

Texmo Industries and Others. Vs. Aqua Pump Industries and Others

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Court : Intellectual Property Appellate Board IPAB

Decided On : Oct-25-2004

Judge : S. Jagadeesan, R. Singh

Appeal No. : TRA Nos. 17 to 22 of 203 TM /CM /OP Nos. 234 to 239 of 2000

Appellant : Texmo Industries and Others.

Respondent : Aqua Pump Industries and Others

Judgement :

S. Jagadeesan, Chairman

1. The applicants have filed these applications to set aside the order of the Deputy Registrar of Trade Marks, Mumbai, dated 20.4.1998, and to rectify the register of the Deputy Registrar of Trade Marks, Chennai, in relation to trade mark Nos. 315049 and 315050 in class 7 by including the products mentioned in the prayer of the application TRA/17/2003 and to cancel the bifurcation of the said trade marks into SP-1 and SP-2 and granting the proprietorship to the respondents.

2. It is the case of the applicants that the first applicant M/s. Texmo Industries, a partnership firm was started in the year 1956 by one Shri R. Ramachandran and his brother Shri R. Kumaravelu. The firm secured registration of the trade mark 'TEXMO' in class 7 on 21.5.1976 for the products Electrical Motors (not for land vehicles), Pumps included in class 7 including centrifugal pumps; monoblock pumps; domestic pumps, submersible pumps; reciprocating piston pumps and

also sugarcane crushers. The registration No. 315049 is for the logo expression 'TEXMO' impressed on an inverted triangle and the Registration No. 315050 is for mark 'TEXMO' word per-se. As the business developed, the same was bifurcated with the formation of M/s. Aqua Pump Industries, the first respondent in TRA/17 and 20/2003 (O.P. Nos. 234 and 237/2000) in the year 1974 with Shri R. Ramachandran and Shri R. Kumaravelu as Partners and this firm was to manufacture self priming pumps upto 1.00 H.P. which run on single phase current; single phase electric motors upto 1.00 H.P.; Jet pumps and motors upto 1.00 H.P. which run on single phase current. In the year 1982, the 2nd respondent firm Aqua Sub Engineering was formed with both the brothers as Partners for the purpose of manufacturing submersible pump sets only.'

3. In 1986, one of the partners and brother Shri R. Ramachandran died. In his place, his wife, Mrs. Damayanthi Ramachandran, the second applicant was brought in as a Partner in the said firms. Constitution of the partnership firm M/s. Texmo Industries was reconstituted under the deed of partnership dated 29.1.1987 with effect from the same date. Pursuant to a request made in Form TM 24, the change was ordered on 12.12.1991. Consequently, Mrs. Damayanthi Ramachandran and Shri R. Kumaravelu were registered as subsequent proprietors of the said trade mark 'TEXMO' trading as Texmo Industries from 29.1.1987.

4. Respondents No. 1 and 2, being the sister concerns of the first applicant with the same partners, decided to use the same trade mark 'TEXMO' and the device TEXMO for the products manufactured by them also. Subsequently, there was a family arrangement on 4.5.1989 entered into between Shri R. Kumaravelu and Mrs. Damayanthi Ramachandran, and by virtue of the said arrangement, four documents came into existence on 24.5.1990. One is the reconstitution of the firm M/s. Aqua Pump Industries, with the induction of new Partners and the retirement of Mrs. Damayanthi Ramachandran. Similarly, the second document relates to the reconstitution of M/s. Aqua Sub Engineering with the retirement of Mrs. Damayanthi Ramachandran. The third document pertained to M/s. Texmo Industries with the retirement of Mr. R. Kumaravelu and the fourth document is an agreement between Shri R. Kumaravelu and Mrs. Damayanthi Ramachandran.

Under the documents reconstituting the partnership, the newly reconstituted firm with Shri R. Kumaravelu as one of the partners were permitted to continue M/s Aqua Pump Industries and M/s. Aqua Sub Engineering with the same rights in respect of the manufacture and sale of the goods as before. Similarly, Mrs. Damayanthi Ramachandran, was to carry on the business of M/s. Texmo Industries alongwith the new partners. Under the agreement between Shri R. Kumaravelu and Mrs. Damayanthi Ramachandran, it was agreed that M/s. Aqua Pump Industries and M/s. Aqua Sub Engineering are entitled to use the trade mark 'TEXMO' restricted to the products described in the Schedules 1 and 2 of the deed of agreement. Subsequent to the reconstitution of the firm and the agreement between Mrs. Damayanthi Ramachandran and Shri R. Kumaravelu, the first applicant filed an application in TM 24 on 21.5.1997 for recordal of change of partners pursuant to the reconstitution of the firm as per deed dated 24.5.1990, in respect of trade marks No. 315049 and 315050. The same was ordered in July, 1998. In or about 1997, the first applicant found that the respondents No. 1 and 2 have started using the trade mark 'TEXMO' illegally on their goods which were not permitted under the agreement dated 24.5.1990. Hence, the first applicant caused a notice on 2.9.1997 to the respondents No. 1 and 2 to desist from using the trade mark 'TEXMO'. By letter dated 9.9.1997, the third respondent Shri R. Kumaravelu requested the first applicant not to initiate action against them and requested for settlement. Though, there was continuous correspondence, no final settlement was arrived and consequently, the first applicant informed the third respondent by letter dated 16.4.1998 to treat the agreement dated 24.5.1990 as of no consequence. The second applicant, in August, 1998, came to know from the publication of the bifurcation and allotment of the trade mark in favour of the respondents No. 1 and 2. By virtue of the bifurcation, the partners of respondents No. 1 and 2 have been recorded as subsequent proprietors of the trade mark 'TEXMO' in respect of the goods mentioned therein. The applicant came to know that the order dated 20.4.1998 was passed by the sixth respondent pursuant to Form 36 and Form 24 both dated 26.3.1998 and Form 17 dated 27.3.1998, filed by respondents No. 1 and 2. The Registrar has passed the order without any notice to the applicants and the applications filed by respondents No. 1 and 2 were not in the proper form as the consent of the joint owners or the signature of the

concerned owners for the consent in respect of the assignment of the trade mark in favour of respondents No. 1 and 2 were filed. The order of bifurcation passed by the Registrar is in violation of principles of natural justice and consequently the same is liable to be set aside. The splitting of the first applicant's trade mark without any notice to them is also in violation of the principles of natural justice. Further, respondents No. 1 and 2 are only the licensees both prior to the reconstitution of the firms as well as the agreement entered into between Shri R. Kumaravelu and Mrs. Damayanthi Ramachandran and also subsequent thereafter. Hence, respondents No. 1 and 2 cannot claim any right of assignment and the right claimed by them is fraud and misrepresentation. Hence, the order of the Registrar of Trade Marks bifurcating both the trade marks are to be set aside and the necessary rectification showing the first applicant as the sole registered proprietor of the registered trade mark 'TEXMO' has to be carried out.

5. The applicant filed O.P. Nos. 234 and 237/2000 in respect of both the trade marks showing respondents No. 1 and 2 as the joint proprietor of the trade mark; O.P. Nos. 235 and 236/2000 are in respect of bifurcation of the trade mark Nos. 315049 as SP-1 and SP-2 in favour of respondents No. 1 and 2 respectively. O.P. Nos. 238 and 239/2000 is in respect of bifurcation of the trade mark No. 315050 into SP-1 and SP-2 in favour of respondents No. 1 and 2 respectively. These O.Ps. were filed on the file of the High Court of Madras and the same were transferred to this Appellate Board by virtue of Section 100 of the Trade Marks Act, 1999 and the O.Ps were numbered as TRA Nos. 17 to 22/2003. Correspondingly TRA/17/2003 relates to O.P. No. 234/2000; TRA/20/2003 relates to O.P. No. 237/2000; TEA/18/2003 relates to O.P. No. 235/2000; TRA/19/2003 relates to O.P. No. 236/2000; TRA/21/2003 relates to O.P. No. 238/2000 and TRA/22/2003 relates to O.P. No. 239/2000.

6. Shri R. Kumaravelu, the third respondent in TRA/17/2003, filed a common counter affidavit in all the applications. In the counter affidavit, he has admitted about the commencement of the partnership firms with his brother and thereafter the division of the products among the newly constituted Partnership firms Aqua Pump Industries and Aqua Sub Engineering and about the reconstitution of the partnership firms with Mrs. Damayanthi Ramachandaran after the death of his

brother, one of the partners. His case is that the terms of agreement entered into between himself and Mrs. Damayanthi Ramachandaran on 24.5.1990 recognised that respondents No. 1 and 2 had been all along using the trade mark 'TEXMO' in respect of the products manufactured by them and by virtue of the reconstitution of the three firms resulting in Mrs. Damayanthi Ramachandaran and Shri R. Kumaravelu retiring from the concerned firms of the other group, it was agreed between them that the trade mark 'TEXMO' to be used by all the three firms and so far as respondents No. 1 and 2 are concerned, in respect of Schedules 1 and 2 listed products which were produced by them exclusively. The scheme of agreement and the reconstitution of the firms clearly brought about an agreed demarcation between the two branches in relation to the ownership of the three firms as well as the use of the two trade marks. So far as the use of the two trade marks is concerned, the parties agreed that with respect to the goods which were actually being manufactured and dealt with by the three firms hitherto prior to the agreement were granted ownership of the two trade marks with respect to such goods alone.

7. The second applicant filed form TM 24 on 6.6.1997 for recordal of subsequent proprietorship of the two trade marks basing the claim on the Deeds of Partnership and retirement dated 24.5.1990. Those three documents had to be necessarily read together with the Deed of Agreement of the same date entered into between the second applicant and Shri R. Kumaravelu. Since the second applicant failed to produce the Deed of Agreement alongwith the reconstitution of the Partnership and Retirement deeds, the respondents also filed a request in form TM 24 on 5.3.1998 for recordal of subsequent proprietorship so as to give effect to the use of the trade mark as per agreement dated 24.5.1990, the Registrar of Trade Marks approved the reconstituted partnership as well as the retirement deed alongwith the deed of agreement and consequently split up the trade marks in accordance with the intention of the parties specified under the deed of agreement. From the time of inception of the respondents firms No. 1 and 2, all the three firms viz., M/s. Texmo Industries, M/s Aqua Pump Industries and M/s. Aqua Sub Engineering, have been manufacturing/dealing in distinct and separate goods although all falling under class 7. The exclusive right created by the trade mark agreement dated 24.5.1990 merely gave legal sanction between the parties by way of prior

assignment to what had been the actual use of the marks with respect to different goods. The action of the applicant by filing these rectification applications is nothing but to harass the respondents and to deprive them of their right derived under the agreement. Since, the Registrar has given effect to the intention of the parties, there is no illegality in the bifurcation of the trade marks and consequently the application have to be dismissed.

8. Shri T.R. Rajagopal, the learned senior counsel, contended that M/s. Aqua Pump Industries, was formed in the year 1977 and M/s. Aqua Sub Engineering was formed in 1982. That the firms were using the same trade mark 'TEXMO' under the permission granted by M/s. Texmo Industries. Hence, the respondents No. 1 and 2 are only the licensees and they cannot claim any proprietorship of the trade mark. As there was some misunderstanding between the original partners of M/s. Texmo Industries, the retirement deed evidencing the retirement of Mrs. Damayanthi Ramachandaran from M/s. Aqua Pump Industries and M/s. Aqua Sub Engineering were executed. Similarly, the retirement of Shri R. Kumaravelu from M/s. Texmo Industries was executed alongwith the reconstitution of all the three firms with new partners. On the same day, a Deed of Agreement was also entered into between the original partners. Under the Deed of Agreement, the respondents No. 1 and 2 were given only a license or consent to use the trade marks as before and there was no assignment in favour of those respondents. To endorse the assumed assigned right, the respondents did not file the necessary applications as contemplated under the said Act. The signature of the assignor or the consent application by the assignor as well as the assignee ought to have been filed. The respondents, on their own filed the application in form TM 24 for registering themselves as subsequent proprietors. TM 36 for striking out the goods, TM 17 for the issue of certificate under Section 39(2) of the Act. The Registrar, without issuing any notice to the applicants, passed orders in all the three applications submitted by the respondents No. 1 and 2. Consequently, the order of the Registrar is in violation of the principles of natural justice. He further contended that there is no assignment of goodwill in favour of respondents No. 1 and 2. In such a case, the assignment has to be enforced within six months. The respondents No. 1 and 2 have filed the applications for enforcement of the so-called assignment after eight years and as such, the applications ought to have

been rejected in limine. Since the Registrar acted without jurisdiction, the rectification is sought for.

9. Per contra, Shri N.A.K. Sharma, for Shri C. Daniel, on behalf of the respondents No. 1 to 5 in TRA/17/2003, contended that originally M/s. Texmo Industries, the first applicant firm was manufacturing all the goods. When the workload was increased, in order to divide the labour, M/s. Aqua Pump Industries and thereafter M/s. Aqua Sub Engineering were formed. As and when the two firms were formed, the manufacture of classes of goods were also divided among themselves. Without any confusion in the trade, all the three firms were involved in manufacturing the distinct goods as agreed upon. When the partners in all the three firms are the same, no question of grant of license to respondents No. 1 and 2 arises. Respondents No. 1 and 2 were also using the trade mark 'TEXMO' as joint proprietors or co-proprietors. The Deed of Agreement dated 24.5.1990 entered into between Mrs. Damayanthi Ramachandaran and Shri R. Kumaravelu is an integral part of the other three agreements of the Deed of Partnership and the Deed of Retirement. Hence, the consent mentioned in the Deed of Agreement is only by way of assignment for the use of the same trade mark by respondents No. 1 and 2 as all along they have been using the same. When the contents of the documents were not disputed and when the conduct Of the parties as well at the circumstances under which the documents have come into existence were also not disputed, it is not open to the applicants now to contend that the consent is only a license. Similarly, Section 39(2) of the Act has no application as there is no proposal for assignment. The assignment has already been made in 1990 since when respondents No. 1 and 2 were using the trade mark 'TEXMO' jointly alongwith the first applicant in respect of the specified goods. The Registrar, after perusal of the documents has passed the order. When the applicants have also filed form TM 24 not only to give effect to the reconstitution of the partnership firm but also to record them as proprietors of the trade mark without notice to the respondents, it is not open to the applicants to contend that the respondents have violated the procedure contemplated under the statute. The action of the respondents is only a counter action for the action of the applicants No. 1 and 2 and to protect their rights as agreed between the parties under the deed of agreement. The Registrar has given effect to the intentions of the parties only and

as such, no rectification is needed.

10. For the sake of convenience, the parties are referred to in their ranks specified in TRA/17/2003.

11. Non controversial facts:

(a) The undisputed facts are that M/s. Texmo Industries, a partnership concern was constituted in the year 1972 by the two brothers S/Shri R. Ramachandaran and R. Kumaravelu, for the manufacture and sale of electrical motors and different types of pumps. From the inception, the first applicant firm M/s. Texmo Industries, has been using the device mark Texmo as well as the word mark 'TEXMO' with respect to their goods. On 21.5.1976, both the device and the word marks were registered in the names of the two partners and registration was given in Registration Nos. 315049 for the device mark and No. 315050 for the word mark, both for goods in class 7. The registration was granted in respect of the following goods:

1. Electrical motors (not for land vehicles);
2. Pumps included in class 7 including centrifugal pumps;
3. Monobloc pumps;
4. Domestic pumps;
5. Submersible pumps and reciprocating piston pumps; and also
6. Sugarcane crushers (machines).

(b) As the business developed, the manufacture of several other products were contemplated which resulted in the formation of the firm M/s. Aqua Pump Industries, the first respondent, having the same partners, the two brothers, S/Shri R. Ramachandran and R. Kumaravelu. This was in the year 1974, with an agreement that the first respondent is to manufacture self priming pumps upto 1.00 H.P. which run on single phase current, single phase electric motors upto 1.00 H.P., Jet pumps and monoblocs upto 1.00 H.P. which run on single phase

current. Similarly, in the year 1982, the second respondent firm was formed with the same partners with an agreement for manufacturing submersible pump sets alone. In September, 1986, one of the brothers Shri R. Ramachandran died. In his place, his wife, Mrs. Damayanthi Ramachandran, the second applicant was admitted as partner in the three firms with effect from 29.1.1987. The business was continued till dispute arose between the partners.

A family arrangement was arrived at on 4.5.1989 between the second applicant Mrs. Damayanthi Ramachandran and Shri R. Kumaravelu, the third respondent herein representing the first applicant firm and the respondents No. 1 and 2 firms respectively. As per the said family arrangement, the business under the name and style of M/s. Texmo Industries shall continue to be carried on by the Ramachandran branch, i.e., Mrs. Damayanthi Ramachandran by admitting her sons Arjunan and Shivam as partners with effect from 1.4.1990 and Shri R. Kumaravelu shall retire from the said partnership business of M/s. Texmo Industries. The businesses in the name and style of M/s. Aqua Pump Industries and M/s. Aqua Sub Engineering shall continue to be carried on by the R. Kumaravelu branch by taking his daughter Ms. Tara and or his wife Homai Kumaravelu as partners with effect from 1.4.1990 and Mrs. Damayanthi Ramachandran shall retire from these two firms. Consequent to this family arrangement, on 24.5.1990, four documents were executed as evidenced in pages 144 to 166 of the respondents' typed set. M/s. Aqua Pump Industries deed of partnership and retirement dated 24.5.1990 entered into between Shri R. Kumaravelu, Mrs. Homai Kumaravelu and Dr. H.S. Adenwalla on one side Mrs. Damayanthi Ramachandran on the other side. Under this agreement, M/s. Aqua Pump Industries partnership was reconstituted with Shri R. Kumaravelu, Mrs. Homai Kumaravelu and Dr. H.S. Adenwalla as the partners and Mrs. Damayanthi Ramachandran retired from the firm and partnership with effect from 1.4.1990. Similarly, under the Aqua Sub Engineering Deed of Partnership and retirement, the same three partners of the reconstituted M/s. Aqua Pump Industries would be partners of M/s. Aqua Sub Engineering and the partnership was reconstituted with the retirement of Mrs. Damayanthi Ramachandran with effect from 1.4.1990. By another document, the Texmo Industries Deed of Partnership and retirement was entered into by which Mrs. Damayanthi Ramachandran has taken Shri P.T.

Krishnan and Shri H.R. Ravi Kumar as partners of Texmo Industries alongwith her and the partnership firm Texmo Industries was reconstituted with the retirement of Shri R. Kumaravelu.

On the same day, the deed of agreement between Shri R. Kumaravelu and Mrs. Damayanthi Ramachandran was executed. So far as the partnership deeds are concerned, the business carried on by the three partnership firms are to be taken by the newly constituted partnership firms respectively. The second applicant filed TM 24 on 16.6.1997 to bring out the change in the registry of Trade Marks in respect of the reconstitution of the partnership firm and also for the recordal of proprietorship of the trade mark in the name of the first applicant. On coming to know about the same, the third respondent filed TM 17, TM 24 and TM 36 for the issue of certificate under Section 39(2), to register the names of the partners of the two firms M/s. Aqua Pump Industries and M/s. Aqua Sub Engineering as subsequent proprietors and to strike out the goods mentioned in Schedules I and II of the deed of agreement from the registration of Trade Marks in the name of the first applicant respectively.

Whether license or assignment.?

12. So far as the dissolution and reconstitution of the partnership of the three firms, M/s. Texmo Industries, M/s. Aqua Pump Industries and M/s. Aqua Sub Engineering are concerned, there is no dispute. In fact, admittedly, the second applicant filed the application TM 24 on 16.6.1997 through their Agent, to carry out the change of the partners in respect of the first applicant firm alongwith a request to record it as the proprietor of the Trade Marks "TEXMO". The second applicant and the third respondent, the original in all the three firms at the time of dissolution and reconstitution of all the three firms, entered into an agreement on the very same day in respect of the use of the firms' trade mark since the deeds of dissolution and reconstitution are very silent on this aspect. It is not the case of the applicant that no such agreement was entered into between the parties. It is also not the case of the applicant that having executed the said agreement, the same was not acted upon. Hence, the fact remains that the agreement entered into between both the parties in only confirming the rights of the parties existed prior to

24.5.1990 and to continue the same under the terms and conditions of the agreement. It is the case of the respondents that under the said agreement, they have been assigned the trade mark 'TEXMO'. On the contrary, it is the case of the applicants that no such assignment was given. It is only a consent of the applicant for the respondents to use the trade mark in respect of their goods and as such, it is not open to the respondents to seek the assignment as subsequent proprietors. In order to consider this dispute, it is necessary to look into the terms of the agreement. In the preamble to the agreement dated 24.5.1990 entered into between Shri R. Kumaravelu as the first party and Mrs. Damayanthi Ramachandran as the second party, it is stated that the Aqua Pump Industries and the Aqua Sub Engineering, for the sake of brevity referred to as Aqua. It is also mentioned that the firms Aqua have been using the trade marks in respect of the products manufactured by them by virtue of agreement granting license to use the trade mark in consideration for payment of royalty at the rate of 1% of net sales by the said firms to M/s. Texmo Industries. It is also further stated that taking into consideration of the fact that the said trade marks were being used in respect of the products manufactured by M/s. Aqua Pump Industries and M/s. Aqua Sub Engineering and the fact that the continued use of the said trade marks is essential and material to the business, the parties have mutually agreed that as an integral part of the terms and conditions of the reconstitution of the business contained in the deed of partnership and retirement, the rights and property in respect of the said trade marks in respect of those products manufactured by the firms Aqua shall belong to the said firms Aqua. To appreciate the terms of the agreement alongwith their intention, the same is extracted below:

"THIS DEED OF AGREEMENT ENTERED INTO 24th day of May, One Thousand Nine Hundred and Ninety between:

1. Mr. R. Kumaravelu, son of Late. Mr. Ramaswamy, aged about 37 years, residing at 703, Avanashi Road, Coimbatore, hereinafter called "the party of the First Part."

And

2. Mrs. Damayanthi Ramachandran, wife of Late Mr. R. Ramachandran, aged about 43 years, residing at 16, A.T.D. Street, Race Course, Coimbatore, hereinafter called "the party of the Second Part".

Witnesseth as follows:

Whereas, the above party of the First Part has been carrying on business in partnership with the party of the Second Part under the firm name and style of "Texmo Industries" as per the Deed of Partnership dated the Twenty ninth day of January, One Thousand Nine Hundred and Eighty Seven;

Whereas, the Registered Trade Marks No. 315049 and 315050 are the properties of the said firm Texmo Industries;

Whereas, the parties of the First and Second Parts are also partners in the firm and partnership "Aquapump Industries" Coimbatore with minor R. Arjuman admitted to the benefits of partnership as evidenced by the Deed of Partnership dated Twelfth day of March, One thousand Nine Hundred and Eighty One,

Whereas, the parties of the First and Second parts are also partners in the firm and partnership "Aquasub Engineering", Coimbatore as evidenced by the Deed of Partnership dated Twenty ninth day of January, One Thousand Nine Hundred Eighty Seven, (the firms Aquapump Industries and Aquasub Engineering, for the sake of brevity hereinafter referred to as "AQUA")

Whereas, the said firms 'AQUA' have been using the trade marks in respect of products manufactured by them by virtue of agreement granting licence to use the trade marks in consideration for payment of royalty at the rate of 1% of net sales by the said firms to Texmo industries,

Whereas, all the three firms Texmo Industries, Aquapump Industries and Aquasub Engineering are reconstituted with the admission of new partners by virtue of Deeds of Partnership and Retirement dated ... resulting in the retirement of Mr. R. Kumaravelu from the firm and partnership Texmo Industries and in the retirement of Mrs. Damayanthi Ramachandran from the firms and partnership Aquapump Industries and Aquasub Engineering. Minor R. Arjunan would also cease to enjoy

the benefits of partnership in Aquapump Industries.

Whereas, taking into consideration the fact that the said trade marks were being used in respect of the products manufactured by Aquapump Industries and Aquasub Engineering and the fact that the continued use of the said trade marks is essential and material to the business, the parties have mutually agreed that as an integral part of the terms and conditions of the reconstitution of the business contained in the Deed of Partnership and Retirement, the rights and property in respect of the said trade marks in respect of those products manufactured by the firms 'AQUA' shall belong to the said firms 'AQUA'.

NOW THIS DEED OF AGREEMENT WITNESSES AS FOLLOWS:

1. In accordance with the terms and conditions of the Deeds of Partnership and Retirement dated 24th May 1990 and in consideration of the party of the first part relinquishing all his rights and interest in the said firm and partnership Texmo Industries on account of retirement and in consideration of payment of Rs. 1,00,000 (Rupees one lakh) the party of the second part hereby agrees and do not have any objections to the said firms 'AQUA' in applying for, owning and using the said trade marks only in respect of those products being manufactured or to be manufactured by the said firms 'AQUA', specifically described in Schedules I and II.
2. The consent in respect of the said trade marks conferred herein is partial and restricted to the products described in Schedules I and II and the rights and title in the said trade marks other than the rights herein agreed shall continue to be the property of the firm Texmo Industries,
3. The purpose of consent herein conferred is to vest in the said firms 'AQUA', the exclusive ownership and all rights incidental thereto in the said trade marks in respect of the specified products described (a) in Schedule I to the firm Aquapump Industries, and (b) in Schedule II to the firm Aquasub Engineering.
4. The party of the first part has assured that the said firms 'AQUA' or any of the partners of the said firms or any heirs, successors of the partners or the firms as

the case may be, shall use the said trade marks only in respect of the specified products described in Schedules I and II and shall not use the said trade marks in respect of the products manufactured or to be manufactured by Texmo Industries described in Schedule III.

5. The party of the second part has assured that the said firm Texmo Industries or any of the partners of the said firms or any heirs, successors of the partners or the firm as the case may be, shall use the said trade marks only in respect of the specified products described in Schedule III and shall not use the said trade marks in respect of the products manufactured or to be manufactured by the said firms 'AQUA' described in Schedules I and II.

6. It is mutually agreed that the consent of these presents are for use of the trade marks in respect of the products specified in Schedules I and II and shall not confer on the party of the first part, the said firms "AQUA" or any other person any right to use the firm's name "Texmo Industries" or the words "Texmo" either alone or in combination with any other words or symbol, as the name of any concern, firm, company or organisation, any unit or business.

7. It is mutually agreed that the consent conferred by these presents are for use of the trade marks in respect of the products specified in Schedules I and II and shall not confer on the party of the second part or her heirs, successors, or any other partner of the firm Texmo Industries or his/her heirs successors as the case may be any right to use the firms' names "Aquapump Industries", "Aquasub Engineering" or the words "Aquapump", "Aquasub", "Aqua" either alone or in combination with any other words or symbol, as the name of any concern, firm, company or organization, any unit or business.

8. It is mutually agreed that in the event of any breach or infringement of any of the clauses of this agreement by the party of the First part, which term shall include his heirs, successors or assigns, or by the said firms "Aqua" or by any partner(s) of any of the said firms "Aqua", the party of the First part shall be liable and shall indemnify the party of the Second part or her heirs, successors or assigns for all losses, costs damages including liquidated damages.

9. It is mutually agreed that in the event of any breach or infringement of any of the clauses of this agreement by the party of the Second part, which term shall include her heirs, successors or assigns, or by the said firm "Texmo Industries", or by any partner (s) of any of the said firm "Texmo Industries", the party of the Second part shall be liable and shall indemnify the party of the First part or his heirs, successors, or assigns for all losses, costs, damages including liquidated damages.

10. The parties have agreed to do all necessary or required acts, deeds and execute all such documents and papers including applications to Registrar of Trade Marks as may be necessary to give effect to these presents with utmost dispatch.

IN WITNESS WHEREOF, We, the parties hereto have signed this deed on the day and year above written in the presence of the following witnesses.

(Emphasis supplied by us).

SCHEDULE I

Products of Aquapump Industries

For which consent to use the said trade marks are given

1. Motors which run on single phase current with capacities ranging between 1/4 H.P. [One-fourth Horse Power] and 1.H.P. [One Horse Power].
2. Deepwell Jet Pumps, Jet Monoblocks, Multistage Jet Pumps and Monoblocks, of any capacity which run on single phase current.
3. Centrifugal Pumps and Monoblocks upto and including 1 H.P. [One Horse Power] which run on single phase current.
4. Lateral channel pumps and lateral channel Monoblocks of any capacity which run on single phase current.
5. Submersible Monoblocks of any capacity which run on single phase current.

6. Reciprocating pumps for domestic use which run on single phase current.
7. Any other type of pump or monoblock including self priming centrifugal pumps and monoblocks, which run on single phase current used for domestic purposes.
8. Components and spares for the above products.

SCHEDULE II

Products of Aquasub Engineering for which consent to use the said trade marks are given

1. Submersible Motors, Submersible Pumps and Submersible Pumpsets [excluding Submersible Monoblocks presently manufactured by Texmo Industries].
2. Components and spares for the above products.

SCHEDULE III

Products for which rights in trade marks continue to belong to Texmo Industries

Electric Motors (not for land vehicles) Pumps included in class 7 including centrifugal pumps: monobloc pumps; reciprocating piston pumps; sugarcane crushers (machines) excluding products described in Schedules I and II but not including Multistage Jet Pumps described in serial number 2 of Schedule I.

Components and spares for the above."

13. From the above salient terms, it is very clear from Clause 1, that Mrs. Damayanthi Ramachandran does not have any objection to the said firms Aqua in applying for, owning and using the trade marks 'TEXMO' in respect of those products being manufactured or to be manufactured by the said firms Aqua, specifically described in Schedules I and II. Clause 2 specifies that the consent given under Clause 1 is restricted to products described in Schedules I and II and the rights and title in the said trade marks other than the rights specified under the agreement, shall continue to be the property of first respondent. Clause 3

mentions that the purpose of consent is to vest in the firms 'AQUA', the exclusive ownership and all rights incidental thereto in the trade marks in respect of the specified products described in Schedules I and II. In order to get this right, Shri R. Kumaravelu paid a sum of Rs. 1.00 lakh to Mrs. Damayanthi Ramachandran and further agreed to retire from M/s. Texmo Industries. Clause 4 contemplates the assurance of Shri R. Kumaravelu that the Aqua firms or any of the partners of the said firms or the successors of the partners shall use the trade mark 'TEXMO' only in respect of the specified products prescribed in Schedules I and II and shall not use the said trade mark in respect of the products manufactured or to be manufactured by M/s. Texmo Industries prescribed in Schedule III. Similarly, Clause 5 contemplates the assurance of Mrs. Damayanthi Ramachandran that the firm Texmo Industries or the successors thereof shall use the trade mark Texmo only in respect of the products prescribed in Schedule III and shall not use the said trade mark in respect of the products manufactured or to be manufactured by the said firms Aqua prescribed in Schedules I and II. Clause 6 contemplates that the Aqua firms can use the trade mark only in respect of the products specified in Schedules I and II of the agreement and the agreement shall not confer on Shri R. Kumaravelu or on the Aqua firms to use the firm's name Texmo Industries or the word 'TEXMO', as the name of any concern, firm, company or organisation any unit or business. The restriction herein is that Aqua firms cannot use the first applicant's name or the trade mark as their firm name. Clause 10 specifies the agreement between the parties to do all the necessary or required acts, deeds and execute all such documents and papers including applications to register the trade marks as may be necessary to give effect to the presence of the agreement.

14. From the documents enclosed, it is clear that till August, 1997, there is no dispute and the parties were carrying on their business in conformity with the agreement dated 24.5.1990. On 21.8.1997, the first applicant shunted a notice to the third respondent stating the Aqua firms are using the words and phrases "Manufacturer of Texmo Pumps and Motors" in the name boards, product leaflets, newspaper advertisements, yellow pages advertisements, exhibitions and in dealers name boards and thereby respondents No. 1 and 2 are creating confusion in the minds of the public. It is further stated in the notice that it has come to the notice of the first applicant that M/s. Aqua Pump Industries is using the Texmo

mark on other than Schedule I products and they are using the words and phrases Aqua Pump Industries, manufacturer of Texmo Pumps and Motors" on the Schedule III products. From this notice, it is clear that the grievance of the second applicant is that the Aqua Pump Industries is using the Texmo mark other than Schedule I products and also manufacturing Schedule III products. So far as the agreement is concerned, there is a clear admission in the said notice in the following terms:

"Under an agreement between you and our Managing Partner, Mrs. Damayanthi Ramachandran, it was agreed that the mark 'TEXMO' could be used by M/s. Aqua Pump Industries on Motors which on single phase current at 200-240 volts with capacities ranging between 1/4 H.P. and 1.00 H.P. and Monoblocs including vertical Jet monoblocs which run on single phase current with capacities ranging between 1/4 H.P. and 1.00 H.P. and side channel pumps for the motors described above (Schedule I) and Aqua Sub Engineering to use the mark on submersible pumps, and submersible pumps sets excluding the submersible mono blocks manufactured by Texmo Industries (Schedule-III). Texmo Industries, as the owner has, of course, the unrestricted but would voluntarily use the same on electric motors, pumps included in Class 7 including centrifugal pumps, mono block pumps, domestic pumps, reciprocating piston pumps and sugarcane crushing machines (Schedule-III)."

(emphasis by us).

In the said notice, the farther request of the second applicant to the third respondent is to cease and desist from using the registered trade mark 'TEXMO' on any goods manufactured by Aqua Pump Industries other than Schedule I products and by M/s. Aqua Sub Engineering other than Schedule II products. From this notice, it is very clear and distinct that the second applicant had explicitly admitted the agreement between herself and the third respondent with regard to the use of the registered trade mark. But contrary to the terms of agreement dated 24.5.1990, she set as exclusive title in respect of the trade mark 'TEXMO'.

15. Yet another pertinent fact to be remembered is in O.P. No. 234/2000, the second applicant had stated that the original partners S/Shri R. Ramachandran

and R. Kumaravelu of M/s. Texmo Industries formed the sister concern Aqua Pump Industries in the year 1974 as partners and in the year 1982, they formed the firm Aqua Sub Engineering as partners. When once the partners of the partnership firm are the registered proprietors of the trade mark till the dissolution of the partnership comes into effect, the partners of the firm are deemed to continue as the proprietors of the registered trade mark. Hence, both the brothers S/Shri Ramachandran and R. Kumaravelu, as partners of M/s. Texmo Industries are the registered proprietors of the trade mark. When on their own volition, the new firms were constituted and the manufacture of products was divided, there cannot be any license in favour of the newly constituted firms. The partners being the registered proprietors of the trade mark cannot grant any license to use the trade mark in their own favour. If at all any license comes to play, it can be only by the registered proprietors of the trade mark in favour of a third party for the use of the said registered trade mark. In this case, as already stated, the brothers being the partners of the registered firm, they are entitled to use their registered trade mark in respect of all their goods provided the goods fall within the classified group for the use of the trade mark. On the death of one of the brothers, the second applicant had been inducted as the partner in all the three firms and thereby the second applicant and the third respondent became the registered proprietors of the trade mark.

16. When the division came in 1990, both the partners of the firm being the registered proprietors of the trade mark, thought fit to arrive at a family arrangement by the division of the business, i.e., the second applicant to take the Texmo Industries and the third respondent to take the Aqua Pump Industries and the Aqua Sub Engineering. It is an admitted fact that the original partners of M/s. Texmo Industries started the Aqua Pump Industries in 1974 and the Aqua Sub Engineering in 1982 and made a division of the manufacturing of the goods by the respective three firms. Hence, the second applicant and the third respondent might have thought prudent to divide the business as such for each branch and executed the three deeds of partnership and dissolution dated 24.5.1990. In terms of those deeds, the second applicant to take the Texmo Industries and the third respondent to take the other two, the Aqua Pump Industries and the Aqua Sub Engineering. When this division of business had been decided, both thought sensible in

entering into a separate agreement for the proprietorship and use of the trade mark by all the three firms respectively since the partnership and dissolution deeds are silent on this aspect. A separate deed of agreement was entered into about which there is no dispute. This deed of agreement seems to have come into existence only to reinforce the manner in which the business of the three firms were carried on and to continue the same in the same manner as all along it has been carried on. After the execution of the deed in May, 1990, the parties carried on their business as before and continue the same whereby the two firms, Aqua Pump Industries and Aqua Sub Engineering had been manufacturing the goods which are specified in Schedules I and II to the deed of agreement which they were manufacturing from their formation. Hence, the intention of the parties as derived from their conduct as well as their entering into the deed of agreement, dissolution of partnership is clear that the three firms, the first applicant and respondents No. 1 and 2 are to continue their trade as before with the trade mark Texmo, of course, only in respect of their goods specified in Schedules I and II of the deed of agreement. When the deed of agreement came into existence alongwith the deeds of dissolution and partnership on the same day, it has to be taken as part of the same transaction, especially, when it deals with the ownership and use of the trade mark. As already stated, when the second applicant and the third respondent are the proprietors of the trade mark 'TEXMO' and when the deeds of dissolution did not specify any clause regarding the proprietorship, none of the partners can claim exclusive ownership over the said trade mark. Hence, no question of license, assignment, permission or consent by one to the other would arise. The deed of agreement between the parties confirms the joint proprietorship and specifies that after dissolution, all the three firms can use the same in respect of their goods. As the goods were bifurcated, there is no confusion between each item of product specified in the Schedule in respect of each firm is to come out from the respective unit. Hence, what is arrived at under the deed of agreement is only an agreement accepting the joint proprietorship and to use the trade mark in future as they were all using before.

17. Even though respondents No. 1 and 2 claimed assignment of the trade mark 'TEXMO', it is clear that they have not claimed the exclusive right of the trade mark or to use the trade mark for any other goods except in respect of goods mentioned

in Schedules I and II in the deed of agreement entered into between the second applicant and the third respondent. Hence, the right of assignment claimed by respondents No. 1 and 2 is in conformity with the intention of the parties. When the third respondent agreed to retire from the partnership of the first applicant firm by paying a sum of Rs. 1.00 lakh, both the original parties agreed for the use of the trade mark 'TEXMO' in respect of the goods manufactured by respondents No. 1 and 2 as clearly mentioned in Schedules I and II to the Deed of agreement. If all these factors are taken into consideration, we are unable to agree with the contention of the learned Counsel for the applicant that the deed of agreement did not confer any proprietorship and it gave only a license in favour of respondents No. 1 to 3, especially, in the light of the terms in Clauses 1 and 2 of the agreement and the last paragraph of the preliminary clauses of the said agreement.

Question of violative of principles of natural justice:

18. The learned senior counsel for the applicant has raised only the technical pleas that the Registrar had passed the order of assignment without any notice to the applicants and TM 17 was filed by a person who has no authority and further TM 17 has to be filed by the registered proprietor and in the absence of the application from the second applicant, TM 17 ought not to have been ordered. Similarly, TM 36 is to be filed only by the registered proprietor. The second applicant being the registered proprietor, without, her signature, TM 36 ought not to have been ordered.

19. Before we take the above contentions for discussion, we would refer to a judgment of the Delhi High Court in the case of Rajni Dua v. Bhushan Kumar, 1998 PTC(18) 676. In the said case, there was a clear understanding among the family members that the plaintiffs 1 and 2 shall only manufacture, sell and market their products and all other remaining products could be exclusively manufactured and/or marketed by the defendants. Perpetually, according to the understanding that the products which were being manufactured, sold or marketed by the plaintiffs shall not be manufactured, sold or marketed by the defendants and similarly, the plaintiffs shall not manufacture, market or sell the products of the defendants in any manner. This has been the understanding among the family

members from the very beginning. The learned Judge held that the peace, amity and family harmony can be restored if the family arrangement is adhered to and respected and the family arrangement should not be disturbed as far as possible. The learned Judge placed reliance on the earlier judgments of the Supreme Court in the case of *Ram Chander Dass v. Girja Nandini Devi - , Kale and Ors. v. Deputy Director of Consolidation, , and Madho Das v. Mukand Ram*, AIR 1955 SC 481.

20. The learned Counsel for the applicants relied upon the judgments of the Delhi High Court in the case of *Radha Kishan Khandelwal v. Assistant Registrar of Trade Marks and Ors., ;*

Kohinoor Paints Faridabad (P) Ltd. v. Paramveer Singh and Anr., 1996 PTC (16) 69 (Del.); *Akal Mechanical Works v. Paras Special Machine Co. and Ors.*, PTC (Suppl) (1) 150; *Bawa Jagmohan Singh and Ors. v. The Registrar of Trade Marks and Ors.*, 2002 (24) PTC 417 and *Darshan Lal Dhooper v. Motia Rani and Ors.*, 2002 (25) PTC 587, to support his contention that the order of assignment made by the Registrar of Trade Marks without notice to the applicants amounts to the violation of principles of natural justice and consequently, the rectification has to be made by setting aside the order.

21. As the matter has been elaborately argued before us on merits and we discussed the merits of the case in detail, we do not think that the order of the Registrar can be set aside on the plea of violation of principles of natural justice. Further, we take the facts of the cases relied upon by the learned Counsel for the applicants. In the case , the appellant's name has been removed as

a registered proprietor without any supporting document. In the absence of supporting document, the Court held the notice ought to have been served on the other side. Similarly, in the case reported in 1996 (16) PTC 69, a suit was pending between the registered proprietors and as such, the order of assignment passed by the Registrar of Trade Marks in favour of one of the parties cannot be sustained as there was already existing dispute between the parties. The Registrar ought to have issued notice to the other side. In the case reported in PTC (SUPPL) (1) 150, the plea was that the order was obtained on the basis of forged document with the object of depriving the appellant. In the case reported in 2002(24) PTC 417, the

name of one of the partners was removed without producing the MOU before the Registrar. In the case reported in 2002(25) PTC 587, the Registration was obtained in favour of one group of partners after the dissolution of partnership by concealing of material facts and without placing the deed of dissolution. If the facts of the particular cases are taken into consideration, the judgments relied upon by the learned senior counsel are of no help.

22. As already stated by us, the use of the trade mark by all the three firms having the same partners was admitted. Even after the death of one of the partners, his wife, the second applicant was taken in as a partner and the same arrangement continued. In 1990, when the dissolution and reconstitution took place, the deed of agreement was entered into between the second applicant and the third respondent expressing their intention to continue the same arrangement. When all these materials were placed before the Registrar, the Registrar, having considered these matters has passed the order of recordal of proprietorship of the partners of the respondent No. 1 and 2 firms. Having raised all these issues before us for consideration and we having considered each and every issue elaborately, we do not think it necessary to rectify the register just on the technical plea, especially when the transactions were not denied by the applicants. Moreover, the applicants filed TM 24 through the Trade Mark Agent dated 11.6.1997 with the following request:

"Kindly take the request on Form TM 24 on record and register Mrs. Damayanthi Ramachandran, Mr. P.T. Krishnan and Mr. H.R. Ravi Kumar as proprietors of the above mark."

When the deeds of dissolution and reconstitution of partnership were silent regarding the proprietorship of the trade mark, it is not clear as to how the applicants made a request to register them as proprietors. Admittedly, such a request was made by the applicants without any consent from the respondents or by way of any joint application. When the applicants themselves at the first instance, initiated action to get the transfer of proprietorship in their favour without any consent from the respondents or at least from third respondent, it is not open to them to complain about the conduct of the respondents, who initiated action to

thwart the attempt of the applicants to get the exclusive right over the trade mark contrary to the terms of the deed of agreement entered into between the second applicant and the third respondent. Hence, the technical plea raised by the learned Counsel for the applicants is without any merit.

23. So far as the contention of the learned Counsel for the applicant that the respondents were not given any goodwill in the business, we are of the view that the same cannot be accepted. In fact, the learned Counsel wanted support his argument on the basis of Clause 16 of the three deeds of agreement and retirement which is as follows:

"Neither the partners nor their heirs, assignees or anyone claiming through them for the reason that any of the Partners hereto was at any time Partner in the Firm, shall be eligible for any goodwill or licence or in the name of the Firm."

As per the above term, it is clear that the second applicant takes over the first applicant firm with a goodwill and either the third respondent or the partners of respondent Nos. 1 and 2 firms cannot claim any goodwill in respect of the first applicant firm. Likewise, the second applicant cannot claim any goodwill in the business of the respondent Nos. 1 and 2 firms. When the partners divide the partnership business, they decided to take the three firms independently with the goodwill of the business. It is an admitted fact that right from the inception of the respondent Nos. 1 and 2 firms with the same partners, they are manufacturing different goods which are to be identified only with the respondents Nos. 1 and 2. Hence, the respondent Nos. 1 and 2 firms have their own goodwill in the business which is to be taken by respondent Nos. 1 and 2 only by virtue of the dissolution. Hence, it cannot be said that the third respondent did not get any goodwill under the deed of agreement.

24. While deciding the case, we are very much aware about the provisions under Section 24 of the said Act, which is extracted below:

24. Jointly-owned trade marks: -- (1) Save as provided in Sub-section (2), nothing in this Act shall authorize the registration of two or more persons who use a trade mark independently, or propose so to as it, as joint proprietors thereof.

(2) Where the relations between two or more persons interested in a trade mark are such that no one of them is entitled as between himself and the other or others of them to use it except.

(a) on behalf of both or all of them; or

(b) in relation to an article with which both or all of them are connected in the course of trade;

those persons may be registered as joint proprietors of the trade mark; and this Act shall have effect in relation to any rights to the use of the trade mark vested in those persons as if those rights had been vested in a single person.

Sub-section (1) generally prohibits registration of two or more persons who use or propose to use the trade mark independently as proprietor thereof. The Sub-section (2) provides exception, which is clear as the opening words of the provision indicate. Sub-section (2) provides that the relations of two or more persons interested in a trade mark or such that no one of them is entitled as between himself and the other or others to use it except (a) on behalf of both or all of them, or (b) in relation to an article with which both or all of them are connected in the course of the trade. Those persons may be registered as joint proprietors of the trade mark. Sub-clause (a) covers the cases of co-partnership. Sub-clause (b) covers article with which partnership is connected. As per the provisions of the Indian Partnership Act, 1932, partners use the mark on behalf of one another and all of them. It is a settled principle of law relating to trade mark that there can be only one mark, one source and one proprietor as held by the Supreme Court in the case of *Power Control Appliances v. Sumeet Machines (P) Limited*, . The trade mark cannot have two origins. Therefore, when one of the partners had proclaimed himself as a rival to the other and as joint owner, it is not permissible in law. The trade mark cannot be used in rivalry and in competition with each other.

25. If the respondents, i.e., the Aqua firms get any right for the first time under the agreement, then, we may have our own reservations in agreeing with the decision of the Registrar of Trade Marks. Here, we should remember as to how all along the Aqua firms did their trade. The deed of agreement only confirms the right of

the Aqua firms in using the 'TEXMO' mark as well as for continuation of the use of the same. It is an admitted fact that the parties have obtained the advice of the trade mark agencies before the said agreement was executed. When the Deed of Agreement confers proprietorship of the trade marks on all the three firms, it would clearly indicate that all the parties want to continue the use of the said trade mark by dividing the business and bifurcating the goods for each of the firm. This may be only to avoid confusion in the course of the trade of each firm. The parties are also fully aware that they have built up a castle with the trade mark 'TEXMO'. If the dissolution of partnership takes effect, then neither the respondents nor the applicants can use the trade mark 'TEXMO'. The net result is that the trade mark with which the business of the three firms had been built up, cannot be used by any of the firms. Perhaps, only to avoid this, the deed of agreement came into existence permitting use of the said trade mark by both the parties in respect of the goods that are being manufactured by each of the firms. Hence, taking into consideration all the principles laid down by the Delhi High Court in the case of *Rajni Dua v. Bhushan Kumar*, 1998 PTC (18) 676, that the family arrangement should be respected in the welfare of the family, we are inclined to uphold the order of the Registrar of Trade Marks, especially, taking into consideration of the fact that the applicants do not dispute the execution of the Deed of Agreement. The second applicant, having agreed the right of ownership and the use of the trade mark 'TEXMO' by respondents No. 1 and 2, it is not open to her to contend that she is the sole proprietor of the trade mark and thereby she is granting a license to the third respondent. Either all the three must be permitted to use the trade mark giving regard to the family arrangement or all the three should be prohibited from using the trade mark by virtue of the provision under Section 24 of the Act, as no one is entitled to use the mark independently on the dissolution of the partnership subject to the terms and conditions of the partnership deeds, which came into existence on the same day, do not provide any term for the proprietorship of the said trade mark. Hence, the rights of the parties with regard to the use of the trade mark would cover only under the deed of agreement. Hence, instead of preventing all the three, i.e., the first applicant on the one hand and the respondents No. 1 and 2 on the other, from using the trade mark in the interest of all the parties, there is nothing wrong in allowing them to use the trade mark as

agreed upon by themselves. However, keeping in mind the statutory bar for the use of the same trade mark by more than one and keeping in mind the intention of the parties as seen from the deed of agreement, we feel that some condition can be imposed. Accordingly, respondents No. 1 and 2 are permitted to use the trade mark 'TEXMO' alongwith their name Aqua. Similarly, the first applicant is also permitted to use the trade mark 'TEXMO' with some additional word to identify its goods and register the same with the Registrar of Trade Marks.

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