaxe'/'Omex' has been used as an essential part of their corporate name, they are some how associated with the plaintiffs or are their group companies and they may end up purchasing space in the projects that may be developed by the defendants No. 3 to 5. If the quality of the projects that may be developed by defendants 3 to 5 is not as good as the quality of the projects developed by the plaintiffs or defendants 3 to 5 are not able to complete the construction and deliver possession of the space to the buyers within the time promised by them, that may affect not only the reputation but also the business interest of the plaintiffs, since the buyers may, in such a case, form an impression that the projects developed by the plaintiffs are not of the desired quality and/or that they are not delivering on the time promised by them.

14. It has come in evidence that the work 'Omaxe' has no obvious meaning and was coined by plaintiff no. 1 to be used as his trade name. the defendants have not come forward to tell the Court as to why they chose to use the word 'Omaxe'/'Omexe' as a part of their corporate name,

particularly when the name has no connection with real estate development or construction of buildings.

15. Thus, as far as use of the word 'Omaxe' is concerned, there is a clear case of infringement made out against defendants No. 3. Since the word 'Omex' is phonetically so close to the word 'Omaxe' that it may not be possible for an ordinary buyer to distinguish the projects which have been developed or may be developed in future by the plaintiffs, from the projects that may be launched by defendants 4 & 5 this is also a case of an apparent imitation of the trade mark of the plaintiffs by these defendants. Since the defendants have chosen not to appear in the Court to contest the claim of the plaintiffs, there is no attempt even to make out a case for distinguishing the projects that may be launched by defendant No.s. 3 to 5 from the projects that have already been launched by the plaintiffs or may be launched by them in future, on account of any distinguishing feature or factor.

16. In **Ramdev Food Products Pvt. Ltd. vs. Arvinbhai Rambhai Patel & Ors.** AIR 2006 SC 3304, a partnership firm consisting of father and his three sons was doing business under the name and style of Ram Dev

Masala Stores and was the owner of the trade mark Ram Dev Masala. Later the firm was reconstituted and incorporated as a private limited company and trade mark Ram Dev Masala was assigned. The firm was dissolved but the three brothers continued to be engaged in the business of spices through firm's name Ram Dev Exports and Ram Dev Masala. A user agreement was also executed permitting these firms to use the trade mark till a particular time and subject to certain conditions. The disputes arose amongst the brothers and were settled through a Memorandum of Understanding whereby the respondents were permitted to sell products of the plaintiff through their retail outlets. The respondents had been writing the words 'Ram Dev Masala' on their packaging. It was found that the packing, material and wrapper of both the parties was phonetically and visually similar to the registered trade mark and that the use of deceptively similar packaging material and labels could create deception as well as confusion in the mind of the customers who used to buy the products in retail market from small shops as well as big departmental stores. Noticing that the respondents had adopted a part of the appellant's registered trade mark as a

part of its corporate name though they had merely been permitted to trade from seven outlets it was held that they could not have started manufacturing of spices under the name and style of Ram Dev Masala.

17. In **Montari Overseas Ltd. vs. Montari Industries Ltd.** 1996 PTC (16), the plaintiff Montari Industries Ltd. was incorporated on January 17, 1980. The defendant/appellant Montari Overseas Ltd. was incorporated later on April 21, 1993. On coming to know of the existence of the appellant/defendant, the plaintiff/respondent filed a suit seeking injunction against the use of the name 'Montari' in the corporate name of the defendant. It was contended on behalf of the appellant/defendant that there was no evidence to show that any confusion had been created in the mind of the customers or members of the public by the use of the word Montari in the corporate name of the appellant/defendant nor was there any evidence to show that the business of the plaintiff/respondent had been diverted by the appellant. Rejecting the contention of the appellant/defendant a Division Bench of this Court, inter alia, observed as under:-

“It is well settled that an individual can trade under his own name as he is doing no more than making a truthful statement of the fact which he has a legitimate interest in making. But while adopting his name as the trade name for his business he is required to act honestly and bonafidely and not with a view to cash upon the goodwill & reputation of another. An individual has the latitude of trading under his own name is in recognition of the fact that he does not have choice of name which is given to him. However in the case of a Corporation the position is different. Unlike an individual who has no say in the matter of his name, a company can give itself a name. Normally a company can not adopt a name which is being used by another previously established company, as such a name would be undesirable in view of the confusion which it may cause or is likely to cause in the minds of the public. Use of name by a company can be prohibited if it has adopted the name of another company.

It is well settled that no company is entitled to carry on business in a manner so as to generate a belief that it is connected with the business of another company, firm or an individual. The same principle of law which applies to an action for passing off of a trade mark will apply more strongly to the passing off of a trade or corporate name of one for the other. Likelihood of deception of an unwary and ordinary person in the street is the real test and the matter must be considered from the point of view of that person. Copying of a trade name amounts to making a false representation to the public from which they have to be protected. Besides the name of the company acquires reputation and goodwill, and the company has a right too to protect the same. A competitor cannot usurp the goodwill and

reputation of another. One of the pernicious effects of adopting the corporate name of another is that it can injure the reputation and business of that person.”

18. A person is well within his right to sell his goods or render services using any trade name for the purpose. With the passage of time the goods sold or the services rendered by him, as the case may be, may acquire certain reputation or goodwill in the market which becomes the property of that person and needs to be protected by the court. It is not permissible for any other person to start selling goods or rendering services either using the same name or imitating that name so as to cause injury to that person and enrich himself at the cost of the person who had already been using that name and had acquired a certain reputation with the passage of time and on account of the quality of the goods sold or services rendered by him. Any attempt on the part of a person to enrich upon the goodwill generated by any other person needs to be curbed by the court whenever approached by the aggrieved party in this regard.

19. Even if the person using or imitating the trade mark or goodwill of another person is yet to commence his business activities his dishonest intention to make use of

the mark and name of the other party will be obvious from the very use or imitation of the mark and goodwill of the other person and, therefore, it should not be a defence to say that there has so far been no use of the offending corporate name or mark.

20. In **Mahendra & Mahendra Paper Mills Ltd. vs. Mahindra & Mahindra Ltd.** 2002(24) PTC 121 (SC), the respondents before the Supreme Court was a company incorporated under the name 'Mahindra & Mahindra Ltd.' The appellant/defendant was incorporated under the name 'Mahendra & Mahendra Paper Mills Ltd'. A suit was filed by the plaintiff/respondent 'Mahindra & Mahindra Ltd.' against the appellant/defendant 'Mahendra & Mahendra Papers Ltd.' seeking injunction against the use of the words 'Mahindra & Mahindra' and words deceptively similar to 'Mahindra & Mahindra'. 'Mahindra' was the registered trade mark of the plaintiff in respect of the goods in Class 12 of the Trade & Merchandise Marks Act, 1958. The case of the plaintiff was that the words Mahendra & Mahendra were phonetically, visually and structurally almost identical or deceptively similar to its corporate name and use of this name was intended to deceive the member of the public into

believing that the defendant was an offshoot of the plaintiff or was in some way connected with it. The contention of the appellant/defendant was that it was not an action for infringement of trade mark but was an action for passing off and in the absence of any similarity of the goods manufactured or sold by the parties, test of deception or confusion amongst the consumers did not arise. Noticing that the name 'Mahindra & Mahindra' had acquired a distinctiveness and a secondary meaning in the business and trade circles and people had come to associate the name 'Mahindra' with a certain standard of goods and services, the Supreme Court was of the view that any attempt by another person to use the name in business and trade circles is likely to and in probability will create an impression of a connection with the plaintiffs' group of companies. During the course of the judgment, the Supreme Court, inter alia, observed as under:

“Without intending to be exhaustive some of the principles which are accepted as well settled may be stated thus; that whether there is a likelihood of deception or confusion arising is a matter for decision by the Court, and no witness is entitled to say whether the mark is likely to deceive or to

cause confusion; that all factors which are likely to create or allay deception or confusion must be considered in combination; that broadly speaking, factors creating confusion would be, for example, the nature of the market itself, the class of customers, the extent of the reputation, the trade channels, the existence of any connection in course of trade, and others.”

21. In **Corn Products Refining Co. vs. Shangrila Food Products Ltd.** 1960 (1) SCR 968, the Supreme Court observed that the question whether two competing marks are so similar as to be likely to deceive or cause confusion is one of first impression and it is for the court to decide it. The question has to be approached from the point of view of a man of average intelligence and imperfect recollection.

22. In **Cadila Health Care Ltd. vs. Cadila Pharmaceuticals Ltd.** (2001) 5 SCC 573, the Supreme Court, inter alia, observed that its decisions in the last four decades had clearly laid down that what had to be seen in the case of a passing off action was the similarity between the competing marks and to determine whether there was likelihood of deception or causing confusion.

23. In **Atlas Cycles (Haryana) Ltd. vs. Atlas Products Pvt. Ltd.** 2008(36) PTC 269 (Del.)(DB), the plaintiff was the

owner of the registered trade mark 'Atlas' since 1952. Defendant No.1 Atlas Products Pvt. Ltd. commenced manufacture of cycles in February, 2002. A suit for injunction was filed seeking injunction against infringement of the trade mark of the plaintiff. Allowing the appeal filed by the plaintiff and granting injunction against use of the work Atlas in the corporate name of the defendant/respondent, a Division Bench of this Court, inter alia, observed as under:-

“There cannot be two opinions on the question that, in the interests of the public/consumer, confusion as to the source of the products should not be permitted to persist. Indeed, this should be the primary concern of the Court. Law protects trade marks to enable a consumer to rest assured that the product on which he has placed his preference and which he identifies by its name, is in fact the one which he has purchased.

From the standpoint of the manufacturer, his entire purpose is the sale of his product; this cannot be achieved if some other manufacturer can by clever manipulations and machinations, deceive or confuse the customer into buying a product that he does not intend to buy. It is for this reason that we felt that the protection must principally be from the customers' perspective.”

24. In the case before this Court, as far as defendant No. 3 is concerned, it has clearly infringed the registered

trade mark of the plaintiff by using the word 'Omexe' as an essential part of its corporate name. The test of deception and confusion is, therefore, not even required to be applied as far as the use of the word 'Omexe' is concerned. Even the use of the word 'Omex' is a clear imitation and is a colourable use of the trade mark of the plaintiff and this word appears to have been used as an essential part of the corporate name of the defendant Nos. 4 & 5 only with a view to encash upon the goodwill and reputation of the trade mark 'Omaxe' owned by the plaintiffs. In any case, as noticed earlier, use of the word 'Omaxe' as well as 'Omexe' may result in confusion in the mind of the buyer as to the source of the products that may be launched by defendant No. 3 to 5 in the market. Not only from the point of view of the owners of the trade mark where business interest may be adversely affected on account of use of these names by defendants, but from the point of view of the consumers also, the defendants need to restrain from using the word 'Omaxe' and 'Omex' so as to avoid any possibility of confusion in the mind of the consumer as regards the source of the products which he purchases in the market.

25. It is true that in view of the provisions contained in Section 22 of the Companies Act, it is open to the plaintiffs to approach the Central Government for a direction to defendant no. 3 to 5 to change their name on the ground that their name nearly resembles with the registered trade mark of the plaintiffs, the availability of that remedy does not come in the way of the plaintiffs approaching this court for grant of prohibitory injunction. The statutory remedy provided under section 22 of the Companies Act is altogether independent of the remedy available to the plaintiff to approach a Civil Court. Another important aspect in this regard is that the Central Government has no power to prevent the defendants from using the name under which they have been incorporated, till the time the government examines the representation made to it by the plaintiffs and decided to give requisite direction under section 22 of Companies Act for rectification of the name of defendants 3 to 5. No immediate relief, thus, can be granted to the aggrieved owner of a registered trade mark, either in a case of infringement or in a case of passing off. The provisions of the Companies Act do not bar the remedy available to the plaintiffs before a Civil Court and it is open

to them to either approach a Civil Court or to approach the Central Government or to approach both.

26. This issue came up for consideration before a Division Bench of this court in **Montari (supra)** where it was contended that the Central Government having allowed the incorporation of the company the plaintiff could have applied for rectification of the name of the defendant company utilizing the remedy under Companies Act. Rejecting the contention, it was noted by this Court that the plaintiff had two independent rights of action against the defendants who may be using the corporate name of a previously incorporated company, one under section 22 of the Companies Act and the other for injunction restraining the defendants from using the corporate name of the plaintiff or from using a name bearing a close resemblance which may influence or is likely to create confusion in the mind of the consumers or in the mind of the general public in view of the similarity of names. It was also observed that both the remedies, one under Section 22 and the other under the common law, operate in different fields.

27. For the reasons given in the preceding paragraphs, the plaintiffs are entitled to perpetual injunction against the

defendants 3 to 5 restraining them from using the name 'Omaxe' and/or 'Omexe' or any other name deceptively similar to the registered trade mark 'Omaxe'.

28. Though the plaintiffs have also claimed damages to the tune of Rs.25 lakhs, no evidence has been led to prove any damage to the equity, goodwill and reputation of the plaintiffs on account of use of the words 'Omaxe' and/or 'Omex' in the corporate name of the defendant No. 3 to 5. This is more so when there is no evidence even to show any business activity by defendant No. 3 to 5. As far as defendant Nos. 1 & 2 are concerned, they being only the subscribers to the Memorandum and Articles of Association of defendant nos. 3 to 5, no relief needs to be granted against them.

29. The suit is hereby decreed to the extent that defendant No. 3 is restrained from using the corporate name 'Omexe Real Estates Private Ltd.', defendant No. 4 is restrained from using the corporate name 'Omex Properties Pvt. Ltd' and the defendant No. 5 is restrained from using the corporate name 'Omex Realters Pvt. Ltd.' It will, however, be open to them to adopt any name which does not include the word 'Omaxe' and/or 'Omex' or any other

name deceptively similar to the name 'Omaxe'. There shall be no order as to costs. Decree sheet be prepared accordingly.

(V.K. JAIN)
JUDGE

OCTOBER 29, 2010
Bg/Ag/RS