

LEGAL INSIGHTS

SUZUKI MOTOR v. SUZUKI INDIA – Delhi High Court grants injunction to automobile giant against Indian financial service provider:

The Delhi High Court, vide judgement dated 17-07-2019, has held that the global automobile giant Suzuki Motors is the prior owner and adopter of the trade mark 'SUZUKI', as the same was well-known even in the early 1980's. Hence, the Defendant, which was an Indian company providing financial services under the same trade mark since last more than 25 years, was aware of its presence in India which makes its adoption of the trade mark SUZUKI for financial services as "dishonest" as its mark SUZUKI misleads the public that the business of the defendant had some connection with Suzuki Motors.

The Court also held that there is no justification by the Defendant to use trade mark SUZUKI as part of the corporate name inasmuch as SUZUKI is a Japanese surname and it is not associated with any Indian name, place, object or term. The Defendants were, hence,

permanently enjoined / restrained from using the trade mark SUZUKI after more than 25 years of continuous use by them in India, since the Court was of the opinion that mere concurrent user is not sufficient in law and it must be established to be honest. Since the adoption of the trade mark was itself dishonest, delay in bringing action is not sufficient to defeat grant of injunction.

DA MILANO Infringement Case – Facebook & Instagram made liable under Information & Technology Act:

In a suit for permanent injunction, restraining infringement of trademark and passing off, and under Section 74 of the Information Technology Act, 2000 (IT Act) seeking protection of the trademark 'DA MILANO', the Plaintiff alleged infringement by online salesmen and marketers who had put posts on the social media platforms of Facebook and Instagram for advertising and offering to sell products bearing the mark 'DA MILANO'. The Plaintiff also impleaded Facebook Inc. and Instagram

LLC so as to ensure that the posts containing the infringing marks are taken down.

The Court recognised the role of these platforms i.e., Facebook and Instagram, insofar as posts put up by third parties is concerned, to be governed by the Information Technology (Intermediaries Guidelines) Rules, 2011 as well as Section 79(3) of the IT Act, whereby such platforms / intermediaries have a duty to take down the posts which are brought to their notice by the Plaintiff, by following due diligence. In view of the same, the Court directed the Plaintiff to inform Instagram and Facebook whenever they come across infringing use of the mark 'DA MILANO' either in word form, logo form or in any other form on their platforms; whereupon, the said posts shall be taken down, within the timelines prescribed by these platforms in view of the Guidelines and IT Act.

Section 18 of IBC shall prevail over Section 13(4) of SARFAESI : NCLAT:

The National Company Law Appellate Tribunal has recently

held in the case of Encore Asset Reconstruction Company Pvt. Ltd. v. Charu Sandeep Desai & Co., that a secured lender such as bank who has taken over possession of a mortgaged property under SARFAESI, prior to initiation on insolvency proceedings, is subsequently bound to hand over custody of the same under Section 18 of the Insolvency and Bankruptcy Code, 2016 ("IBC") to the Interim Resolution Professional ("IRP"), since the IBC would prevail over any inconsistent provision of SARFAESI.

NCLAT held that since the property continues to be reflected as an "asset" in the balance sheet of the Corporate Debtor, the IRP is bound to take over custody of the same, so as

to bring all such properties (which may include any mortgaged properties) of the Corporate Debtor under one umbrella for liquidation consideration and purposes.

Is a "Contract Worker" a "Direct Employee" – The Supreme Court answers:

In the case of Bharat Heavy Electricals Ltd. [BHEL] v. Mahendra Prasad Jakhmola, which was a bunch of 64 cases, the Supreme Court has dealt with the question of whether a Contract Worker is a Direct Employee of the concern or not. The Court laid down two basic tests. These are –

- I. Whether the employer pays the salaries directly or through a contractor;

- ii. Whether the employer directly supervises and controls the work of the workers.

Vis-à-vis the second test, it was held that merely because the employer directs the workers regarding 'what to do' could not be a determinant of control and supervision, if such workmen had been placed / assigned with the employee through a contractor.

The employers must take into account the above tests by executing detailed contracts for supply of contractual labour with the contractor and explicitly mention their obligations along with rights and interests of the principal employer.

NOTIFICATIONS/AMENDMENTS/REPORTS

Restricting Access To Public Documents – Trade Marks Registry

Vide Public Notice dated 6th September, 2019, the Trade Marks Registry has decided to classify public documents that get uploaded on the official website: www.ipindia.nic.in into two categories, namely:-

- First Category (Downloadable) - documents of which details will be available at description of document and can be viewed or downloaded by the general public.
- Second Category (Non-downloadable) - documents of which details will be available at description of document column but

viewing or downloading of the same will be restricted.

More details can be found here. While it is not exactly clear from the public notice what kinds of documents would be classified in the above two categories, it appears that documents which contain sensitive or confidential information or information of personal character would be considered restricted. Lastly, the Trade Marks Registry has also informed all stakeholders that personal detail such as PAN Card, AADHAR CARD and Bank Account Details should not be forwarded / submitted to the Trade Marks Registry.

Arbitration and Conciliation (Amendment) Bill, 2019 receives President's Assent:

The Arbitration and Conciliation Act, 1996 will be further amended in view of the assent given by the President on 9th August, 2019 to the recent Arbitration and Conciliation (Amendment) Bill, 2019. Following are the key amendments being proposed:

- Arbitral Institutions introduced which are to be designated by the Supreme Court as well as the High Courts. Section 11 regarding appointment of arbitrators, accordingly, stands amended to provide for appointment of arbitrators by the arbitral institution designated by the Supreme Court, in case of international commercial arbitration, or by the High Court, in case of

arbitrations other than international commercial arbitration, as the case may be.

- Arbitration Council of India, an independent body for the promotion of alternative dispute redressal mechanisms for framing policies for grading arbitral institutions and arbitrators as well as for maintaining a depository of arbitral awards (judgments) made in India and abroad.
- Relaxation of time limits, whereby, the Bill seeks to remove the existing time frame of 12 months for the arbitral tribunals to make their award in case of international commercial arbitrations.
- Completion of written submissions, to the claim in an arbitration proceeding, within six months of the appointment of the arbitrators.
- Confidentiality of proceedings, whereby all details of arbitration proceedings will be kept confidential except for the details of the arbitral award in certain circumstances. Disclosure of the arbitral award will only be made where it is necessary for implementing or enforcing the award.

Patent Amendment Rules, 2019:

The Government of India, through Ministry of Commerce and Industry, has notified on 17-09-2019 the recent amendment to the Patent Rules, 2003, based on the objections and the suggestions received from the public in respect of the

amended draft rules published earlier. Following are the changes introduced:

- One of the most important changes introduced by the new Rules is that now the option of expedited examination in PCT applications, where India is designated as International Searching Authority (ISA) or as International Preliminary Examining Authority (IPEA), is even available to start-ups, small entities, a Government Department / Institution / Company, a female applicant / co-applicant where such applicant / joint-applicants is / are natural person.
- Widening the scope by including start-ups as an option for small entities, whereas the former rule mentioned only small entities.
- No transmittal fee required to be paid by a PCT Applicant any more, if done through the ePCT filing module. Earlier, the individuals and start-ups were required to pay INR 3200/-, whereas small entities were to pay INR 8000/- and large entities would pay INR 16,000/- when filing through ePCT mode. However, this is only for ePCT filing and not for physical filing with the patent office, in which case, the earlier fee would be applicable.
- Further to above, in a PCT application, the Applicant is not required to pay any fees for preparation of certified priority document copy any more.

Insolvency and Bankruptcy Code (Amendment) Ordinance, 2019:

Promulgated on December 28, 2019, this Ordinance amends the Insolvency and Bankruptcy Code, 2016 to the effect that now there are minimum thresholds for certain classes of financial creditors for initiating the insolvency resolution process.

- i. While prior to the promulgation of this Ordinance, a financial creditor (singularly or along with other financial creditors) could file an application before the National Company Law Tribunal (NCLT) for initiating the insolvency resolution process. However now, in case of real estate projects, if an allottee (person to whom a real estate has been allotted) wants to initiate the resolution process, the application should be filed jointly by at least 100 allottees of the same real estate project, or 10% of the total allottees under that project, whichever is less.
- ii. Similarly, in case of other financial creditors, where the debt owed is either in the form of securities/deposits, or to any other class of creditors; the application should be filed jointly by at least 100 creditors in the same class, or 10% of the total number of such creditors in the same class, whichever is less.

Company law committee report recommends Decriminalization of compoundable Offences under the companies act, 2013:

Government of India's aim to advance the Ease of Doing Business has led to setting up of Company Law Committee under the aegis of Ministry of Corporate Affairs. The said Committee has recently submitted its report and recommended decriminalisation of several compoundable offences under the Companies Act, 2013. The Committee has made recommendations regarding decriminalising only compoundable offences under Section 441 of the Act whereas those offences which are non-compoundable shall undergo the regular criminal system and

as per the provisions of Code of Criminal Procedure, 1973.

The CLC has categorised all compoundable offences in 8 categories, as under:

- Category A: Non-compliance of orders of judicial/quasi-judicial authorities, such as NCLT/RoC.
- Category B: Defaults in respect of maintenance of certain records in the registered office of the company.
- Category C: Defaults on account of non-disclosure of interest of persons to the company which vitiates the record of the company.
- Category D: Defaults related to certain corporate governance norms.
- Category E: Technical defaults relating to intimation of certain information by filing forms with the RoC or in sending notices to stakeholders.
- Category F: Substantial violations that may affect the going concern value of the company or are contrary to larger public interest or with serious implications to stakeholders.
- Category G: Defaults involved in liquidation proceedings.
- Category H: Defaults not specifically punishable under any provision, but made punishable through an omnibus clause.

DISCLAIMER

This Newsletter is for informational purposes only. The information and/or observations contained in this newsletter do not constitute legal advice and should not be acted upon in any specific situation without appropriate legal advice. The views expressed in this newsletter do not necessarily constitute the final opinion of JusIP and should you have any queries, please feel free to contact us at info@jusip.in.



Corporate Office:

Chamber No. 2 & 3, Hotel Shivalikview
Sector 17-E, Chandigarh 160 017

Ph.: +91 172 4015405

Mob: +91 70874 21063

info@jusip.in

www.jusip.in

New Delhi | Mumbai | Bengaluru | Chennai