

IN THE HIGH COURT OF DELHI AT NEW DELHI

Judgment delivered on: September 15, 2020

+ **CS (COMM) 654/2019, I.A. 16991/2019, I.As. 16992/2019, 16993/2019**
MR. ANIL RATHI

..... Plaintiff

Through: Mr. Sudhir Chandra,
Sr. Adv. with Mr. Sagar
Chandra, Ms. Srijan
Uppal, Ms. Jyotsna Arora
and Mr. R.K. Rajwanshi,
Advs.

versus

SHRI SHARMA STEELTECH (INDIA) PVT. LTD.
& ORS.

..... Defendants

Through: Mr. Subhash Chawla,
Adv. for D-1 to D-8
Mr. Tanmaya Mehta and
Mr. Subhash Chawla,
Advs. for D-8
Mr. Sanjeev Sindhvani Sr.
Adv. with Mr. Subhash
Chawla, Adv. for D-4 &
D-5

AND

+ **CS (COMM) 655/2019, I.A. 16994/2019 I.As. 16995/2019,**
1332/2020, I.A. 4013/2020, 4014/2020, 4217/2020, 4255/2020 &
CRL.M.A. 7204/2020
ANIL RATHI

..... Plaintiff

Through: Mr. Sudhir Chandra,
Sr. Adv. with Mr. Sagar
Chandra, Ms. Srijan
Uppal, Ms. Jyotsna Arora

and Mr. R.K. Rajwanshi,
Advs.

versus

M/S GARG STEEL & ORS.

..... Defendants

Through: Mr. Subhash Chawla,
Adv. for D-6, D-8 & D-9
to D-13
Mr. Tanmay Mehta and
Mr. Subhash Chawla,
Advs. for D-11.
Mr. Sanjeev Sindhvani Sr.
Adv. with Mr. Subhash
Chawla, Adv. for D-12 &
D-13.
Mr. Saurabh Seth, Adv. for D-7

CORAM:
HON'BLE MR. JUSTICE V. KAMESWAR RAO

J U D G M E N T

V. KAMESWAR RAO, J

At the outset, I may state that since the facts and the submissions made by the counsels in I.A. 16991/2019 in CS(COMM) 654/2019 as well as in I.A. 16994/2019 in CS (COMM) 655/2019 are similar, these applications are being disposed of by this common order. However, the facts in the aforesaid applications / suits shall be narrated separately.

I.A. 16991/2019 in CS (COMM) 654/2019 (filed by the plaintiff under Order XXXIX Rule 1 & 2 read with Section 151 of the CPC)

1. The present application has been filed with the following prayers:

i. Pass an ex-parte ad interim injunction restraining the Defendant Nos. 1-6 their directors, executives, partners,

proprietors, as the case may be, their officers, servants and agents or anyone acting for and on their behalf from manufacturing, exporting, marketing, offering for sale, selling, advertising or in any manner dealing in TMT Bars, Steel bars, common metals and their alloys; metal building materials; transportable buildings of metal; materials of metal for railway tracks; non-electric cables and wires of common metal; ironmongery, small items of metal hardware; pipes and tubes of metal; safes; goods of common metal under the trademark 'RATHI' or from adopting any other mark or label which is identical or deceptively similar to the Plaintiffs registered trade mark 'RATHI' amounting to infringement of the Plaintiffs registered trademark, passing off, dilution and unfair competition;

ii. Pass an ex-parte ad interim injunction restraining Defendant Nos. 7 from wrongly issuing licenses for the use of the mark 'RATHI' and/or any other mark identical or deceptively similar to the trademark 'RATHI' which is not in accordance with Memorandum of Understanding dated 24 June, 1995 and Trust Deed 28th June 1995;

iii. Pass an ex-parte ad interim injunction restraining Defendant Nos. 5, Defendant No. 6 and Defendant No. 8 from dealing in and/or issuing licenses for the use of the mark 'RATHI' and/or any other mark identical or deceptively similar to the trademark 'RATHI';

iv. Any other orders as this Hon'ble Court may deem fit and proper in the facts and circumstances of the present case.

2. Before dealing with the application, I shall state the facts in brief. The Rathi family is engaged in the business of manufacture and trading of various steel products including Steel bars, TMT bars etc., for more than 40-50 years. In and around 1942, the parent company, Rathi Steel Rolling Mills (RSRM, for

short) was set up by Gordhan Das Rathi, Kanihya Lal Rathi and Hari Kishan Rathi in Loni Road, Shahdara, Delhi. In 1968, RSRM entered into a technical collaboration with M/s Tor Isteg Steel Corporation, Luxembourg through Tor Steel Research Foundation in India for manufacturing cold twisted deformed bars better known as TOR Steel Bars. The Company started rolling its Tor steel under the trademark 'RATHI'.

3. However, in 1969 RSRM was split into two units namely M/s G.D. Rathi Steels Ltd., and M/s K.L. Rathi Steels Ltd. Both the units were rolling the Tor steel with the brand 'RATHI'. M/s G. D Rathi Steels Ltd., was owned by the sons of Late G. D. Rathi, whereas, M/s K.L. Rathi Steel Ltd., owned by C.R. Rathi and family and H.K. Rathi and family. In the year 1970, the sons of Late G.D. Rathi established an Electric Arc furnace plant in Ghaziabad (Uttar Pradesh) in the name of M/s Rathi Ispat Ltd., and in the year 1972, a rolling mill in the name of M/s Rathi Udyog Ltd. in Ghaziabad (U.P). C.R. Rathi and H.K. Rathi established a steel plant under the name of Rathi Super Ltd. in Ghaziabad and Rathi Alloy Steel Ltd. in Alwar, Rajasthan.

4. M/s K.L. Rathi Steel Limited applied for and obtained registration of trade mark 'RATHI' under registration no. 309435 in Class 6 for Ribbed T, Rounds, Squares, Flats, Joists, Angles, Channels and Rerolled Sections of Common Metal on October 22, 1975. Rathi Foundation was recorded as the subsequent proprietor of the said trademark 'RATHI' in 1996.

5. In the year 1986 there was a split in the G. D. Rathi Family. M/s G.D. Rathi Steel Ltd. was owned by P.R. Rathi and

his sons and K.K. Rathi and his sons while M/s Rathi Ispat Ltd. and Rathi Udyog Ltd. were owned by P.C. Rathi and family and Arun Kumar Rathi & family and Anil Rathi & Family.

6. The members of the Rathi Family with the objective of retaining rights and safeguarding the interest of the family in the trademark 'RATHI' against the outsiders, entered into various Memorandum of Understandings and Trust Deeds pursuant to which two Trusts being RATHI FOUNDATION and RATHI RESEARCH CENTRE were created by the family members.

7. A Memorandum of Understanding dated June 24, 1995 ('MoU', for short) was executed with the objective of ensuring a consistent quality of their products manufactured in their own rolling mills under the trademark 'RATHI'. It was agreed that the Rathi Family shall form a Trust which shall be called the 'RATHI FOUNDATION'. The senior-most Trustee of the group/sub-group shall have the power to issue the license to use the Trade mark 'RATHI' on behalf of the Rathi Foundation to the company / firm of his group / sub-group provided the company / firm fulfils the conditions laid down in the MoU and Trust Deed. Clause 13 of the Trust Deed of Rathi Foundation provides that Contravention of any of the terms covered under clauses 9, 9.1, 9.2, 9.3, 9.4, 10.1, 10.2, 10.3, 10.4. 10.5 of MoU will be considered as misuse of the trade mark 'RATHI', and in such a case, the license shall stand cancelled forthwith.

8. On June 28, 1995, Family Group A, B & C of Rathi Family formed the trust called 'Rathi Foundation' by executing a Trust Deed ('Trust Deed', for short). The mark bearing No.

309435 through Assignment Deed dated 29th June, 1995 was assigned to Rathi Foundation.

9. The Rathi Foundation Trust consists of 12 Lifetime Trustees who have been divided into 3 groups and the same are as follows:

GROUP A	GROUP B	GROUP C
<p>1. Shanta Bai Lakhotiya (In place of deceased erstwhile trustee Late Harikishan Rathi) Rathi. [Deceased] Mr. C.R. Rathi)</p> <p>2. Rajesh Rathi (S/o Late Mr. C.R. Rathi)</p> <p>3. Gaurav Rathi (S/o Mr. Rajesh Rathi)</p> <p>4. Lila Devi Rathi</p>	<p>1. Deepak Rathi (S/o Late Mr. Harikishan Rathi)</p> <p>2. Dhananjay Rathi (S/o Mr. Deepak Rathi)</p> <p>3. Kshitij Rathi (S/o Mr. Deepak Rathi)</p> <p>4. Rekha Rathi</p>	<p><u>GROUP C1</u></p> <p>1. P.C. Rathi, S/o Late Mr. G.D. Rathi, (Deceased)</p> <p>2. Raj Kumar Rathi (S/o Mr. P.C. Rathi)</p> <p>3. Pradeep Rathi (S/o Mr. P.C. Rathi)</p> <p><u>GROUP C2</u></p> <p>1. Arun Kumar Rathi (S/o Late Mr. G.D. Rathi)</p> <p><u>GROUP C3</u></p> <p>1. Anil Rathi (S/o Late Mr. G.D. Rathi)</p>

10. The aforementioned Groups have been granted fixed number of licenses and the same are as follows:

- Group A: 4 Licenses including its existing companies being Rathi Super Steel Ltd. and Rathi Alloys & Steel Ltd.
- Group B: 4 licenses including its existing companies being KL Rathi Steel Ltd. Delhi, Rathi Steel Ltd., New Delhi and Rathi Rod Mill Ltd.
- Group C1: 4 Licenses including its existing company Rathi Udyog Ltd.
- Group C2: 2 Licenses
- Group C3: 2 Licenses

11. As per Clause 8 of the MoU, the senior-most Trustee of the Group/Sub-Group has the power to issue the license to use the

Trade Mark 'RATHI' on behalf of the Rathi Foundation to the company/firm of his group/sub-group provided the company/firm fulfills the conditions laid down in the MoU. It has been further provided in Clause 8.1 of the MoU that the Rathi Foundation shall be informed in writing about the issue of such license along with acceptance of all terms and conditions of the Trust Deed from the said company/firm by way of Resolution of the Board of Directors of the company/firm to whom the license has been issued and Rathi Foundation shall take the same on record.

12. To ensure excellent quality of the products being manufactured and sold under the trademark 'RATHI', the following conditions have been laid down in the MoU which have to be fulfilled by company/companies/firms of any group/sub-group eligible for using the trademark 'RATHI':

- i. As per Clause 9.1 of the MoU, such companies/firms are set up only by the members, male blood descendants and legal heirs of the group/sub-groups.
- ii. As per Clause 9.2 of the MoU, except in case of the existing companies (i) Rathi Super Steel Ltd., and Rathi Alloys & Steel Ltd. (ii), KL. Rathi Steels Ltd. (iii) Rathi Udyog Ltd., any other company(ies) incorporated to be incorporated in future, in terms of Clause 5.2 by any of the male blood descendants and/or legal heirs of any group/subgroup, must have the following percentage of equity share holding directly and /or through company(ies) in the same group, to be entitled to get license for use of 'RATHI' Trade Mark for their company(ies) and or Rolling Mill units.

- a. In case of unquoted companies, not less than 51% of the paid-up equity capital of the company and in case, it is later on converted into quoted company then not less than 25% of the paid-up equity capital of the company;
 - b. In case of quoted company not less than 25% of the paid-up equity capital of the company;
 - c. In any other case, 100% (hundred percent) capital to be held by the group/sub-group;
 - d. In case the equity share capital of the said incorporated company(ies) is held by other corporate bodies and or company(ies), then the paid up equity share capital of such other corporate body(ies) and or company(ies) should be held by the concerned group sub-group to the extent of minimum 51% (fifty one percent);
- iv. As per Clause 9.3 of the MoU, each rolling mill unit to be setup by any Group/Sub-group must be technically sound, ensuring therein the production of which set up should have a capacity of 24,000 Tones per annum on single shift basis and roughing mill of that size which can take a minimum 75mm. sq. or its equivalent cross section area and must have a minimum finishing speed of 10 meter per second for 8mm bars and the reheating furnace of minimum 12 tonnes per hour capacity. All the above features of the rolling mill capacity are to be certified by a Chartered Engineer and certificate to this effect shall be submitted to Rathi Foundation. In case any licensee/group purchases a rerolling mill unit, he will have to upgrade the mill, if required, to fulfill the conditions as laid down in Clause 9.3 of the

MoU before he is eligible to use the trade mark 'RATHI' on the products manufactured in the said unit.

v. As per Clause 10.3(b) of the MoU, the management of the said unit/company has to be in control of Group/Sub-Group.

13. As per Clause 11.1 of the MoU, the contravention of any of the terms covered under Clauses 9, 9.1, 9.2, 9.3, 9.4 and 10, 10.1, 10.2, 10.3, 10.4, 10.5 will be considered as misuse of the trade mark 'RATHI' and in such a case the license shall stand cancelled forthwith. Further, the entitlement of the licenses of the Group and / or Sub-Group, whose license has been cancelled, shall stand reduced to the extent of the cancelled license.

14. As per clause 3 (a) of the Trust Deed, the objective of the Rathi Foundation Trust is to give effect to the MoU which forms an integral part of the Trust Deed. Further, it has also been provided that in case of any difference of opinion regarding the interpretation of the terms and conditions, the terms and conditions of MoU shall prevail. Thus, the MoU has been given an over-riding effect in case of any difference of opinion over the Trust Deed and if any clause of the Trust Deed is found in contravention of the MoU.

15. Further, Clause 13 of the Trust Deed of Rathi Foundation provides that Contravention of any of the terms covered under clauses 9, 9.1, 9.2, 9.3, 9.4, 10.1, 10.2, 10.3, 10.4, 10.5 of the MoU, will be considered as misuse of the Trade Mark 'RATHI', and in such a case, the license shall stand cancelled forthwith and provisions of entitlement of total licenses as provided in MoU shall be applicable.

16. By virtue of the Trust Deed and Assignment Deed Dated June 29, 1995, an appropriate application being Form TM-24 dated July 4, 1995 was filed before the Trade Marks Registry and the said Application for recordal of Rathi Foundation as the subsequent proprietor of the registered trademark was allowed vide Order dated March 11, 1996. Therefore, Rathi Foundation is the registered proprietor of the trademark 'RATHI' bearing No. 309435 in Class 6 and therefore any use of the mark 'RATHI' without the consent of Rathi Foundation would amount to infringement of its registered trademark

17. It is stated by the plaintiff that the recognition and substantial goodwill which the Rathi Foundation and its products bearing the mark 'RATHI' enjoy are their most valuable assets for marketing and that it's a well-known mark. Further, it is stated that the plaintiff enjoys statutory rights under the Trade Marks Act, 1999 ('Trade Marks Act', for short) by virtue of the trade mark registration as well as claims common law proprietary rights arising from the goodwill and reputation associated with its trade mark by virtue of priority of adoption, long, continuous and extensive use of the products bearing the mark 'RATHI' which is exclusively associated with the products originating from Rathi Foundation and its licensees and any use by any party of the trade mark 'RATHI' or any other deceptively similar mark would constitute infringement of the plaintiff's statutory rights as well as passing off.

18. It is also stated that as per the Trust Deed and the MoU Group B and C1 of Rathi Foundation have exceeded the total

number of licenses which they are entitled to.

19. It is stated by the plaintiff that it received Caveats from defendant Nos. 1 to 4 wherein it was averred by the defendant Nos. 1 to 4 that they are using the trade mark 'RATHI'. It is submitted that the defendant Nos. 1 to 4 are third parties and have no authorization/permission to use the trademark 'RATHI' as the said entities have not obtained any license from Rathi Foundation. It is also stated that plaintiff came across two more companies i.e. defendant No.5 and No.6 of defendant Nos.7 and 8, using the trade mark 'RATHI' without any authorization/permission to use as the said entities have not obtained any license from Rathi Foundation.

20. It is alleged, it's plaintiff's belief that defendant No. 7 or defendant No. 8 has wrongfully issued/granted license to defendant Nos. 1 to 4 companies/firms for the use of the mark 'RATHI' as the brand 'RATHI TMT' is used by Group C2 of Rathi Foundation to distinguish themselves from other companies/licensees also using the trademark 'RATHI'. In this regard, it is submitted that the said inference has been drawn by the plaintiff since Group C2's own company 'Rathi TMT Saria Pvt. Ltd.' had applied for registration of the trademarks 'RATHI TMT' and 'RATHI TMT 500' bearing No. 1424219 and 1424221 respectively in Class 6 which now stand abandoned. Furthermore, defendant No. 8, Shrivats Rathi, son of defendant No. 7, Arun Kumar Rathi, is the applicant of the trademarks 'RATHI TMT' and 'RATHI TMT 500' bearing No. 2040215 and 2040218 respectively in Class 6. Therefore, it can be reasonably inferred

that either defendant No. 7 or defendant No. 8 has wrongly issued the license for the use of the mark 'RATHI/RATHI TMT' to defendant Nos. 1 to 4. Further, it is submitted that in the event the license for the use of the mark 'RATHI/RATHI TMT' has been granted by defendant No. 7, the same is wrong and invalid as the said license is not only in excess of the number of licenses Group C2 is entitled to issue i.e. 2, but also in sheer violation of the terms and conditions of the MoU and Trust Deed. It is further submitted that in the event it is revealed that defendant No. 8 has granted the license to defendant Nos. 1 to 6 for the use of trade mark 'RATHI/RATHI TMT', the same would be invalid and wrong as defendant No. 8 does not have any authorization or *locus standi* to grant license for the use of the mark 'RATHI' to any third party as the said right to grant the license for the mark 'RATHI' vests only with the Senior Trustees of Rathi Foundation and therefore any license granted by defendant No. 8 to defendant Nos. 1 to 6 and/or any other defendant is illegal and wrong. It is amply clear that defendant No. 7, being Senior Trustee of Group C2 of Rathi Foundation, has already exceeded the total number of licenses i.e. 2 to which Group C2 is entitled to and is in violation of the terms and conditions of the MoU and Trust Deed and is liable to be enjoined from further licensing the mark 'RATHI' and the licenses wrongfully issued by him are liable to be revoked.

21. The use of the mark 'RATHI' by the defendant Nos. 1 to 6 amounts to infringement of trade mark 'RATHI', passing off, unfair competition and dilution of trademark for the reason that

the defendant Nos. 1 to 6 are using an identical trade mark in the course of trade for identical goods which is already registered in favour of Rathi Foundation. That the act of defendant No. 7 of licensing the trademark 'RATHI' to defendant Nos. 1 to 6 in excess of the number of licenses which Group C2 is entitled to as per the MoU and Trust Deed is illegal. Further, the terms and conditions prescribed under the MoU and Trust Deed are not being met by defendant Nos. 1 to 6 and therefore, the license as issued is also wrong and in breach of the MoU and Trust Deed. Therefore, the defendant No. 7 is liable for wrongly licensing the trade mark 'RATHI' to defendant Nos. 1 to 6 and ought to be restrained from doing such an act which is in breach of the terms of MoU and Trust Deed. It is further submitted that in the event it is revealed that defendant No. 8, son of defendant No. 7 (Arun Kumar Rathi) and/or defendant No. 5 and 6 being companies of defendant Nos. 7 and 8 have issued the license for the use of the mark 'RATHI' to defendant Nos. 1 to 4, the same shall be invalid and wrong as defendant Nos. 5, 6 and 8 do not have any authorization or *locus standi* to grant license for the use of the mark 'RATHI' to any third party as the said right to grant the license for the mark 'RATHI' vests only with the Senior Trustees of Rathi Foundation and therefore any license granted by defendant Nos. 5, 6 and 8 to defendant Nos. 1 to 4 is illegal and wrong.

22. It is also submitted by the plaintiff that he has been able to make out a *prima facie* case in its favour and against defendant Nos. 1 to 8. It is further submitted that the balance of

convenience also lies in favour of the plaintiff as it is the prior adopter, user and registrant of the trade mark 'RATHI'. The plaintiff is suffering and will continue to suffer irreparable harm and injury if these acts of the defendant Nos. 1 to 8 are not immediately restrained.

23. Reply has been filed on behalf of defendant No. 8. It is stated by defendant No.8 that the mark 'RATHI' is a common surname in India and hence could not have been allowed to be registered as a trade mark.

24. It is stated that in the year 1975 M/s K.L. Rath Steel Ltd. applied for and got registration of trade mark 'RATHI' in its name under registration no. 309435B, which led to disputes within the family as mark 'RATHI' was being used by entire Rath Family ever since year 1942 when Rath Steel Rolling Mills (RSRM) was first established and started manufacture of steel bars. Ultimately, it was decided within the family that M/s K.L. Rath Steel Limited will never claim exclusive ownership of Mark 'RATHI' and all members of family are entitled to use Family name 'RATHI' as was being done before also and hence all companies of members of Rath Families named above continued to use the mark 'RATHI'. Thereafter, in October 1980, M/s G.D Rath Steel Pvt. Limited (Gordhan Das Rath Steel Pvt. Limited) also applied for and obtained registration of Mark 'RATHI' under registration no. 367635. It is stated that second registration of trade mark 'RATHI' in name of M/s. G.D. Rath Steel Pvt. Ltd. was illegal as the same surname 'RATHI' should not have been allowed to be registered in name of two separate

legal entities/ companies by Trade Mark Registry. The second registration of this mark 'RATHI' establishes that mark 'RATHI' as registered under no. 309435 was not the distinctive and exclusive trade mark of M/s. K.L. Rathi Steels Ltd. and for this reason it was also allowed to be registered in name of M/s. G. D. Rathi Steel Pvt. Ltd. by Trade Mark Registry. The second registration of Mark 'RATHI' further shows that the mere registration of a mark does not make it a distinctive and exclusive mark for which protection can be claimed under the provisions of Trade Marks Act. This undisputed chain of events shows that the Mark 'RATHI' was neither established by M/s. K.L. Rathi Steels Ltd nor established by M/s. G.D. Rathi Steels Pvt. Ltd. (Gordhan Das Rathi Steels Pvt. Ltd.) nor it was owned by these two companies, but it was a Family name/ mark and the mark 'RATHI' and its goodwill belonged to every member of the Rathi family and it so was used by every member of the family to promote his individual business and products.

25. It is stated that even after registration of mark 'RATHI' in name of M/s. K.L Rathi steels Ltd and M/s. G.D. Rathi Steels Pvt. Ltd. the other companies of Rathi family as well as some new companies established after year 1975, were also using this mark for their products. These new companies are Rathi Alloys and Steels Ltd., Rathi Industries Ltd., Rathi Super Steels Ltd., and Rathi Bars Ltd. Further, the Trusts, Rathi Foundation and Rathi Research Center were established in year 1995 and year 1996 respectively and they acquired ownership of mark 'RATHI' through respective assignment, but all above mentioned

companies were using this mark 'RATHI' much prior in date, when these two Trusts became owner of their respective trade marks 'RATHI'. On account of their prior user of this mark 'RATHI' by various members of Rathi Family, no case for infringement or passing out of this mark 'RATHI' lies against the members of the Rathi Family. The inevitable conclusion according to defendant No.8 being, mere registration of this mark 'RATHI' by M/s. K.L. Rathi Steel Ltd., and later in year 1980 by M/s. G. D. Rathi Steels Pvt. Ltd., never confer any exclusive ownership upon K.L. Rathi Steels Ltd. as well as its assignee Rathi Foundation, and similarly the registration of same mark 'RATHI' in name of M/s. G.D. Rathi steels Ltd. in year 1980 also did not confer any exclusive ownership upon M/s. G.D. Rathi Steels Pvt. Ltd. or upon its assignee Rathi Research Center and that every member of the Rathi Family has a vested right independent of the rights flowing through the above named two Trusts, to use the Family name/ mark 'RATHI' and also goodwill of the name Rathi, by virtue of his/her being a member a member of the Rathi Family and descendant of Lt. G.D. Rathi, Lt. K.L. Rathi, and Lt. H.K. Rathi.

26. It is further stated that by the assignment of trade mark by M/s K.L. Rathi Steels Ltd., in favour Rathi Foundation, only the ownership of the mark 'RATHI' registered in the name of M/s K.L. Rathi Steels Ltd. under no. 309435B and good will earned by it was assigned/transferred to this Rathi Foundation. The other members of the family including the Trustees of this Trust never assigned their individual and common rights over the Family

mark/name 'RATHI' and its goodwill to this Trust, Rath Foundation. The mark 'RATHI' and its goodwill as acquired by Rath Foundation from M/s K.L. Rath Steels Ltd. is quite separate and different/ distinct from the Family mark 'RATHI' and goodwill of Family name/mark 'RATHI'. The plaintiff has no exclusive rights over the use of Family mark 'RATHI' as well as over the goodwill of Family mark 'RATHI'. In other words, defendant No. 8 is using the Family name/mark 'RATHI' and its goodwill being the member of Rath family and a male descendant of Late Gordhan Das Rath who first established this mark. Similarly, the Suit is also not maintainable as against the defendant Nos. 1 to 4 who are claiming and using this mark 'Rath' with prefix/suffix under license from the co-owner Shrivats Rath i.e. defendant No. 8.

27. It is stated that, without prejudice, the alleged trade mark 'RATHI' owned by Rath Foundation can be used by (a) any member of the Rath Family who desires to use his surname/ family name Rath with some prefix and suffix as his trade mark by virtue of section 35 of Trade Marks Act; (b) any members of the Rath Family who is descendant of Lt. G.D. Rath, Lt. K. L. Rath, and Lt. H.K. Rath; and (c) any member of Rath Family, who under the terms of the document of trust of the above named two Trusts, is authorized by virtue of a license issued by the Trust, to use this mark 'Rath'. Thus, it is stated that being a male descendent of a male descendant of Lt. G.D. Rath, Lt. K. L. Rath, and Lt. H.K. Rath, he is a co-owner of this Family mark 'RATHI' and being a co-owner he can also authorize other

persons to use this mark in same manner as an owner of regd. trade mark is permitted under provisions of Trade Marks Act. He can also use his surname Rathi with some prefix etc., as his trade mark. Therefore, the use of this mark Rathi by defendant No. 8, Shrivats Rathi, and his act of further authorising other persons / his own associates, to use this mark 'RATHI', cannot be defined or termed as an infringement of the trade mark 'RATHI' owned by Rathi Foundation under registration No. 309435B and neither can he be restrained from authorizing/permitting other persons to use the mark 'RATHI'.

28. It is stated that defendant No. 5, M/s. Rathi Saria Limited, is presently owned by mother and wife of defendant No. 8, though it was formed by the plaintiff and defendant No.7, Arun Rathi, before separating in the year 2003. It is stated that this company never manufactured Steel Bars as it never owned any rolling mill and that company does not have any license from any Trustee of the Rathi Foundation including defendant No. 7, Arun Rathi. However, by virtue of it being a company owned by Rathi Family members who are descendants of Lt. G.D. Rathi, it is authorized and permitted under law to use this Family mark. As regards, defendant No.6, M/s. Rathi Indore Steels Pvt. Ltd., also a company owned by family members of defendant No.7 Arun Rathi which was a trading company in steel, but never had rerolling mill nor manufactured TMT Bars, has been impleaded with malafide intent to prejudice this Court that defendant No.7, Arun Rathi, who is also a Trustee of Rathi Foundation has exceeded his quota of licenses, when in fact no license was ever

issued to this Company nor any document of grant of alleged license has been filed by plaintiff.

29. It is also stated by the defendant No.8 that all members of the Rath family who have formed the above two trusts namely Rath Foundation as well as Rath Research Center as well as some other members of this Family, who are engaged in the business of manufacture and sale of Steel bars are not using this registered mark 'RATHI' on their products rather they are using the mark 'RATHI' along with some prefix or suffix as follows:

<i>S. No.</i>	<i>Name of the Member</i>	<i>Trade Mark in Use</i>
(a).	Anil Rath	(i) Eurotherm the Best of Rath (ii) Eurotherm by Rath expert ki mohar (iii) Seven Star
(b).	P.R. Rath Family including Vinay Rath & Vikas Rath	(i) Rath Steelmax, (ii) Rath Gold (iii) Rath Tor (iv) Rath Pragati
(d)	K.K. Rath	(i) Rath Shaktiman (ii) Rath excel (iii) Rath Platinum (iv) Rath Star
(e)	Deepak Rath	(i) Rath Thermoquench.
(f)	Rajesh Rath	(i) Rath Imperial
(g)	Shrivats Rath	(i) Rath TMT500 (ii) Rath Goldtech (iii) Rath Unik (iv) Rath SVR

30. It is further stated that the MoU or the Trust deed of Rath Foundation cannot take away the vested right of the descendants of Lt. G.D. Rath, Lt. K.L. Rath and Lt. H.K. Rath to use the family mark 'RATHI' and its goodwill owing to the high quality standards maintained by the family right since the year 1942. In other words, the mere registration of the mark RATHI by certain members of the Family being part of M/s. K.L. Rath Steels Ltd.

or M/s. G.D. Rathi Steels Pvt. Ltd., cannot be considered as an assignment and relinquishment of the entire goodwill of name Rathi, which existed in every member of the family by virtue of being associated with the family, in favour of the registered mark. The Trust Deed and the MoU governed only a working relationship between certain members of the family, and governed the mark 'Rathi' to the limited extent, it was being used by business of M/s K.L. Rathi Steels Ltd. and not generally. Moreover, the goodwill which belonged to the family was not and cannot be assigned to the Trust since admittedly several other entities other than M/s. K.L. Rathi steels Ltd. had been using the mark 'RATHI' before formation of trust.

31. It is stated that G.D. Rathi, who first set up a steel rolling mills by the name Rathi Steel Rolling Mill along with his brother Kanihya Lal Rathi and Nephew H.K. Rathi, in fact had six sons namely P.R .Rathi, Ram Chander Rathi, P.C. Rathi, K.K. Rathi, Arun Kumar Rathi and Anil Rathi (plaintiff). After the family divisions among sons of G.D. Rathi, the second son Ram Chander Rathi was separated from the family business of manufacturing of steel bars and he started trading in Steel bars at Loha Mandi, Naraina, New Delhi. After some time Ram Chander with his own sons formed a company, a rolling mill unit by the name Vinayak Rathi Steel Rolling Mills Pvt. Ltd. Ram Chander Rathi being member of the Rathi Family also started using mark 'Rathi' for trading and marketing of his goods i.e. Steel bars manufactured in his re-rolling mill viz. Vinayak Rathi Steel Rolling Mills Pvt. Ltd. Later, he applied for and obtained

registration of trade mark 'Vinayak Rathi' on the strength of him being a member of Rathi Family and also a son of Lt. G.D. Rathi and the said trade mark is still in use by the family of Ram Chander Rathi.

32. It is averred, as per Section 28 of the Trade Marks Act, only the registered proprietor has been conferred with an exclusive right to use the trade mark and to obtain relief in respect of infringement of the trade mark as provided in the Act and that the certificate of registration being issued in the name of the Trust, plaintiff is not the owner of the mark under registration no. 309435B and has no legal right to file the present suit. In other words, plaintiff not being the 'registered proprietor' as defined under Section 2 (1)(v) of the Trade Marks Act, has no *locus standi* to initiate the present proceedings.

33. It is stated, plaintiff has wrongly alleged in the suit that by virtue of clause 11.3 of the MoU read with clause 3 of the Trust Deed, the plaintiff being one of the trustees has right to institute the present suit seeking relief against misuse or infringement of the trade mark owned by the trust Rathi Foundation. The assertion of the plaintiff that in case of any conflict between the terms of the MoU and the Trust Deed, the terms and conditions of the MoU will prevail and therefore as the MoU authorizes a single Trustee to initiate the proceedings in court of law and hence the suit filed by plaintiff is maintainable is equally misplaced and incorrect, factually and legally.

34. It is averred that as per the Trust Deed, all acts for and on behalf of the Trust must be pursuant to unanimous decisions

taken with consent in writing by all Trustees and that before any action can be initiated in terms of clause 11.3, there has to be unanimous decision by the Trustees affirming/admitting that there is clear violation/misuse/infringement of trade mark and only after such a decision being taken that any single trustee can initiate legal action in terms of clause 11.3, which is not the case in the present matter. Section 14, 17, 47 and 48 of The Indian Trusts Act, 1882 ('Indian Trusts Act', for short) was relied upon by the defendant No. 8 to make it clear that all Trustees must join together in execution of the Trust and that a Trustee cannot delegate his office or duties to any other Trustee.

35. Without prejudice it is stated that the MoU is an unregistered document, whereas the Trust Deed, is a later document which is a written as well as registered document. Therefore, in view of Section 92 of the Indian Evidence Act, 1872, the MoU cannot control or override or amend the provisions of Trust Deed.

36. It is further averred that in reality there is no conflict between the terms of MoU and the Trust deed. The Trust Deed provides that all decisions must be taken collectively and unanimously by all the trustees, which provisions are in line with the provisions of section 47 to 49 of the Indian Trusts Act, and the MoU provides that if a decision has been taken that there is misuse of the authority by any Trustee or that there is infringement of trade mark for which actions are required to be taken, then any single Trustee can initiate legal proceedings. In the present case there is no decision of the trustees regarding

misuse and hence the occasion for exercise of power under clause 11.3 never arose.

37. It is stated that this Court at time of admission hearing of previous 4 Suits/cases bearing nos. CS(Comm) 960/2018, CS(Comm) 961/2018, CS(Comm) 962/2018 and CS(COMM) 963/2018., all filed by the plaintiff herein, vide order dated June 01, 2018 did not grant any *ex parte* order as the defendants therein (1 & 2) were using the trademark on the basis of license granted by other defendants (4 & 5) who were trustees of the Rathi foundation and this order was intentionally concealed.

38. It is stated that plaintiff himself has filed for registration of trade mark namely '*EUROTHERM by Rathi, experts ki mohar*', when opposed by the RATHI Foundation, reply against the opposition was duly filed by the plaintiff stating that by virtue of him being a member of the Rathi Family he has a right to get registered the proposed trade mark in his name, contrary to the stand taken in the present case. It is further stated that plaintiff is also in violation of provisions of Trust Deed and the MoU, as he has granted/issued license to his own two companies, Shri Rathi Steels Limited as well as Shri Rathi Steel (Dakshin) Ltd., in which plaintiff or his male members of group/sub-group does not have 51% shareholding.

39. It is stated that M/s K.L. Rathi Steels Ltd. was the first owner of the trade mark 'RATHI' who got it registered in its name under the serial number 309435B in class 6 under the provisions of Trade Marks Act. The subsequent registration of this trade mark 'RATHI' in the name of M/s G.D. Rathi Steels

Ltd. is illegal and contrary to the provisions of the Trade Marks Act. There cannot be two registered owners of the same mark under the provisions of Trade Marks Act.

40. It is averred that the real intention of filing this suit, giving it a color of infringement of trade mark, is for some members of the family as well as Trustees to get monopoly over the mark 'RATHI' by hook or crook.

41. Rejoinder to the reply is also filed by the plaintiff. Reiterating the contents of the plaint and the application under Order 39 Rule 1 & 2 of the CPC, it is stated that the right to grant licenses as per the MoU and the Trust Deed vests with the senior most Trustee of the Group/Sub-group and hence grant of license for the mark by defendant No.8, Shrivats Rathi, is *ex-facie* illegal and invalid and the use of the mark thereof by defendant Nos.1 to 4 amounts to infringement.

42. On the averment of independent right in the trade mark 'RATHI' by defendant No.8, it is stated in the rejoinder by the plaintiff that defendant No. 8 being a beneficiary of the Trust, Rathi Foundation, as defendant No.7 Arun Rathi, father of defendant No.8, being a Lifetime Trustee of Rathi Foundation, is not entitled to set up an independent right/title in the trade mark 'RATHI' as the same is contrary to the terms and conditions of the MoU and Trust Deed. It is also stated that, the sole objective of entering into MoUs and Trust Deeds culminating in the creation of two Trusts namely Rathi Foundation and Rathi Research Centre was with the objective to retain and safeguard the rights and interests of the family in the trade mark 'RATHI'.

43. It is further averred that Section 35 of the Trade Marks Act will only apply to a full name and that also by a natural person and not by a legal entity and that it has also been recognized that once distinctiveness is achieved or secondary meaning is acquired with respect to a surname, then another person cannot use that surname and the defence of Section 35 is not available to such a person.

44. Without prejudice, it is also stated that the protection under Section 35 of the Trade Marks Act can be availed only for personal use of the person and that too full name and not for the purpose of use for the name of corporate bodies and/or licensing to other entities/companies/firms.

45. On the ineligibility of plaintiff to initiate the suit as alleged by defendant No. 8, it is stated by the plaintiff on the basis of Section 13 and 48 of the Indian Trusts Act read with Clause 11.3 of the MoU and Clause 3 (a) of the Trust Deed, plaintiff was well within his rights to institute the suit.

46. Without prejudice to the fact that defendant No. 8 is not entitled to set up an independent title/right in the trade mark 'RATHI', it is stated that defendant No. 8 is itself claiming rights in the trademark 'RATHI' and has in fact applied for the registration of the trademark 'RATHI' bearing No. 3680119 in Class 6 and on the other hand, defendant No. 8 is claiming that 'RATHI' is a common surname in India and cannot be registered as a trade mark. It is submitted that defendant No. 8 is approbating and reprobating and that the same is not permissible under law and further demonstrates the malafides of defendant

No. 8.

47. It is also denied by the plaintiff that the mark 'RATHI' can be used by any members of the Rathi Family who desires to use his surname/family name 'RATHI' with some prefix or suffix as his trade mark by virtue of Section 35 of Trade Marks Act. It is submitted that Rathi Foundation is the Registered Proprietor of the trademark 'RATHI' and all Trustees of the Rathi Foundation including the male descendants are bound by the terms and conditions of the MoU and Trust Deed. The use of the mark 'RATHI' in any other manner is neither bonafide nor permissible under law as well as the MoU and Trust Deed. Moreover, the stand of the defendant that any member of the Rathi Family including any Trustees could use the mark 'RATHI' under all categories simultaneously as he is possessed of all rights was also denied.

IA. 16994/2019 in CS (COMM) 655/2019 (filed by the plaintiff under Order XXXIX Rule 1 & 2)

48. This application has been filed with the following prayers:

"It is therefore respectfully prayed before this Hon'ble Court that it may be pleased to grant the following orders in favour of the Plaintiff and against the Defendants:

i. Pass an ex-parte ad interim injunction restraining the Defendant Nos. 1 – 9 their directors, executives, partners, proprietors, as the case may be, their officers, servants and agents or anyone acting for and on their behalf from manufacturing, exporting, marketing, offering for sale, selling, advertising or in any manner dealing in TMT Bars, steel bars, common metals and their alloys; metal building materials; transportable

buildings of metal; materials of metal for railway tracks; non-electric cables and wires of common metal; ironmongery, small items of metal hardware; pipes and tubes of metal; safes; goods of common metal under the trademark "RATHI" or from adopting any other mark or label which is identical or deceptively similar to the Plaintiffs registered trade mark "RATHI" amounting to infringement of the Plaintiffs registered trademark, passing off, dilution and unfair competition;

ii. Any other orders as this Hon'ble Court may deem fit and proper in the facts and circumstances of the present case."

49. The facts and the submissions made in this application are identical to what have been made in IA.16991/2019 (CS(COMM) 654/2019) except that the relief sought in this application is directed against defendant Nos. 1 to 9 on an allegation that the licenses issued in favour of defendant Nos. 1 to 9 by defendant No. 10, Arun Kumar Rathi or defendant No. 11, Shrivats Rathi or defendant No.12 / 13 herein are illegal and as such the usage of the mark 'RATHI'.

SUBMISSIONS:-

50. Mr. Sudhir Chandra, learned Senior Counsel, appearing on behalf of the plaintiff, on the preliminary objection taken by the defendant No.8 that the plaintiff was not entitled to institute the Suit, submitted that the present Suit was filed by the plaintiff, a Lifetime Trustee, for and on behalf of the Rathi Foundation as per Section 13 of the Indian Trusts Act and also by virtue of Clause 11.3 of the MoU and Clause 3(a) of the Trust Deed and not in his individual capacity. Moreover, he submitted that the Trust not being a legal entity but represented by its Trustees, the

plaintiff has impleaded all the Trustees of the Rathi Foundation as proforma defendants in the suit and that the power of attorney in favor of Gopal Rathi for instituting this Suit is valid as explanation to Section 47 of the Indian Trusts Act provides that appointment of an attorney of proxy to do any ministerial act without involving discretion is not considered as delegation within the scope of the said Section. In this regard he has relied upon a judgment of the High Court of Andhra Pradesh in ***Sree Mukhya Pranaswami v. T.U. Raghavendra Rao and Ors., 1996 (3) ALT 1112*** as well as of Calcutta High Court in ***Nagendra Nath Mitra v. Baldeoji Thakur, AIR 1952 Cal 350***. Mr. Chandra also submitted, even Gopal Rathi being the son/male descendant of defendant No.7, Anil Rathi, is entitled to institute the suit in his own name as per Clause 11.3 of the MoU.

51. Mr. Chandra, submitted that action for infringement is a statutory remedy conferred on Rathi Foundation being the Registered Proprietor of the mark 'RATHI' in terms of the Trade Marks Act and that Section 28 of the said Act provides for the registered owner of a registered trade mark has an absolute and exclusive right to use the mark in relation to goods/services it has been registered for. He also submitted that the defendant No.8, Shrivats Rathi, by issuing alleged licensees in his personal capacity is infringing the statutory right of the Rathi Foundation which is the Registered Proprietor of the mark 'RATHI'. In support of his submission, he has relied upon Supreme Court Court judgments in ***Kaviraj Pandit Durga Dutt Sharma v. Navaratna Pharmaceutical Laboratories, AIR 1965 SC 980*** and

Midas Hygiene Industries Pvt. Ltd. v. Sudhir Bhatia and Ors., 2004 (28) PTC 121 (SC).

52. It is submitted by Mr. Chandra, contention of Shrivats Rathi that he is entitled to use the mark 'RATHI' on the strength of his surname is misconceived & meritless. The only possible exception to the infringement of a trade mark is bona fide and honest use and the use of the mark 'RATHI' by Shrivats Rathi is not *bonafide* since he, being s/o Arun Rathi, defendant No.7, is a Beneficiary of Rathi Foundation in terms of Clause 12 of the MoU, is well aware of as well as bound by the terms/conditions of the MoU/Family Settlement & Trust Deed. Moreover, it is contended that defendant No.8, Shrivats Rathi, is not using the Mark 'RATHI' personally and is, in fact, licensing it to third parties in contravention of the MoU/Family Settlement & Trust Deed and Section 35 of the Trade Marks Act cannot be invoked since it is limited to personal use & does not extend to licensing of marks and cannot be taken by a legal entity which can choose a separate name. He has anchored his submission on a judgment of the Delhi High Court in ***Goenka Institute of Education and Research v. Anjani Kumar Goenka and Anr., 2009 (40) PTC 393 (Del).***

53. Mr. Chandra also submitted that it is a settled position of law that when licenses granted, in this case by defendant No.8, are *ex-facie* illegal and in contravention of the statutory right of the plaintiff, Section 35 of the Trade Marks Act cannot be invoked by relying upon the following judgments:

1. Kirloskar Diesel Recon. (P) Ltd. & Ors. v. Kirloskar

- Proprietary Ltd. & Ors., 1997 PTC (17) 469 (Bom);*
- 2. Montari Overseas Limited v. Montari Industries Limited, 1996 PTC (16);*
- 3. Mahendra and Mahendra Paper Mills Ltd. v. Mahindra And Mahindra Ltd., 2002 (24) PTC 121 (SC);*
- 4. Manju Monga v. Manju Mittal 2012(51) PTC 293 (Del);*
- 5. Dr. Reddy's Laboratories Ltd. v. Reddy Pharmaceuticals Ltd., 2004 (29) PTC 435);*
- 6. Dr. Reddy's Laboratories Ltd. v. Reddy Pharmaceuticals Ltd., 2007 (35) PTC 868 (Del.) (DB);*

54. Further, it was submitted by Mr. Chandra that as to whether a person whose surname is 'Rathi' was allowed to license the said name to third parties who are not member of the Rathi family, the issue stood crystallized vide the Order of this Court on December 3, 2019, wherein the statement on behalf of the defendants was recorded, which reads as "*Licenses have been issued to defendant Nos. 1 to 4 by defendant No. 8 - Shrivats Rathi, who is using his surname 'RATHI' as a mark. In other words, it is his submission, no licenses have been issued in favour of defendant Nos. 1 to 4 under the Trust Deed. He also states that the defendant No. 8 - Shrivats Rathi's mark of 'RATHI' is not registered.*"

55. It is vehemently submitted by Mr. Chandra that it was in order to safeguard the trade mark 'RATHI' against outsiders, the eldest members of the Rathi Family entered into a MoU/Family Settlement and Trust Deed with the objective of ensuring quality of their products manufactured in their own rolling mills under

the mark 'RATHI' to be achieved by adhering to strict terms and conditions for the use of the license and restriction on number of licenses to be issued for the use of the trade mark 'RATHI', in terms of Clause 2 and 9.3 of the MoU and that the issue of licenses by Shrivats Rathi was outside the ambit of the MoU and Trust Deed in violation of the terms and spirit of the MoU/Family Settlement. He has relied on the Apex Court judgment in ***Kale & Ors. Vs. Deputy Director of Consolidation and Ors., 1976 (3) SCC 119***, wherein it was held that MoUs, especially in the form of family arrangements are sacrosanct and should not be circumvented by the members.

56. On the plea by the defendant No. 8, that he was claiming the rights to use the mark 'RATHI' on the basis of goodwill inherited from his grandfather, Lt. G.D. Rathi and the claim that every member of Rathi Family has a vested right in the mark 'RATHI' independent of rights flowing from Trusts, Rathi Foundation and Rathi Research Centre, it was submitted by Mr. Chandra that the said defence is untenable since all companies of Rathi Family which were being run by the family members before/at the time of execution of the MOU/Family Settlement & Trust Deed have been included and have been granted licenses by the respective Groups/Sub-Groups as per the terms of MoU/Family Settlement & Trust Deed of either Rathi Foundation/Rathi Research Centre. Further, M/s. K.L. Rathi Steels Ltd. and M/s. Gordhan Rathi Steels Pvt. Ltd., assigned their trademark 'RATHI' along with the goodwill in favour of Rathi Foundation and Rathi Research Centre respectively in 1995

and 1996. Thus, the question of any residual right from Late G.D. Rathi to defendant No.8, Shrivats Rathi, does not arise at all and that defendant No.8, Shrivats Rathi is trying to achieve his ulterior motive of encashing upon the goodwill of the mark 'RATHI' indirectly, when he cannot do directly and the same is not permissible under law.

57. It is submitted by Mr. Chandra that even *de hors* the registration of the mark 'RATHI', the mark, assigned to Rathi Foundation by virtue of Assignment Deed dated June 29, 1995, has acquired immense goodwill and reputation in the market on account of the consistent high-quality products traded under the mark and that defendant No.8 is illegally trying to ride upon the goodwill and reputation of RATHI Foundation, which amounts to passing off (Ref:- ***Laxmikant V. Patel v. Chetanbhat Shah and Ors., 2002 (24) PTC 1 (SC)***). It is also submitted that the defence of right to use personal name is not available in a passing off action and interlocutory injunction needs to be ordered in terms of the Bombay High Court judgment in ***Bajaj Electricals Limited v. Metals & Allied Products & Ors., 1988 (8) PTC 133 (Bom)***.

58. It is also submitted by Mr. Chandra that Ram Chander Rathi, the estranged brother, is using the trade mark 'VRS' and not 'Rathi' as wrongly represented by defendant No.8 and the Rathi Foundation has even filed a rectification against trade mark "VRS Vinayak Rathi Steels (Device)" bearing No. 1848186 in Class 6.

59. On the stand taken by defendant No. 8 that the plaintiff has in a counter-statement filed before the Trade Marks Registry

in Application No. 3940671 claimed that ‘By virtue of being a member of the Rathi family he has a right to get registered the proposed mark’, it is submitted by Mr. Chandra that the trademark in question is ‘*Eurothem by Rathi (Device)*’ and that the mark ‘*Eurothem*’ is the trade mark of Anil Rathi and the mark ‘Rathi’ has been licensed by Anil Rathi, being a trustee of the Rathi Foundation, to his two companies under the MoU and the Trust Deed. It is also submitted that the plaintiff is not claiming any exclusive / independent right in the trademark ‘RATHI’ and the only intention in making the statement was to indicate the source of origin of the mark ‘RATHI’ and that the use of the mark ‘RATHI’ by plaintiff was completely in accordance with the MoU and the Trust Deed for his two companies.

60. Mr. Tanmaya Mehta, learned counsel for defendant No. 8, Shrivats Rathi, submitted that the present Suit filed by the plaintiff is not maintainable. It is submitted by Mr. Mehta that as per Section 52 of the Trade Marks Act, only a registered proprietor has the capacity and the locus to sue for violation of intellectual property rights in a trade mark. In the present case, it is submitted by Mr. Mehta that Anil Rathi does not represent the Trust and is rather masquerading, as the Trust, Rathi Foundation, is the registered proprietor of a trade mark ‘RATHI’. Moreover, it is also submitted by Mr. Mehta that as per Section 48 of the Indian Trusts Act all trustees have to act unanimously unless otherwise provided by the Trust Deed and in fact, in the present case, Clause 10 of the Trust Deed emphasises that all decisions are to be taken by the trustees unanimously, such an unanimous

resolution of 100% of the trustees authorizing the plaintiff to file the Suit was absent.

61. It is submitted by Mr. Mehta that the Trust Deed does not confer any power or authority or any single Trustee to act solely and individually nor does it permit any Trustee to individually take a decision to sue other Trustees or Beneficiaries of the trust or even a third party. Clause 15(e) of the Trust Deed even mandated quorum of 100% even for adjourned meetings, and this has been so fixed with the intention that unless all Trustees are present and unanimously agree, no decision will be implemented. It is further submitted that Board of Trustees of Rathi Foundation did not meet or exercise power or discretion to nominate, authorize or empower the plaintiff to sign or verify and institute the present suit on behalf of trust and also in his capacity as a trustee of Trust Rathi Foundation.

62. It is also submitted by Mr. Mehta that the Suit and the connected application must fail as plaintiff himself, Anil Rathi, has not signed the plaint, and the same has been filed through a Power of Attorney holder, Gopal Rathi, who is not a Trustee. Even assuming, without conceding, that Anil Rathi could have filed the suit as a Trustee, he should have signed the plaint himself. He could not have further delegated this power to an attorney. The maxim *delegatus non potest delegare* would apply i.e. a delegate cannot himself further delegate the authority further. In support of his contention he has relied upon the Apex Court judgment in ***State Bank of Travancore v. Kingston Computers (I) Pvt. Ltd., MANU/SC/0280/2011.***

63. Moreover, it is contested by Mr. Mehta that the Clause 11.3 of the MoU will not come to the aid of the plaintiff, as the same is a prior unregistered document compared to the subsequently registered Trust Deed, which shall prevail over if there is a conflict between the terms of the two documents. And if Clause 10 of the Trust Deed is read harmoniously with the Clause 11.3 of the MoU, it would mean that all Trustees would have to unanimously agree that there is a violation of the mark 'RATHI' of the Trust and then a single Trustee may file. There is no such unanimity placed on record by the plaintiff and that no such unanimity exists. Mr. Mehta also pointed out violation of Clause 16 of the MoU which mandates a 30 days prior notice to institution of a suit to enable resolution of disputes.

64. On the entitlement of defendant No.8 to use the trade mark, it is submitted by Mr. Mehta that the said defendant being not a party to the MoU or the Trust Deed, the documents could not bind him. It is also submitted by Mr. Mehta that defendant No.8 is not even a trustee and also won't fall within the definition of 'Family' as defined under the MoU, as the MoU and the Trust Deed being internal arrangement to regulate the rights and benefits of those who are parties thereunder and/or defined as 'Family' under the said documents.

65. It is submitted by Mr. Mehta that defendant No. 8 being a lineal descendant of the Rathi Family, is entitled to use the surname and goodwill of 'RATHI' as a trade mark. It is also submitted that after, M/s K.L. Rathi Steels Ltd. got registration for the trade mark 'RATHI' and M/s. G.D. Rathi Steels Pvt. Ltd.

got registration in 1975 and 1980 respectively, several new companies established and used the trade mark and/or corporate name 'RATHI' notwithstanding the registrations, as this was due to the entitlement of the Rathu Family members.

66. It is further submitted that the two Trusts formed namely Rathu Foundation and Rathu Research Centre to which registered Trade marks were assigned by M/s. K.L. Rathu Steels Ltd. and M/s. G.D. Rathu Steels Pvt. Ltd. respectively. M/s. K.L. Rathu Steels Limited, being one of the several Rathu Companies which were doing business under the trade mark and / or Corporate name 'RATHI', only assigned / transferred its ownership of the trade mark under no. 309435 and the goodwill acquired by it to the Rathu Foundation, on whose behalf the plaintiff has filed the present suit. However, Rathu name predates the MoU and the Trust Deed and the 'RATHI' trade mark, corporate name and goodwill belongs to all members of the Rathu family and is much larger than the Rathu Foundation. In other words, it is his submission that Rathu Foundation was not exhaustive of the rights and goodwill in the Family name, Rathu, and only the goodwill of the business of one entity, M/s K.L. Rathu Steels Limited, was assigned to the Foundation and not the goodwill in the Rathu surname as such, which involved several other companies and persons. In this regard, he has relied upon a Division Bench Judgment of this Court in *Shri Ram Education Trust v. SRF Foundation*, MANU/DE/0181/2016.

67. It is submitted by Mr. Mehta that the name of defendant No.8 is 'Shrivats Rathu' and his surname being Rathu, it is his

entitlement to use and license out of his name, as the business of defendant No. 8 in giving out licenses is bona fide. Reference:- ***Shri Ram Education Trust (Supra), Precious Jewels v. Varun Jems, 2015 1 SCC 160.*** It is also submitted that defendant No. 8 has not given licenses as simplicitor ‘Rathi’, rather there is a suffix with ‘Rathi’ to distinguish defendant No. 8’s position as done by several other members of the Rathi family who use their own suffixes / prefixes to distinguish their marks and that plaintiff cannot be permitted to single out one or certain individuals for seeking selective injunctive relief. In fact, none of the Trustees of the two trusts are using this mark alone but along with some prefix or suffix to distinguish their own products from the products of the other Trustees or other members of Rathi family and other Rathi family companies. Attention of the Court in this regard was drawn to the table as reproduced below:

NAME OF THE PERSON	TRADE MARK IN USE
Anil Rathi	(i) Eurothem the best of Rathi (ii) Eurothem by Rathi expert ki mohar (iii) Seven Star
P.R. Rathi family including Vinay Rathi and Vikas Rathi	(i) Rathi Steelmax (ii) Rathi gold (iii) Rathi Tor (iv) Rathi Pragati
Raj Kumar Rathi and Pradeep Rathi	(i) Rathi Thermax (ii) Rathi Powertech
Shrivardhan Rathi	Rathi Yuvatech
K.K. Rathi	(i) Rathi Shaktiman (ii) Rathi excel

	(iii) <i>Rathi Platinum</i> (iv) <i>Rathi Star</i>
<i>Deepak Rathi</i>	<i>Rathi Thermoquench</i>
<i>Rajesh Rathi</i>	<i>Rathi Imperial</i>
<i>Shrivats Rathi</i>	(i) <i>Rathi TMT500</i> (ii) <i>Rathi Goldtech</i> (iii) <i>Rathi Unik</i> (iv) <i>Rathi SRV</i>

68. It is further submitted by Mr. Mehta, that the second son of G.D. Rathi, Ram Chander Rathi, after the family division, had separated himself from the family and started trading in steel and later formed a company with his own sons namely 'Vinayak Rathi Steel Rolling Mills Pvt. Ltd'. It is submitted by Mr. Mehta that Ram Chander Rathi being a member of the Rathi Family was also using the trade mark 'RATHI' for marketing his goods and in fact later in the years, 2015 and 2017, applied and obtained registration of the trade marks, which are (1). VRS VINAYAK RATHI STEELS (Device Mark) (Application no. 2807423) (Certificate dated 2017, Valid till 2024 – TM Status does not show any rectification filed); and 2) VRS VINAYAK RATHI STEELS (WITH DEVICE) (TM Application no. 1848186, certificate dated 2015, renewal overdue since 2019, rectification filed in 2017. Albeit the company VRS Vinayak Rathi Steel is now closed, it is submitted by Mr. Mehta that if a member of the same Rathi Family can use the name 'RATHI' and obtain registration of the trade marks as mentioned above, then every member including defendant No. 8 has equal rights to use the

surname Rathi with some prefix or suffix and that he can issue licenses to other persons of his choice. Once a person has an entitlement, he can either use that entitlement himself or license it out to another person.

69. Mr. Mehta, on the conduct of the plaintiff, has vehemently submitted that there is misconduct on part of the plaintiff owing to suppression of material facts as well as acting contrary to the Trust Deed and MoU.

70. It is submitted by Mr. Mehta, the plaintiff dishonestly suppressed that some of the arguments which are now being taken by the defendant – i.e. entitlement to the trade mark ‘RATHI’ by virtue of having the Rathi surname, and by virtue of being a lineal descendant of the Rathi family (and which arguments are now described by the plaintiff as untenable)– were the stand/arguments taken by the plaintiff himself before the Trade Mark Registry, against an opposition taken by the Rathi Foundation, for the registration of the trade mark ‘*Eurotherm by Rathi, Experts Kimuhar*’ when it suited him and that the same amounts to a clear case of estoppel against the plaintiff. In other words, it is his submission that the plaintiff cannot be allowed to approbate and reprobate at his own convenience and then approach the Court with unclean hands. To fortify his submission in this regard, he has relied upon an Apex Court judgment in ***Mumbai International Airport Pvt. Ltd. v. Golden Chariot Airport (2010) 10 SCC 422***, as well as the judgments of this Court in ***Asha Sharma And Ors. v. SanimyaVajijiya Pvt. Ltd. MANU/DE/1199/2008*** and ***Asha Sharma v. SanimyaVajijiya***

Pvt. Ltd. RFA (OS)35/2009, MANU/DE/2029/2012.

71. He has also relied upon a division bench judgment of this Court in ***S.K. Sachdeva v. Shri Educare Ltd. MANU/DE/0182/2016***, wherein temporary injunction was vacated as a party therein had taken a particular stand before the Trade Marks Registry without disclosing the same in the plaint.

72. Mr. Mehta contended that the plaintiff himself, in direct contradiction to the interests of the trust had applied for 6 different trademarks related to the name 'RATHI', namely (1) Rath EurothermMera Saria, (2) Rath Eurotherm TMT Saria, (3) Rath Eurotherm, (4) Rath EurothermColour Coated Sheets, (5) Eurotherm the Best of Rath, (6) Eurotherm by Rath Experts kiMuhar, out of which 2 were abandoned, 3 were objected/opposed and only 1 was in fact registered. Having himself acted in direct conflict with the interest of the Trust, he is estopped from masquerading as the trust, especially when the suit has been filed without any authority. Moreover, the plaintiff being the senior most trustee of his own Group (C3), has issued licenses on behalf of the trust Rath foundation to two companies namely M/s Shri Rath Steel Limited and Shri Rath Steel (Dakshin) Limited for use of trade mark 'RATHI' under registration no. 309435, in clear contravention of Clause nos. 9, 9.1, 9.2, 9.3 and 9.4, 10, 10.1, 10.2, 10.3, 10.4 and 10.5. of the MoU i.e. to say the said companies were never incorporated by himself/his male family members, group did not have the requisite 51% shareholding directly or through first level investment companies at the time of grant of license and plaintiff and his lineal descendants did not

have at the material time 51% shareholding in the holding companies, who are shareholders of these said companies. Mr. Mehta submitted that this being the case, in view of Section 14 and 17 of the Indian Trusts Act there cannot be two yard sticks for members of the same Trust and plaintiff cannot seek selective injunctive relief while suppressing his own wrong doings.

73. It is also submitted by Mr. Mehta that plaintiff has dishonestly suppressed the order passed by a Coordinate Bench of this Court on June 01, 2018 in CS (Comm) 960/2018, 961/2018, 962/2018 and 963/2018 where in another suit filed by the plaintiff relating to the Rathi trademark, *ex parte* injunction was declined noting that “...*Considering the fact that the defendants No.4 & 5 are the other trustees of Rathi Foundation and that the infringement alleged is under license from the said defendants, no case for grant of ex-parte injunction is made out*”. These suppressions are mala fide and dishonest, because they are directly material to the controversy in issue as they present the true facts and contradict the false and one sided picture being painted by the plaintiff and further by these suppressions, the plaintiff succeeded in misleading this Court into passing an *ex parte* injunction in another suit i.e. CS (Comm) 603 of 2019, which was the only *ex parte* order that has been granted in favour of the plaintiff in a total of almost 10 litigations which had been initiated by the plaintiff before this Hon’ble Court and the District Courts in Delhi in the last few years. In this regard in addition to the judgment in *Shri Educare Ltd.(supra)*, he further relied upon a judgment of this Court in *Nawal Singh Vs.*

Chaman Lal & Ors CS (OS) 92/2010, Decided on: 07.02.2013,
and two Supreme Court judgments in ***Bhaskar Laxman Jadhav and ors. Vs. Karamveer Kakasaheb Wagh Education Society and ors. AIR 2013 SC 523, Kishore Samrite Vs. State of Uttar Pradesh, (2013) 2 SCC 398***

74. It is also submitted by Mr. Mehta that Arun Rathi, defendant No. 7 has filed a suit against the plaintiff herein pointing out various illegalities on the part of Anil Rathi, including violation of various clauses of the Trust Deed and the MoU.

75. Mr. Sanjeev Sindhvani, learned Senior Counsel appearing for Rathi Saria Limited and Rathi Indore Steels Pvt. Ltd. has also justified the grant of license for the use of the mark 'RATHI' to these entities during the course of his submissions.

76. Having heard the learned counsels for the parties and perused the record, before I deal with their submissions, I shall encapsulate those made by them. The submissions of Mr. Chandra can be summed up as under:

1. The plaintiff, being a lifetime Trustee is entitled to file the present Suit, in terms of Clause 11.3 of the MoU and Clause 3(a) of the Trust Deed read with Section 13 of the Indian Trusts Act. Moreover, the power of attorney issued in favour of Gopal Rathi by the plaintiff is valid in view of explanation to Section 47 of the Indian Trusts Act.
2. By issuing licenses in his personal capacity, defendant No. 8, Shrivats Rathi, is infringing the statutory

right of the Rathi Foundation which is the Registered Proprietor of the trade mark 'RATHI' and also in contravention of the MoU/Family Settlement & Trust Deed.

3. Defendant No.8, being a beneficiary of the Rathi Foundation is not entitled to take plea of using the trade mark 'RATHI' on the strength of his surname, as the same is only an exception to honest and *bonafide* use and also Section 35 of the Trade Marks Act cannot be invoked since it is limited to personal use and not licensing of mark.

4. The MoU/Family Settlement and Trust Deed were entered into by the eldest members of the Rathi Family with the objective of ensuring quality of products manufactured in their own mills under the mark 'RATHI' by adhering to strict terms and conditions for the use of the license and restriction on number of licenses to be issued for the use of the trade mark 'RATHI' in terms of Clause 2 and 9.3 of the MoU.

5. Residual right from Late G.D. Rathi to defendant No.8, Shrivats Rathi, does not arise as all companies of Rathi Family which were being run by the family members before/at the time of execution of the MoU/Family Settlement & Trust Deed have been included and have been granted licenses by the respective Groups/Sub-Groups as per the terms of MoU/Family Settlement & Trust Deed of either Rathi Foundation/Rathi

Research Centre. Further, M/s. K.L. Rathi Steels Ltd. and M/s. Gordhan Rathi Steels Pvt. Ltd., assigned their trademark 'RATHI' along with the goodwill in favour of Rathi Foundation and Rathi Research Centre respectively in 1995 and 1996.

6. Mark 'RATHI' has acquired immense goodwill and reputation even *de hors* registration/assignment of the same.

7. Mr. Ram Chander Rathi, the estranged brother, is using the trade mark 'VRS' and not 'Rathi' and the Rathi Foundation has even filed a rectification against trade mark 'VRS Vinayak Rathi Steels (Device)' bearing No. 1848186 in Class 6.

8. Mark 'Eurothem' is the trade mark of Anil Rathi and the mark 'Rathi' has been licensed by Anil Rathi, being a trustee of the Rathi Foundation, to his two companies under the MoU and the Trust Deed and the plaintiff is not claiming any exclusive / independent right in the trademark 'RATHI'.

77. On the other hand, Mr. Mehta has made the following submissions:

1. The suit is not maintainable as per Section 52 of the Trade Marks Act, as the same has not been filed by the Registered Proprietor, which is Rathi Foundation and Mr. Anil Rathi is not representing the Trust. Moreover, as per Section 48 of the Indian Trusts Act all trustees have to act unanimously unless otherwise provided by the Trust

Deed and in fact Clause 10 of the Trust Deed emphasises that all decisions is to be taken by the trustees unanimously, such an unanimous resolution of 100% of the trustees authorizing the plaintiff to file the Suit was absent.

2. Anil Rathi has filed the Suit through a Power of Attorney holder, Gopal Rathi, who is not a Trustee. On basis of the maxim *delegatus non potest delegare* would apply i.e. a delegate cannot himself further delegate the authority further, the present Suit must fail.

3. MoU will not come to the aid of the plaintiff, as the same is a prior unregistered document compared to the subsequently registered Trust Deed, which shall prevail over conflict between the terms of the two documents.

4. Defendant No.8 is not a trustee and also won't fall within the definition of 'Family' as defined under the MoU, as the MoU and the Trust Deed being internal arrangement to regulate the rights and benefits of the who are parties thereunder and/or defined as 'Family' under the said documents, hence not binding.

5. Being a lineal descendant of the Rathi Family, defendant No.8 is entitled to use the surname and goodwill of 'Rathi' as a trade mark. M/s K.L. Rathi Steels Ltd. and M/s. G.D. Rathi Steels Pvt. Ltd. got registration for the trade mark 'Rathi' in 1975 and 1980 respectively, several new companies established and used the trade mark and/or corporate name 'Rathi' notwithstanding the

registrations, as this was due to the entitlement of the Rathī Family members

6. Rathī name predates the MoU and the Trust Deed and the 'RATHI' trade mark, corporate name and goodwill belongs to all members of the Rathī family and is much larger than the Rathī Foundation.

7. Defendant No.8 is 'Shrivats Rathī' and his surname being Rathī, it is his entitlement to use and license out of his name as the business of defendant No. 8 in giving out licenses is *bona fide* as well as by virtue of being a lineal descendant of the Rathī Family. (The stand/arguments taken by the plaintiff himself before the Trade Mark Registry, against an opposition taken by the Rathī Foundation, for the registration of the trade mark 'Eurotherm by Rathī, Experts Kimuhar' when it suited him and that the same amounts to a clear case of estoppel against the plaintiff.)

8. Defendant No. 8 has not given licenses as simplicitor 'RATHI', rather there is a suffix with 'RATHI' to distinguish defendant No. 8's position as done by several other members of the Rathī family who use their own suffixes / prefixes to distinguish their marks.

9. Ram Chander Rathī being a member of the Rathī Family was also using the trade mark 'RATHI' and has obtained registration of the trade marks, which are (1). VRS VINAYAK RATHI STEELS (Device Mark) and

(2). VRS VINAYAK RATHI STEELS (WITH DEVICE); if a member of the same Rathi Family can use the name 'RATHI' and obtain registration of the trade marks as mentioned above, then every member including defendant No. 8 has equal rights to use the surname Rathi with some prefix or suffix and that he can issue licenses to other persons of his choice.

10. Plaintiff himself, in direct contradiction to the interests of the trust had applied for 6 different trademarks related to the name 'RATHI', out of which 2 were abandoned, 3 were objected/opposed and only 1 was in fact registered.

11. Plaintiff being the senior most trustee of his own Group (C3), has issued licenses on behalf of the trust Rathi foundation to two companies namely M/s Shri Rathi Steel Limited and Shri Rathi Steel (Dakshin) Limited for use of trade mark 'RATHI' in clear contravention of Clause the MoU i.e. companies never incorporated by himself/his male family members, group did not have the requisite 51 % shareholding directly or through first level investment companies at the time of grant of license and plaintiff and his lineal descendants did not have at the material time 51 % shareholding in the holding companies, who are shareholders of these said companies.

12. Plaintiff has dishonestly suppressed the order passed by a Coordinate Bench of this Court on June 01,

2018 in CS (Comm) 960/2018, 961/2018, 962/2018 and 963/2018 where in another suit filed by the plaintiff relating to the Rathi trademark, *ex parte* injunction was declined.

78. Having noted the broad submissions of the Counsels, insofar as the submission of Mr. Mehta on the objection of maintainability of the present Suit as the same has not been filed by the Registered Proprietor i.e. the Rathi Foundation, but by one of the Trustees masquerading to be the Trust in violation of Clause 10 read with Section 48 of the Indian Trusts Act, which mandates for unanimous action by all Trustees, is concerned, suffice would it be to state, the obligations/rights of a Trustee must be seen in the context of the Trust Deed (which as per Clause 3(a) incorporates the clauses of the MoU) and the Indian Trusts Act. Mr. Chandra has relied upon clause 11.3 of the MoU and Clause 3(a) of the Trust Deed, which reads as under:

“ MEMORANDUM OF UNDERSTANDING

xxx xxx xxx

11.3 That in case of mis-use of the Trade Mark “RATHI”, any of the Trustee(s) will be entitled to initiate any action jointly or severally against the person/company/firm including the member (s) of the “FAMILY” and Trustee(s) of the “FOUNDATION”, misusing the Trade Mark “RATHI”. The said Trustee(s) and/or the member(s) of the “FAMILY” will also be entitled to make the “FOUDATION” and other Trustee(s) a partY to implead in a proper court of law for suitable action against the said person/company/firm and also against the Trustee(s) having permitted to do so.

xxx xxx xxx

TRUST DEED

xxx xxx

3. The object of the “FOUNDATION” shall be:

(a) To give effect to the Memorandum of Understanding dated 24th June, 1995, (hereinafter referred to as MOU), annexed hereto, which forms an integral part of this TRUST DEED. In case of any difference of opinion regarding Interpretation of the terms of this TRUST DEED and the terms

of the MOU, the terms and conditions contained in the MOU shall prevail.

XXX XXX XXX”

On the other hand, Mr. Mehta has relied upon clause 10 of the Trust Deed, which reads as under:

“10. It is further expressly understood that any/all decision(s) in the FOUNDATION on any matter will be taken unanimously with written consent of each and every Trustee i.e. 100% strength of the Trustee.”

79. Clause 3(a) states, in the eventuality of any difference of opinion regarding interpretation of terms of the Trust Deed, it would be clauses in the MoU which would prevail. Similarly, Clause 10 of the Trust Deed stipulates as to how various decisions shall be taken in the Foundation. This provision is quite different from clause 11.3 of the MoU which provides for the obligation/rights of the Trustee in the eventuality of a misuse of trade mark, with which we are concerned in this case. The said clause also lays down, in the eventuality of a litigation for misuse, the other Trustees shall also be made parties in the case. I find that the plaintiff has arrayed all the Trustees, other than those alleged to infringe the mark ‘RATHI’, as proforma defendants in Suit, which as per law meets the requirement of filing a Suit to protect the Trust Property. Moreover, plaintiff cannot be a mere spectator to the damage/ infringement done to the intellectual property of the name/mark ‘RATHI’, for commercial benefit and protection of which the Trust was constituted. This, I say so in view of the law laid down by the division Bench of this Court in *Duli Chand v. Mahabir Pershad Trilok Chand Charitable Trust, AIR 1984 Delhi 145*. The relevant portion of the judgment reads as under:

“16. It is well-known that a Trust is not a legal entity as such. In fact, a Trust may be defined as an obligation imposed on the ostensible owner of property to use the same for a particular object for the benefit of a named beneficiary or a charity. Thus all Trustees in law are owners of the property but they are obliged to use the same in a particular manner. If a number of trustees exist, they are joint owners of the property. It is not like a Corporation which has a legal existence of its own and therefore can appoint an agent. A Trust is not in this sense a legal entity. It is the trustees who are the legal entities. Section 48 of the Indian Trusts Act, 1882, states:—

“When there are more trustees than one, all must join in the execution of the trust, except where the instrument of trust otherwise provides.”

Section 47 reads:

“A trustee cannot delegate his office or any of his duties either to a co-trustee or to a stranger, unless (a) the instrument of trust so provides, or (b) the declaration is in the regular course of business, or (c) the delegation is necessary, or (d) the beneficiary, being competent to contract, consents to the delegation.”

Xxx xxxx xxx

17. On the other hand, there is a Full Bench judgment of the Gujarat High Court which seems in our view to take the right view. This is Atmaram Ranchhodbhai v. Gulamhusein Gulam Mphiyaddin and another, A.I.R. 1973, Gujarat 113. The judgment of Bhagwati C.J., sets out the facts in that case which was a reference on this very question, i.e., as to whether some out of several co-trustees could file a suit for eviction. And also, on the question whether some out of several co-trustees could determine the tenancy. It was held on both points that all the trustees must join together. On the second question, namely, as to whether a single trustee could maintain the suit, it was found that there was a unanimity amongst all the High Courts on this question and the conclusion of the Full Bench was as follows:—

“We are, therefore, of the view that unless the instrument of trust otherwise provides, all co-trustees must join in filing a suit to recover possession of the property from the tenant after determination of the lease. No one single co-trustee, even he be a managing trustee unanimously chosen by the co-trustees, can maintain such a suit against the tenant without joining the other co-trustees. All Co-trustees must be joined in the suit and if any one or more of them are unwilling to be joined in the suit as plaintiffs or for some reason or the other it is not possible to join them as plaintiffs, they must be impleaded as defendants so that all co-trustees are before the Court.”

(Emphasis supplied)

We completely agree with this view and are, therefore, of the opinion that the suit could not have been maintained by one of the co-trustees and further, no resolution passed unanimously by all the other co-trustees could authorise one of the trustees to file the suit. The position of trustees is exactly the same as of any other set of co-owners who must necessarily join together to file a suit.”

80. It was also the plea of Mr. Mehta on the issue of maintainability that the Suit was filed by one Gopal Rathi, power of attorney holder of the plaintiff, and the same was not good in law in terms of the maxim *delegatus non potest delegare*. This plea of Mr. Mehta, at this stage, is without merit. Section 47 of the Indian Trusts Act along with the explanation reads as under:

47. Trustee cannot delegate.-A trustee cannot delegate his office

or any of his duties either to a co-trustee or to a stranger, unless

(a) the instrument of trust so provides, or (b) the delegation is in the regular course of business, or (c) the delegation is necessary, or (d) the beneficiary, being competent to contract, consents to the delegation.

Explanation.--The appointment of an attorney or proxy to do an act merely ministerial and involving no independent

discretion is not a delegation within the meaning of this section.

From the reading of the provision it is clear that a trustee cannot delegate his office or any of his duties to a co-trustee/stranger unless any of the four conditions, as stipulated in the provision, namely (a) where the instrument of Trust itself provides for delegation, (b) delegation is in the regular course of business, (c) where delegation is necessary, and (d) where delegation is consented to by the beneficiaries, exists. The existence of any of the above said conditions shall depend upon the evidence which may come on record during trial or with regard to rights/powers under the Trust Deed and also its interpretation. That apart, the explanation to Section 47 specifically provides that appointment of an attorney/proxy for doing a ministerial act involving no independent discretion is no delegation. In the present case, the power of attorney holder, Gopal Rathi, is appointed by the Trustee, Anil Rathi for the purpose of filing this Suit and protecting the trade mark of the Trust. On a *prima facie* view, the same does not amount to involve any discretion in so far as the administration of any Trust Property, such as granting/revoking licenses issued by Group/Sub-Group in favour of licensees/third parties. Assuming the power of attorney is not only for simplicitor filing of the Suit, whether the allied powers granted by in favour of Gopal Rathi by Anil Rathi involves exercise of independent discretion is something that requires trial/ adducing of evidence at a later stage. Therefore, *prima facie*, I am of the view that Mr. Chandra is justified in relying upon the judgment of the Andhra Pradesh High Court in ***Sree Mukhya Pranaswami (supra)*** to contend that filing of the suit on behalf of the

Trustee does not involve any independent discretion. The Apex Court judgment, *State Bank of Travancore (supra)*, relied upon by Mr. Mehta in this regard is not applicable and is clearly distinguishable as the said case was in the facts of a plaint being filed by person without proper authorization/Board resolution in his favour on behalf of a Company.

81. The plea of Mr. Mehta, the Trust Deed being a registered document which would prevail over the MoU, is concerned the same is also without any merit. In fact, the Trust Deed, which is a registered document, itself provides vide Clause 3(a) that the MoU annexed with the Trust Deed, shall form part of it and in case of difference of opinion regarding interpretation of the terms of the Trust Deed, the terms of MoU shall prevail.

82. At this stage, I may also note that defendant No. 7, Arun Kumar Rathi, though has not filed any reply to the application in this suit, has in fact filed an affidavit in CS (COMM) 655/2019 (defendant No.10 therein). In the said affidavit, he has taken a stand that he is the senior most Trustee of Sub-Group C2 of the Rathi Foundation and as per the MoU / Trust Deed is entitled to issue two licenses for the use of the mark 'RATHI' and that he has not issued any license in favour of any Company / Firm. The said stand of defendant No.7, Arun Kumar Rathi is taken on record in this Suit. In fact, defendant No.8, Shrivats Rathi, represents that he has issued licenses to third parties and he has the right to do so.

83. The plea of Mr. Mehta is that the defendant No. 8 is not a trustee nor falls within the definition of 'Family', and the MoU/Trust being internal arrangement to regulate the rights and benefits of those

who are thereunder and the defendant No. 8 being lineal descendant of the Rathi Family, he is entitled to use the surname 'RATHI' as trade mark, is concerned the said submission is overlooking the fact that the Rathi foundation is the registered proprietor of the said mark and shall be entitled to all statutory protection under the Trade Marks Act, including suing for infringement thereof. No doubt the defendant No. 8 is the son of defendant No.7, Arun Kumar Rathi, who is a Lifetime Trustee of the Rathi Foundation and Clause 12 of the MoU clearly stipulates that '*The parties to the MoU will include the Trustees and their male descendants.*' Thus, defendant No. 8 is a party to the MoU or atleast a beneficiary to the Trust Deed being the male descendent of the Trustee and he will step into the shoes of defendant No. 7 after his lifetime as per Clause 12 (a) of the Trust Deed. But that situation has not arisen and defendant No. 8 cannot deal with the mark 'RATHI' at all at this stage. Therefore, the defendant No. 8 issuing licenses for the use of mark 'RATHI' in his personal capacity clearly amounts to infringement of the mark of the registered proprietor Rathi Foundation, as such an act clearly falls outside the ambit of the MoU/Trust Deed to which he is a beneficiary. In this regard Mr. Chandra is justified in relying upon the Supreme Court judgment in ***Kaviraj Pandit Durga (supra)*** and ***Midas Hygiene Industries (supra)***.

84. The plea of Mr. Mehta that defendant No. 8 is entitled to use the mark 'RATHI' on the strength of his surname as per Section 35 of the Trade Marks Act is misconceived. Section 35 of the Trade Marks Act reads as under:

"35. Saving for use of name, address or description of goods or services.—Nothing in this Act shall entitle the proprietor or a registered user of a registered trade mark to interfere with any

bona fide use by a person of his own name or that of his place of business, or of the name, or of the name of the place of business, of any of his predecessors in business, or the use by any person of any bona fide description of the character or quality of his goods or services.”

85. Mr. Chandra has rightly relied on various judgments (referred in paragraph 53) in support of his contention that Section 35 of the Trade Marks Act cannot be invoked as it is limited to personal use and cannot be extended for granting licenses or used by any legal entity which can choose a separate/different name and also that Section 35 cannot be invoked when the grant of licenses are *ex facie* illegal and in contravention of statutory rights of the plaintiff. Mr. Chandra is also right in relying on Section 35 of the Trade Marks Act to contend that, usage under said Section is permissible only if it is a *bona fide* usage with honest intention. In view of Section 35, what needs to be seen by this Court is whether the usage of the name is in a *bona fide* nature so as to claim protection. The execution of the MoU/Trust Deed was clearly in order to safeguard the trade mark ‘RATHI’ against outsiders as well as to lay down a scheme for the fair and transparent commercial use of the same for the collective benefit of the Family members. Defendant No. 8, being a beneficiary to the MoU / Trust deed cannot plead ignorance of its terms. In the given facts when the mark ‘RATHI’ is in existence since 1942, which mark is regulated by the Trust Deed of 1995, the act of defendant No. 8 in granting licenses for usage in the same area of business is clearly not *bona fide* in nature and the plea of Mr. Mehta that the mark is being used with a suffix is also without merit, as the mark is still being infringed and the attempt is to ride on the goodwill of the mark ‘RATHI’. The Courts have also

time again clarified that the name / mark which has acquired secondary or distinctive meaning cannot be used for an artificial person or entity and also not entitled to protection under Section 35. Relevant portion of a coordinate bench of this Court in **Goenka(supra)** is as follows:

“23(i). Though what has been urged by counsel for the appellant, is no doubt correct, however, the argument of the counsel for the appellant is answered by the argument raised by the counsel himself inasmuch as once it is held that a surname has become distinctive, normally such a surname can in fact be owned and used as a trademark. Reference in this regard is invited to the judgment of the Hon'ble Supreme Court in the case of Mahendra and Mahendra Paper Mills Ltd. v. Mahindra and Mahindra Limited, (2002) 2 SCC 147. The relevant portion of this judgment is at para 24 which reads as under:

24. Judging the case in hand on the touchstone of the principles laid down in the aforementioned decided cases, it is clear that the plaintiff has been using the words “Mahindra” and “Mahindra & Mahindra” in its companies/business concerns for a long span of time extending over five decades. The name has acquired distinctiveness and a secondary meaning in the business or trade circles. People have come to associate the name “Mahindra” with a certain standard of goods and services. 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. Such user may also affect the plaintiff prejudicially in its business and trading activities. Undoubtedly, the question whether the plaintiffs' claim of “passing-off action” against the defendant will be accepted or not has to be decided by the Court after evidence is led in the suit. Even so for the limited purpose of considering the prayer for interlocutory/injunction which is intended for maintenance of status quo, the trial court rightly held that the plaintiff has established a prima facie case and irreparable prejudice in its favour which calls for passing

an order of interim injunction restraining the defendant Company which is yet to commence its business from utilizing the name of “Mahendra” or “Mahendra & Mahendra” for the purpose of its trade and business. Therefore, the Division Bench of the High Court cannot be faulted for confirming the order of injunction passed by the learned Single Judge.

(ii) Another relevant judgment in this regard is the judgment of a Division Bench of this court in the case of Montari Overseas Ltd. v. Montari Industries., 1996 PTC (16) 142 (Del). The relevant portions of this judgment are as under:

“When a defendant does business under a name which is sufficiently close to the name under which the plaintiff is trading and that name has acquired reputation and the public at large is likely to be misled that the defendant's business is the business of the plaintiff, or is a branch or department of the plaintiff, the defendant is liable for an action in passing off. Even if the word “MONTARI” as part of the corporate name of the appellant was derived from the names of the father and father-in-law of the M.D. of the appellant company it would still be liable for an action in passing off as the use of the word “MONTARI” in its corporate name is likely to cause confusion and injure the goodwill and reputation of the respondent, in the sense that this is a reasonable and foreseeable consequence of the appellant's action. We find from the record of the trial court, which contains the Memorandum of Association of six Montari group of companies and annual reports of Montari Industries Ltd., that Montari group of industries have large operations and some of them have been in business for a long time. The members of the public are likely to mistakenly infer from the appellant's use of the name which is sufficiently close to the respondent's name that the business of the appellant's company is from the same source, or the two companies are connected together.”

“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 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 a 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 & business of that person". (emphasis supplied)

86. Mr. Mehta had relied upon ***Precious Jewels (supra)*** as well as ***Shri Ram Education Trust (supra)*** both of which are distinguishable in the facts the present case. Insofar as ***Precious Jewels(supra)*** is concerned the plaintiffs and defendant therein being part of the same family carrying on family business in jewellery were using their surname "RAKHYAN" in the following manner as "RAKHIYAN'S FINE JEWELLERY" and "NEENA AND RAVI RAKHIYAN" for running their respective businesses and the Apex Court held the usage to be *bonafide* as the surname was used as part of the full name and

there was similarity in their usage. Similarly, in *Shri Ram Education Trust(supra)* the dispute was with regard to usage of the surname “SHRI RAM” by both plaintiff and defendant therein, in the names of their respective educational institutions, who were real brothers and the Court held the usage by both brothers to be valid as the plaintiff failed to show prior usages and the goodwill was shared by the entire family and moreover third parties to were also adopting the said name for educational institutions. Both these cases are distinguishable as in the present case there exists a MoU / Trust Deed of which defendant No. 8 is a beneficiary and it stipulates the conditions for granting licenses to licensees by various Groups/Sub-Groups which, ultimately is for the benefit of the Trust Property, being the intellectual property rights in the mark / term ‘RATHI’.

87. I also find merit in the contention of Mr. Chandra that the MoU / Trust Deed especially in the form of family arrangements are sacrosanct and should not be circumvented by the members, especially when the MoU / Trust Deed in the case in hand was executed to safeguard the trade mark ‘RATHI’ against outsiders. The plea of Mr. Mehta that defendant No. 8 is not bound by the MoU/Trust Deed as he is not a Trustee or falls within the meaning of ‘Family’ as defined under the MoU is misplaced, as defendant No. 8 being the male descendant of defendant No. 7, who is a Trustee of the Foundation, is a party to the MoU in terms of Clause 12 (MoU). Relevant portion of the judgment in *Kale & Ors. (supra)* as relied upon by Mr. Chandra reads as under:

“9. Before dealing with the respective contentions put forward by the parties, we would like to discuss in general the effect and value of family arrangements entered into between the parties with a view to

resolving disputes once for all. By virtue of a family settlement or arrangement members of a family descending from a common ancestor or a near relation seek to sink their differences and disputes, settle and resolve their conflicting claims or disputed titles once for all in order to buy peace of mind and bring about complete harmony and goodwill in the family. The family arrangements are governed by a special equity peculiar to themselves and would be enforced if honestly made. In this connection, Kerr in his valuable treatise "Kerr on Fraud" at p. 364 makes the following pertinent observations regarding the nature of the family arrangement which may be extracted thus;

"The principles which apply to the case of ordinary compromise between strangers, do not equally apply to the case of compromises in the nature of family arrangements. Family arrangements are governed by a special equity peculiar to themselves, and will be enforced if honestly made, although they have not been meant as a compromise, but have proceeded from an error of all parties, originating in mistake or ignorance of fact as to that their rights actually are, or of the points on which their rights actually depend."

The object of the arrangement is to protect the family from long drawn litigation or perpetual strifes which mar the unity and solidarity of the family and create hatred and bad blood between the various members of the family. Today when we are striving to build up an egalitarian society and are trying for a complete reconstruction of the society, to maintain and uphold the unity and homogeneity of the family which ultimately results in the unification of the society and, therefore, of the entire country, is the prime need of the hour. A family arrangement by which the property is equitably divided between the various contenders so as to achieve an equal distribution of wealth instead of concentrating the same in the hands of a few is undoubtedly a milestone in the administering of social justice. That is why the term "family" has to be understood in a wider sense so as to include within its fold not only close relations or legal heirs but even those persons who may have some sort of antecedent title, a semblance of a claim or even if they have a spes successions so that future disputes are sealed for ever and the family instead of fighting claims inter se and wasting time, money and energy on such fruitless or futile litigation is able to devote its attention to more constructive work in the larger interest of the country. The Courts have, therefore, leaned in favour of upholding

a family arrangement instead of disturbing the same on technical or trivial grounds. Where the Courts find that the family arrangement suffers from a legal lacuna or a formal defect the rule of estoppel is pressed into service and is applied to shut out plea of the person who being a party to family arrangement seeks to unsettle a settled dispute and claims to revoke the family arrangement under which he has himself enjoyed some material benefits. The law in England on this point is almost the same. In Halsbury's Laws of England, Vol. 17, Third Edition, at pp. 215-216, the following apt observations regarding the essentials of the family settlement and the principles governing the existence of the same are made:

"A family arrangement is an agreement between members of the same family, intended to be generally and reasonably for the benefit of the family either by compromising doubtful or disputed rights or by preserving the family property or the peace and security of the family by avoiding litigation or by saving-its honour.

The agreement may be implied from a long course. Of dealing, but it is more usual to embody or to effectuate the agreement in a deed to which the term "family arrangement" is applied.

Family arrangements are governed by principles which are not applicable to dealings between strangers. The court, when deciding the rights of parties under family arrangements or claims to upset such arrangements, considers what in the broadest view of the matter is most for the interest of families, and has regard to considerations which in dealing with transactions between persons not members of the same family, would not be taken into account. Matters which would be fatal to the validity of similar transactions between strangers are not objections- to the binding effect of family arrangements".

(emphasis supplied)

88. It is a conceded position of the parties that the mark 'RATHI' has been in use since 1942 and was registered in the year 1975 and 1980. It is also the case of the plaintiff that the mark has achieved distinctiveness/secondary meaning which also shall bar the usage of the mark 'RATHI' by defendant No. 8. The plea of Mr. Mehta that the

defendant No. 8 is justified to use the name 'RATHI' and goodwill of 'RATHI' as a trade mark, in view of being a male lineal descendant in the Rath Family as well on the goodwill inherited from his grandfather is also misconceived. If the said plea is accepted, then the Trust Deed shall lose its significance, resulting in usage of the mark 'RATHI' not only by Family/members/descendants but also by outsiders with surname 'RATHI'. A perusal of Clause 5 of the Trust Deed indicates that the Rath Foundation was being formed for guarding the commercial benefit of the Family, and clearly the defendant No. 8, being a party to the MoU, which stands incorporated in the Trust Deed by means Clause 3(a), cannot claim any right to use the mark 'RATHI' inherited from his grandfather. The entire sanctity of the MoU/Trust Deed will go for a toss if individuals who are parties/beneficiaries to the MoU/Trust Deed start licensing/using the mark 'RATHI' in excess of the stipulated number/violative of the terms of the MoU/Trust Deed, which stands registered/assigned to the Rath Foundation.

89. On the plea of that one Ram Chander Rath and his descendants being member of the Rath Family, but not a party to the MoU/Trust deed is also using the mark 'RATHI' and has obtained registration of two trade marks and as such defendant No. 8 has equal rights to use the surname 'RATHI' is concerned suffice would it be to state, no document in that regard have been filed and also it is the stand of Mr. Chandra that Ram Chander Rath is using the trade mark 'VRS' and not 'RATHI' and further the Rath Foundation has filed rectification against trade mark 'VRS Vinayak Rath Steels (Device)' bearing No. 1848186 in Class 6. In any case, such a plea needs to be established in trial through proper evidence.

90. The plea of Mr. Mehta that the plaintiff himself in direct contradiction to the interest of the Trust has applied for six different trade marks namely (1) Rathi EurothermMera Saria, (2) Rathi Eurotherm TMT Saria, (3) Rathi Eurotherm, (4) Rathi EurothermColour Coated Sheets, (5) Eurotherm the Best of Rathi, (6) Eurotherm by Rathi Experts kiMuhar; out of which out which 2 were abandoned, 3 were objected/opposed and only 1 is in fact registered, which plea has been admitted by the plaintiff in rejoinder is concerned, the plaintiff being a trustee as well the head of a beneficiary group under the Trust Deed, the only right that accrues upon the plaintiff is merely to issue two licenses to appropriate licensees who qualify/comply with the conditions laid down in the MoU as well as the Trust Deed. Once the requisite number of license have been issued in favour of licensees he does not have any right in the name 'RATHI' except for its protection against infringement and the same right to protect the mark has also been conferred upon the licensees as per the Clause 20 of the Trust Deed on the failure of the Foundation to protect its intellectual rights. By subjecting himself to the MoU/Trust Deed, the plaintiff is bound by the same. The main contention of the plaintiff that the usage of the mark 'RATHI' with suffix/prefix peculiar to the plaintiff is to distinguish/identify his licensed products as against the similar products of other Rathi family members who are all using the mark 'RATHI' warrants merit only to the extent the suffix/prefix to be added with the mark 'RATHI' is registered individually. The moment a separate mark altogether is sought to be registered by clubbing/including the same with 'RATHI', it amounts to a case of clear-cut infringement against the rights of the Trust, Rathi Foundation, which is the registered proprietor of the mark 'RATHI'. The plaintiff in the present case has in fact got his

distinguishing suffix/prefix 'EUROTHERM' registered, which is an admitted position, and its usage within stipulated number of licenses with the mark 'RATHI' is permissible. However, the moment he seeks to get a mark registered which is inclusive of his specific mark as well as the mark 'RATHI', for instance 'EUROTHERM' with 'RATHI', the same to the extent 'RATHI' amounts to infringement and strikes at the root of the object of formation of the Trust. In other words, the plaintiff/family member/Trustee/head of the Group/Sub-Group cannot separately get the mark 'RATHI' with suffix/prefix registered, as the right in the mark 'RATHI' is with the Rathi Foundation and no one can claim any right. This is in view of the fact that all companies of Rathi Family which were being run by the family members before/at the time of execution of the MOU/Family Settlement & Trust Deed have been included and have been granted licenses by the respective Groups/Sub-Groups as per the terms of MoU/Family Settlement & Trust Deed of either Rathi Foundation/Rathi Research Centre. Further, M/s. K.L. Rathi Steels Ltd. and M/s. Gordhan Rathi Steels Pvt. Ltd., assigned their trademark 'RATHI' along with the goodwill in favour of Rathi Foundation and Rathi Research Centre respectively in 1995 and no question of residual rights arise.

91. Insofar as the plea of Mr. Mehta that the companies to which plaintiff has issued licenses lack the requisite shareholding as mandated under the MoU/Trust Deed is concerned, the same has been denied by the plaintiff. I also find that no documents in support of his submission have been filed by Mr. Mehta. Being a disputed fact, this issue shall also be a subject matter of trial.

92. Reliance placed by Mr. Mehta on the orders passed by a Coordinate Bench of this Court in CS(COMM) 960/2018, CS(COMM) 961/2018,

CS(COMM) 962/2018 and CS(COMM) 963/2018 at the stage of admission hearing, is also misplaced as this Court, while deciding the present applications, has considered all the pleas raised by the parties while arriving at the present conclusion.

93. I have also considered the judgments relied upon by Mr. Mehta viz. ***Mumbai International Airport Pvt. Ltd. (supra); Asha Sharma And Ors. v. SanimyaVajijiya Pvt. Ltd. MANU/DE/1199/2008; Asha Sharma v. SanimyaVajijiya Pvt. Ltd. RFA (OS)35/2009, MANU/DE/2029/201; Nawal Singh(supra); Bhaskar Laxman Jadhav and ors. (supra);, Kishore Samrite (supra); and Shri Educare Ltd.(supra).*** The said judgments are clearly distinguishable and are not applicable in the facts of the present case.

94. Accordingly, defendant Nos. 1 to 6 and 8 in CS (COMM) 654/2019 as well as defendant Nos. 1 to 9 in CS (COMM) 655/2019 and their directors, executives, partners, proprietors, as the case may be, their officers, servants and agents or anyone acting for and on their behalf are hereby restrained from issuing licenses, manufacturing, exporting, marketing, offering for sale, selling, advertising or in any manner dealing in TMT Bars, Steel bars, common metals and their alloys; metal building materials; transportable buildings of metal; materials of metal for railway tracks; non-electric cables and wires of common metal; ironmongery, small items of metal hardware; pipes and tubes of metal; safes; goods of common metal under the trademark 'RATHI' or from adopting any other mark or label which is identical or deceptively similar to registered trade mark 'RATHI' amounting to infringement of registered trademark, passing off, dilution and unfair competition, during the pendency of the Suits.

95. I make it clear that the aforesaid conclusion arrived at, is tentative.

96. Applications disposed of.

CS (COMM) 654/2019, IAs. 16992/2019 & 16993/2019

**CS (COMM) 655/2019, IAs. 16995/2019, 1332/2020, IA 4013/2020
4014/2020, 4217/2020, 4255/2020 & CRL.M.A. 7204/2020**

List before the Court under the heading 'Directions' on 26th
November, 2020.

V. KAMESWAR RAO, J

SEPTEMBER 15, 2020*/jr/jg*

