



**IN THE HIGH COURT OF JUDICATURE AT BOMBAY
CIVIL APPELLATE JURISDICTION**

COMMERCIAL APPEAL FROM ORDER NO.6 OF 2025

Kirloskar Proprietary Limited

A company incorporated and existing
under the laws of India and having its
address at One Avante, level 2 (part),
Karve Road, Kothrud, Pune 411038.

... Appellant

Versus

Kirloskar Brothers Limited

A company incorporated and existing
under the laws of India and having its
registered address at Yamuna, Survey
No.98/3 to 7, Plot No.3, Baner,
Pune 411 045.

... Respondent

**WITH
INTERIM APPLICATION (ST.) NO.14920 OF 2025
IN
COMMERCIAL APPEAL FROM ORDER NO.6 OF 2025**

Kirloskar Proprietary Limited

A company incorporated and existing
under the laws of India and having its
address at One Avante, level 2 (part),
Karve Road, Kothrud, Pune 411038.

... Applicant

IN THE MATTER OF :

Kirloskar Proprietary Limited

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A company incorporated and existing

under the laws of India and having its registered address at Yamuna, Survey No.98/3 to 7, Plot No.3, Baner, Pune 411 045.

... Respondent

Mr. Darius Khambata, Senior Advocate a/w Mr. Rashmin Khandekar, Mr. Tushar Ajinkya, Ms. Sukanya Sehgal, Ms. Misha Matlani, Ms. Saanchi Dhulla i/b. ThinkLaw Advocates, for the Appellant.

Mr. Ravi Kadam, Senior Advocate a/w Mr. Hiren Kamod, Mr. Nishad Nadkarni, Mr. Aasif Nauodia, Ms. Khushboo Jhunjhunwala, Ms. Jaanui Chopra, Ms. Rakshita Singh i/b. Khaitan & Co., for the Respondent.

**CORAM : ALOK ARADHE, CJ &
M.S.KARNIK, J.**

RESERVED ON : 6th MAY, 2025

PRONOUNCED ON : 25th JULY 2025

ORDER (PER M.S.KARNIK, J.) :

1. The challenge in this Appeal by the Appellant - Kirloskar Proprietary Limited ("Kirloskar Proprietary" for short) – the original defendant is to the order dated 9th January 2025 passed below Exhibit 128 by the District Judge-2, Pune in Special Civil Suit No.40 of 2018. By the impugned order the Trial Court allowed the application Exhibit 128 filed by the Respondent - Kirloskar Brothers Limited ("Kirloskar Brothers" for short) – the original plaintiff. The application is allowed in terms of prayer clauses (B) to (F).

2. Though the application is allowed in terms of prayer clauses (B) to (F), it was indicated that presently the Interim Application is pressed to the limited extent of challenge to grant of prayer clause (F). Prayer clause (F) reads thus :-

“(F) During the pendency of the present suit, this Hon'ble Court by way of temporary injunction may kindly be pleased to restrain the Defendant from creating any third-party interest whatsoever including granting license/user of the Trademarks covered under the Agreements detailed and listed in para 16 and 42[N] of the Plaint and/or making any assignment thereof in favour of any third party.”

3. The facts of the case in brief are as under :-

The trademark “Kirloskar” was being used by multiple Kirloskar companies in respect of various diverse businesses carried on during the period 1920 to 1964. In or about 1964, a need was felt that the rights in the word “Kirloskar” should be owned, monitored and protected by a single entity. Accordingly, the Appellant - Kirloskar Proprietary was incorporated in 1965. During the period 2015-2018, on account of changing user requirements and based on the legal advice received by Kirloskar Proprietary, it was resolved to substitute the then user agreements with fresh user agreements. Accordingly, Kirloskar Proprietary issued letters

calling upon Kirloskar Brothers to enter into a fresh user agreement vide communication dated 2nd April 2018. Similar letters were issued to all user companies of Kirloskar Proprietary vide communication dated 2nd April 2018.

4. It is the case of Kirloskar Proprietary that instead of entering into the fresh user agreements, Kirloskar Brothers instituted the Suit on 9th July 2018. On 18th June 2024 Kirloskar Brothers filed the registered user application. As Kirloskar Brothers was in continuous breach of the user agreements, Kirloskar Proprietary issued the notice of breach to Kirloskar Brothers. On 4th October 2024 the Trial Court pronounced the ad-interim order on the registered user application. Kirloskar Brothers responded to the notice of breach on 15th October 2024. Kirloskar Brothers filed the stay application before the Trial Court on 17th November 2024 inter alia seeking a stay on the effect, operation and implementation of the notice of breach. Kirloskar Proprietary filed its reply to the stay application on 22nd November 2024. Vide the impugned order dated 9th January 2025 the Trial Court allowed the stay application. By the order dated 9th January 2025, the Trial Court confirmed its ad-interim order

dated 4th October 2024.

5. For a proper appreciation of the controversy the interim reliefs claimed by Kirloskar Brothers before the Trial Court need to be reproduced :-

“(A) Application may kindly be allowed;

(B) During the pendency of the present suit, this Hon'ble Court by way of temporary injunction may kindly be pleased to stay the effect, operation and implementation of the alleged Notice of termination dated 11.07.2024;

(C) During the pendency of the present suit, this Hon'ble Court by way of temporary injunction may kindly be pleased to restrain the Defendant, its directors, servants, officers, agents and all other persons claiming under it from taking any further action on the basis of the alleged Notice of termination dated 11.07.2024;

(D) During the pendency of the present suit, this Hon'ble Court by way of temporary injunction may kindly be pleased to restrain the Defendant, its directors, servants, officers, agents and all other persons claiming under it from taking any action or steps to terminate the Trademark User Agreements, detailed and listed in para 16 and 42[N] of the Plaint or issue any threat or make any attempts to terminate such agreements,

(E) During the pendency of the present suit, this Hon'ble Court by way of temporary injunction may kindly be pleased to restrain the Defendant, its directors, servants, officers, agents and all other persons claiming under it from obstructing or prohibiting the Plaintiff's use of the Kirloskar Trademarks covered under the Agreements detailed and listed in para 16 and 42[N] of the Plaint;

(F) During the pendency of the present suit, this Hon'ble Court by way of temporary injunction may kindly be pleased to restrain the Defendant from creating any third-party interest whatsoever including granting license/user of the Trademarks covered under the Agreements detailed and listed in para 16 and 42[N] of the Plaint and/or making any assignment thereof in favour of any third party."

6. Mr. Darius Khambata, learned Senior Advocate for Kirloskar Proprietary, assailing the order of the Trial Court so far as interim relief granted in terms of prayer clause (F) is concerned, submitted that the Trial court has in a summary manner rendered conclusive and final findings on all issues apart from whether Kirloskar Brothers has a permanent license/user rights/registered user status of Kirloskar Trademarks. It is submitted that the findings in the impugned order essentially determined the main controversy in the Suit and could not have been summarily decided at the interlocutory stage by the Trial Court. It is further submitted that the Trial Court has virtually granted a relief which amounts to a decree at the interim stage. It is submitted that the Trial Court has failed to apply the settled test at the stage of deciding the application for temporary injunction, that the Court is not required to go into the merits of the case in detail

and only required to decide if a prima facie case has been made out. It is submitted that grant of prayer clause (F) is completely contrary to record. It is submitted that there was no question and certainly not at the stage of grant of interim relief to restrain Kirloskar Proprietary from creating licensing rights in respect of Kirloskar mark in accordance with its Articles of Association ("AoA"). Mr. Khambata urged that this being an accepted position and purported arrangement which continued between the parties for the last 50 years, granting interim relief in terms of the prayer clause (F) was uncalled for. It is further submitted that as per the case of Kirloskar Brothers itself, several companies within the Kirloskar Group of Companies started using the marks for different businesses. Kirloskar Proprietary was incorporated to own and hold Kirloskar marks for the benefit of all Kirloskar Group companies. It is submitted that the arrangement canvassed by Kirloskar Brothers was to facilitate use of the mark 'within the Kirloskar Group Companies'. It is further submitted that even as per Kirloskar Brothers' own case, the use of Kirloskar marks was never intended to be nor is it exclusive to any one company. Mr. Khambata submitted that the interim relief in

terms of prayer clause (F) wrongly grants an exclusive license to use the subject marks to Kirloskar Brothers, contrary to contractually agreed terms between the parties acted upon for decades. It is submitted that the grant of prayer clause (F) is contrary to the Kirloskar Proprietary's AoA and will have the effect of unilaterally altering the provisions of AoA. It is submitted that allowing prayer clause (F) gravely prejudices the members of Kirloskar Proprietary who approach them from time to time for grant of license of use of Kirloskar marks. It is further submitted that injunctions are granted to preserve status quo and not alter it. The Trial Court has virtually changed the status quo by taking away decades old existing right of Kirloskar Proprietary to grant licenses with respect to subject marks, to any of its member companies at any time. Mr. Khambata relied upon the decision of the Supreme Court in **Dorab Cawasji Warden vs. Coomi Sorab Warden and others**¹ in support of his submission that in granting an interim injunction what the Court had to determine was whether there was a fair and substantial question to be decided as to what the rights of the parties were and whether the nature and difficulty of the questions

¹ (1990) 2 SCC 117

was such that it was proper that the injunction should be granted until the time for deciding them should arrive.

7. Mr. Ravi Kadam, learned Senior Advocate on the other hand submitted that the relief granted in terms of prayer clause (F) i.e. injuncting Kirloskar Proprietary from granting license/user and/or making any assignment of the Kirloskar trademarks covered under the license/user agreements in favour of any third party, is completely justified and is in fact in aid of and in furtherance of the final reliefs sought in the Suit. It is submitted that the relief granted in terms of prayer clause (F) in fact aids in safeguarding the rights of Kirloskar Brothers as also its claim in the Suit from being defeated, including the final relief sought therein in terms of prayer clause (h) of the Plaint, i.e., a declaration that the assignment deeds are void for failure of consideration as a result of which the Kirloskar Marks covered under the assignment deeds have to revert back to Kirloskar Brothers. It is submitted that Kirloskar Proprietary cannot assign the Kirloskar trademarks which have been assigned to it by Kirloskar Brothers to any other entity, including those belonging to the Kirloskar Group, and any attempt to do so,

would result in the entire substratum of the assignment and the pre-arranged scheme and arrangement between the parties to be void and Kirloskar Brothers' suit filed before the Pune Court would in fact be rendered infructuous. Mr. Kadam submitted that as regards licenses, Kirloskar Proprietary cannot license the Kirloskar trademarks which have been assigned to it by Kirloskar Brothers to any third party entity who is not a member of Kirloskar Proprietary. It is submitted that the same is also an admitted position and in fact in accordance with the pre-arranged scheme as also the AoA of Kirloskar Proprietary. It is further submitted that Kirloskar Proprietary cannot also license the Kirloskar trademarks which have been assigned to it by Kirloskar Brothers to any other Kirloskar group company, if such use overlaps/competes with the business of Kirloskar Brothers under the marks. It is submitted that it is a matter of record and an admitted position, that from 1969 (i.e., when the first user agreement was executed) and till date, no license has been issued by Kirloskar Proprietary to any other group companies of Kirloskar for use in respect of overlapping business. It is submitted that in the event Kirloskar Proprietary is allowed to

grant licenses in respect of the Kirloskar marks covered under the assignment deeds to other Kirloskar group companies for use in respect of similar/overlapping businesses, the same shall have direct ramifications on the issues involved in the suit filed by Kirloskar Brothers, inter alia for enforcement of the terms of the Deed of Family Settlement and also in the appeal proceedings which are pending before the Hon'ble Supreme Court. It is further submitted that neither is it Kirloskar Proprietary's case in its IA nor is there any ground pleaded to the effect that they intend to issue licenses to other Kirloskar group companies to use the Kirloskar trademarks, which have been assigned to it by Kirloskar Brothers, in respect of overlapping businesses. It is urged that Kirloskar Proprietary in contrast to its stand taken before the Pune Court, has sought to contend that the consideration for assignment was (i) Kirloskar Brothers becoming a member of Kirloskar Proprietary by subscription of shares; (ii) Kirloskar Brothers paying royalties to Kirloskar Proprietary; and (iii) covenants usually found in a registered user agreement. It is submitted that Kirloskar Proprietary has misread the words 'in consideration of' in clause 3(b) of the Deed of Assignment to

support its unfounded and baseless contentions. In the submission of Mr. Kadam, that a plain reading of recital (e) and clause 3(b) of the Deed of Assignment makes it clear that the grant of license/user rights back to Kirloskar Brothers was the only consideration for the Assignment; and that Kirloskar Brothers becoming a member of Kirloskar Proprietary and paying royalties to Kirloskar Proprietary was a consideration for the license/user agreements and not the assignment. Learned Senior Advocate distinguished the decisions relied upon by Mr. Khambata in **M/s. Modi Threads Limited vs. M/s. Som Soot Gola Factory and another**² and that of the Madras High Court in **Messrs. Emgeeyar Pictures Pvt. Ltd. vs. Messrs OK Files and another**³.

8. We have heard learned counsel for the parties.

9. The limited question that we are considering is whether the Trial Court was justified in granting interim relief in terms of prayer clause (F) thereby restraining Kirloskar Proprietary from creating any third party interest whatsoever including granting license/user of the Trademarks covered under the agreements and/or making any assignment thereof

² (1990) SCC OnLine Del 375

³ 2009-5-L.W. 164

in favour of third party.

10. The trial Court framed the following points for determination and rendered the following findings therein :-

Sr. No.	Points	Findings
1.	Whether the plaintiff has prima facie proved that the subject matter user agreements are indeterminable ?	In negative
2.	Whether the plaintiff has proved that if the subject matter agreements are indeterminable, if those agreements are terminated, the trademarks shall revert back to the plaintiff ?	In affirmative
3.	Whether the plaintiff has proved that the defendant is not entitled to terminate the user agreements for the breaches subjected by the defendant?	In affirmative
4.	Whether the plaintiff is entitled for the injunction as prayed?	In affirmative
5.	What Order?	As per final order

11. The trial Court was of the opinion that having regard to the assignment agreements, even at prima facie stage, it cannot be safely concluded that any user agreement is indeterminable. The trial Court therefore concluded that the user agreement is in the nature of determinable.

12. Kirloskar Brothers came out with a case that Kirloskar trademarks were always their intellectual properties. Those were assigned to Kirloskar Proprietary in view of the

workable scheme. It is the case of the Kirloskar Brothers that Kirloskar Proprietary was only to act as custodian and service provider to provide and promote trademark. It is the case of Kirloskar Brothers that the assignment agreements were only to advance the family arrangement and as soon as as there is failure of the consideration on account of failure for want of valid consideration, the trademark shall revert back to Kirloskar Brothers. The trial Court inferred that other two companies were also using the very same trademark. The trial Court found that the right in favour of the other group companies was created. The trial Court found that Kirloskar Proprietary was established with an aim that the trademark 'Kirloskar' should not be used by any other company or individual other than those forming a part of Kirloskar company. According to the trial Court the parties always wanted that the trademarks should be used by the group companies and those companies should not be controlled by any one else other than those forming part of the Kirloskar Companies. The trial Court then found that the assignment agreement bars the user agreement to any measure which means that the Kirloskar Proprietary cannot grant license to

any person of its choice. The trial Court inferred that only Kirloskar Group of Companies can become the members of Kirloskar Proprietary. It is for these reasons that the trial Court was of the opinion that the assignment agreements are in the nature close to a family arrangement. The trial Court held that the trademarks upon termination of the agreement, must revert back to the original proprietor. The trial Court concluded that Kirloskar Proprietary cannot terminate the agreements. Having concluded that the Kirloskar Brothers cannot be stopped from using the trademarks, the trial Court observed that it is better that it should be allowed to use those trademarks becoming and continuing part of the pre-existing arrangement.

13. Shri Khambata, learned Senior Advocate appearing for Kirloskar Proprietary states that Kirloskar Proprietary cannot be restricted /restrained from assigning the mark. Kirloskar Proprietary is the company which is holding and is repository of the trademarks.

14. The question is whether the trial Court should have granted the interim relief in terms of prayer clause (F). The

record indicates that it is an accepted position that the purported arrangement which Kirloskar Brothers says is in the nature close to a family arrangement, continued between the parties for last 50 years. According to us there is no justification at the interim stage to restrain 'Kirloskar Proprietary' from creating licencing rights in respect of the Kirloskar mark in accordance with Articles of Association, this being the existing arrangement for the last 50 years. In fact it is the case of the Kirloskar Brothers itself that several companies within the Kirloskar group of companies started using the marks for different businesses. 'Kirloskar Proprietary' was incorporated to own and hold Kirloskar marks for the benefit of 'all' the Kirloskar Group Companies. Even as per Kirloskar Brothers, the arrangement was arrived at to facilitate the use of mark within the Kirloskar Group Companies. Therefore, we find favour with the submissions of learned Senior Advocate Shri Khambata that even as per Kirloskar Brothers' own case, the use of Kirloskar marks was never intended to be nor it is exclusive to one company.

15. Kirloskar Brothers placed reliance on two documents to allege grant of permanent, exclusive and

indeterminable licence. First one is the solicitor's letter. This letter in fact recognizes that Kirloskar marks were being used concurrently by several user companies. Secondly, a Board resolution passed by the Kirloskar Brothers on 30/07/1966. This resolution also shows that Kirloskar Proprietary was formed for protecting the trademark 'Kirloskar'. None of these documents show that only consideration for the assignment for grant of a 'perpetual', 'exclusive', 'interminable' license to Kirloskar Brothers.

16. There is no material to support the contention of Kirloskar Brothers that it continued to be beneficial owner of the Kirloskar trademarks even after the assignment of the marks. The assignment and user agreements state to the contrary. The user agreements categorically state that 'permitted use of the said Registered TradeMark shall be the use thereof by registered proprietor and not by the permitted user and no benefit whatsoever shall accrue to the permitted user from such use. Further the user agreements categorically state that the goodwill in Kirloskar marks will be of the Kirloskar Proprietary.

17. One of the contention of Kirloskar Brothers is that Kirloskar Proprietary does not carry on separate manufacturing or trading business. According to us, this is hardly of any consequence so far as the user agreements entered into between the parties which are unequivocal about the arrangements between the parties.

18. Kirloskar Brothers has come out with the case that an exclusive licence was to be granted to each Kirloskar Company in respect of their line of business with an understanding that no two companies would enter into a competing business and use the marks in respect thereof. According to Kirloskar Proprietary, this was not argued before or is considered by the trial Court in the impugned order nor is this a consideration by the trial Court while granting the injunction in favour of the Kirloskar Brothers. It is Kirloskar Brothers' own case that prayer clause (F) is directed only against third parties who are non-members and is not intended to alter the rights of Kirloskar Proprietary to license its subject marks to its members.

19. Considering the materials on record, we find that

on one hand Kirloskar Brothers claims exclusive license to use the subject trademarks and on the other admits to the concurrent use of subject marks by the other companies in accordance with pre-arranged scheme and Articles of Association. We are satisfied that granting an injunction in terms of prayer clause (F) will have the effect of unilaterally altering the provisions of Articles of Association. Allowing prayer clause (F) would act to the detriment to the members of the Kirloskar Proprietary who approach them from time to time for grant of license of use of the Kirloskar marks. Even the trial Court in paragraph 35 of the impugned order has found that Kirloskar Brothers should be allowed to use those trademarks becoming and continuing part of the pre-existing arrangement and hence granting prayer clause (F) militates against such a finding.

20. We find favour with the submissions of Shri Khambata, learned Senior Advocate that while considering grant of injunction in terms of prayer clause (F), the trial Court ought not to have changed the status-quo by taking away the decades old existing right of Kirloskar Proprietary to grant license with respect to subject marks to any of its

member companies at any time.

21. We are however at this stage inclined to agree with the submissions of learned Senior Advocate Shri Ravi Kadam that as from 1969 till date, no license has been issued by the Kirloskar Proprietary to any other group companies of Kirloskar for use in respect of overlapping businesses, this position should continue.

22. We are therefore inclined to stay the order of the trial Court dated 09/01/2025 so far as it allowed the application Exhibit 128 in terms of prayer clause (F) with the modification that though Kirloskar Proprietary may create license in respect of Kirloskar marks in accordance with its Articles of Association in favour of its member companies, Kirloskar Proprietary are restrained from assigning the marks to other Kirloskar group of companies for use in respect of similar/ overlapping business of Kirloskar Brothers.

23. List the Interim Application and Appeal for further consideration on 11th August 2025.

(M. S. KARNIK, J.)

(CHIEF JUSTICE)