

* IN THE HIGH COURT OF DELHI AT NEW DELHI

Reserved on: 09th December, 2022

Pronounced on: 21st March, 2023

+ CS(COMM) 406/2020

WORKNEST BUSINESS CENTRE LLP & ANR. Plaintiffs

Through: Mr. Sachin Gupta, Ms. Jasleen Kaur,
Ms. Swati Meena and Ms. Yushi
Agrawal, Advocates.

versus

MS WORKNESTS THROUGH SH RAJESH GOYAL Defendant

Through: Mr. Sanjoy Kr. Ghosh and Ms. Rupali
Ghosh, Advocates.

CORAM:

HON'BLE MR. JUSTICE SANJEEV NARULA

J U D G M E N T

SANJEEV NARULA, J.

I.A. No. 8773/2020 (u/Order XXXIX Rules 1 & 2 r/w Section 151 of the Code of Civil Procedure, 1908)

1. Plaintiff No. 2 – Mr. Prithvi Raj Batra, the founder of Plaintiff No. 1 firm namely, Worknest Business Centre LLP, is the registered owner of




device mark/ logo “WORKNEST” in classes 35 and 36, which is associated with real estate advertising, marketing, financing, investment, consultancy and other related services [hereinafter, “**Plaintiffs’ registered mark**”]. Plaintiffs seek an interim injunction against Defendants’ use of the mark

“WORKNESTS” and domain name “www.worknests.com”, pending final adjudication of the suit.

FACTS SET OUT IN THE PLEADINGS

2. In 2018, Mr. Prithvi Raj Batra coined the term “WORKNEST” with an aim to offer co-working spaces to budding businesses, freelancers etc. at affordable prices. Presently, they are running their business in Noida, Uttar Pradesh, but intend to expand pan-India and develop multiple co-working





spaces in the coming years. The device mark “” was entered into the register on 15th December, 2018, with deemed date of registration as 16th June 2018 in the name of Plaintiff No. 2 in classes 35 and 36.¹ These registrations are operative pan-India, without any imposition of disclaimer/ condition/ limitation thereon. On 11th October, 2020, Plaintiff No. 2 filed an application for registration of word mark “WORKNEST” in class 36, claiming use since 21st April, 2018, which is currently pending.²

3. Plaintiffs have expended over Rs. 5 crores in developing co-working spaces under the name “WORKNEST” and have acquired tremendous goodwill and reputation in the industry, owing to world-class facilities provided by them. In order to garner more customers, they created a website with domain name “www.worknest.co.in”, which has been in use since 21st April, 2018. In September, 2020, Plaintiffs first learnt of Defendants’ impugned website when their property consultant enquired about the rates of

¹ Under application Nos. 3861870 and 3861871, respectively.

their Worknest Kolkata property. They subsequently conducted an online search and discovered that Defendants are lending co-working spaces under a nearly identical mark – “WORKNESTS”.

4. Defendants, on the other hand, claim to be well-renowned and established providers of real estate rental services, rental offices for co-working, brokerage, leasing and management of commercial property, consultancy services in respect of property investment and real estate etc. They contended that on 08th January, 2018, Mr. Rajesh Goyal [Director of Defendant No. 1 – WN Space Solutions P. Ltd.] conceptualised and adopted the brand/ trademark “WORKNESTS” and the logo “” for their business of providing co-working spaces in Kolkata. The mark “” is registered in favour of one GFS Consultancy Private Limited and jointly used by Defendant No. 1 [WN Space Solutions Pvt. Ltd.] and Defendant No. 2 [M/s Worknests Projects], with the registered proprietor’s consent.³

PLAINTIFFS’ OPENING CONTENTIONS

5. Mr. Sachin Gupta, counsel for Plaintiffs, argued that the impugned mark is phonetically, visually, structurally, and conceptually similar to Plaintiffs’ registered mark. The conflicting marks are identical, used for identical services, and target the same set of customers; there is a strong likelihood of public confusion and thus, infringement is clearly made out.

² Bearing application No. 4697051.

³ The mark is registered under application No. 4060039.

The test is not to compare the marks side-by-side but to see the overall impression conveyed to a person with average intelligence and imperfect recollection. Defendants' impugned use is bound to cause confusion and mislead the public and thus, plainly infringes Plaintiffs' registered mark, which was adopted and registered prior to Defendants' mark. Once infringement is established, injunction must follow.⁴

DEFENDANTS' CONTENTIONS

6. Mr. Sanjoy Kr. Ghosh, counsel for Defendants, raised following defences:

6.1 Defendants have been using the mark "WORKNESTS" with the impugned logo since September, 2018 *i.e.*, prior to Plaintiffs' use of their



device mark "WORKNEST".

6.2 Plaintiffs' use since 2018 is unsubstantiated by any documentary evidence. The earliest document indicating use of Plaintiffs' registered mark is the Office Agreement dated 28th January, 2019. They have purposely not produced their balance sheet for the financial year 2018-19, which alone could illustrate the commercial use and quantum of business conducted in the said year.


6.3 Since the implementation of the Central Goods and Services Tax Act, 2017 and respective States' Goods and Services Tax laws, it is mandatory to obtain Goods and Services Tax ["GST"] registration before commencement

⁴ He relied on *Midas Hygiene v. Sudhir Bhatia*, (2004) 3 SCC 90.

of any business. Plaintiffs obtained their GST registration on 11th January, 2019 and thus, their market existence or business before the said date is not probable.

6.4 Before adopting the trademark “WORKNESTS” in 2018, Defendants conducted an extensive and thorough search of trade channels for similar mark(s). Finding no trace of use of any similar mark, they honestly adopted the impugned mark and began using the same for their services. They started commercial operations under the impugned mark in September, 2018, which is evident from exchange of proposals for renting out of properties with Godrej Properties Ltd., which eventually culminated into an agreement with them on 29th November, 2018.

6.5 Defendants’ commercial use is earlier to Plaintiffs. They even secured GST, PAN and TAN registrations in the period between September, 2018-February, 2019, before the Plaintiffs. Further, Defendant No. 2 was sanctioned a business loan by Axis Bank on 31st December, 2018. The impugned domain name – “worknests.com” was also registered on 27th July, 2018.

6.6 Defendants are not using the name “WORKNESTS” independently, but in conjunction with the registered mark “”, making the resulting



mark inherently distinct from Plaintiff’s device mark “WORKNEST”, which has to be seen as a whole. Plaintiffs do not have any right over the word “WORKNEST” separately and as such, no case for infringement is made out. It is in fact the Plaintiffs who have copied tradename “WORKNESTS”

with a minor change of deleting alphabet ‘S’ at the end.

6.7 Defendants are exclusively conducting their business in Kolkata, West Bengal and do not intend to extend business operations beyond the States of Orissa, Assam and West Bengal. Whereas, Plaintiffs do not have any presence outside Noida, Uttar Pradesh. Hence, no prejudice or irreparable loss/ injury is being caused to Plaintiffs, which warrants grant of interim relief.


REJOINDER SUBMISSIONS

7. Mr. Gupta controverted the afore-noted submissions of Mr. Ghosh, contending as follows:

7.1 Plaintiffs’ registrations, although on a proposed-to-be-used basis, date back to 16th June, 2018 in terms of Section 23 of the Trademarks Act, 1999 [*hereinafter*, “***the Act***”]. Defendants’ assertion of use since September, 2018 is incorrect and, in any event, not prior to Plaintiffs’ date of registration (16th June, 2018).⁵

7.2 Defendants have wrongly limited the meaning of ‘use’ to actual commencement of business. Their reliance on the GST certificate to contend that the Plaintiffs could not have used the mark prior to January, 2019 is misplaced and refuted by the documents placed on record. Nonetheless, registration of Plaintiffs’ domain name “www.worknest.co.in” in April, 2018 must also be deemed to be use of the mark “WORKNEST” by Plaintiffs.

⁵ To argue that Defendants are not prior users, Plaintiff relied on *Pfizer Products Inc. v. Rajesh Chopra and Ors.*, 2007 SCC OnLine Del 868, *Kamat Hotels (India) Ltd. v. Royal Orchid and Anr.*, 2011 SCC OnLine Bom 460 and *Drums Food International Pvt. Ltd. v. Euro Ice Cream and Anr.*, 2011 SCC OnLine Bom 817.

7.3 Defendants are not honest and concurrent users. They were aware of Plaintiffs' existence as is evident from WhatsApp communication dated 27th July, 2018 between them which mentions that "worknest.com" domain is blocked.⁶ *Malafide* and dishonesty in adoption is furthered by the fact that Defendants did not file any trademark application for registration of the impugned mark; the mark "" is registered in the name of a third-party viz. GFS Consultancy P. Ltd. They deliberately sought registration of "WN" logo instead of "WORKNESTS" as they knew that "WORKNESTS" would not be registered due to Plaintiffs' prior registration. Even otherwise, honest and concurrent use is a ground for seeking registration of a mark, and not a defence available in trademark infringement suit.

7.4 If injunction is not granted, it would amount to deemed registration of Defendants' mark, which does not exist, rendering Plaintiffs' registration redundant, without any cancellation proceedings.




PROCEEDINGS THIS FAR

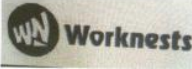
8. On 30th September, 2020, while issuing notice, the Court declined to grant an ad-interim injunction for the following reasons:

- “
xxx- xxx
10. *Learned counsel for the defendant further submits that the defendant's exclusive work is in Kolkata and that the defendant is using the mark WORKNESTS alongwith its logo and not separately as is evident from the website of the defendant and thus there is clear distinction between the two marks.*
11. *Learned counsel for the plaintiff contends that since the label mark of the plaintiff also contains the word WORKNEST, whereas the defendant's registered mark is only 'WN', the action of the defendant would amount to infringement of the plaintiff's trademark WORKNEST which is duly registered.*
12. *Considering the fact that the plaintiff and defendant appear to be*

⁶ *Bal Pharma v. Centaur Lab*, SCC OnLine Bom 1176.

concurrent users of the mark WORKNEST plaintiff being registered owner of the

mark/label mark  and defendant label mark  and  and using

WORKNESTS along with its logo  everywhere and at the moment the plaintiff is operating in Noida and the defendant is working in Kolkata, both are providing co-working spaces in different areas, at this stage this Court finds no ground to grant an ad interim injunction.”

9. Later, on 18th April, 2022, while hearing arguments in the present application, the following order was passed:

“12. The issue in this case relates to the trademark ‘WORKNEST’ of the Plaintiffs and ‘WORKNESTS’ of the Defendant, both as a mark and as a name in respect of ‘co-working spaces’. The Plaintiffs have a co-working space establishment in Noida, while the Defendant has a co-working establishment in Kolkata. The mark and services being identical, the question between the two parties, is as to who is the prior user and prior adopter of the mark/name.

13. A detailed chart has been placed on record by the Defendant depicting their use of the mark ‘WORKNESTS’, as against the dates of the Plaintiffs’ usage of the mark ‘WORKNEST’. The Plaintiffs claim prior user on the basis of registration of the domain name www.worknest.co.in on 21st April, 2018 in the name of a group company and the registration of the mark ‘WORKNEST’ in a logo form in the name of Mr. Prithvi Raj Batra - Plaintiff No.2. The Defendant, on the other hand, claims prior user on the basis of GST registration in 7th December, 2018 and incorporation of the corporate entities prior to that of the Plaintiff No.1. The turnover figures of both the parties have not yet been placed on record.

14. **This matter requires examination as to who would be construed as a “prior user” of the mark and as to whether the Plaintiffs enjoy statutory rights in the mark which was registered by Plaintiff No.2 on a proposed to be used basis.** Accordingly, the parties are directed to place on record their turnover figures, since the date of the adoption of the present marks till date, along with the GST records/ payments made by them to third parties, in order to assess the extent of business of both the parties.

15. **In the meantime, since there may be actual confusion being created in the market as the marks are identical and services which are being provided are identical, it is directed that the Defendant shall not extend beyond the state of West Bengal, till the next date of hearing.**”

[Emphasis Supplied]

ANALYSIS

10. Undisputedly, the Defendants are using the impugned mark “WORKNESTS” in trademark sense, therefore, the Court has to only assess


whether such use *prima facie* amounts to infringement and passing off



Plaintiffs' trademark "WORKNEST". First, we shall evaluate deceptive similarity, the main ingredient of infringement, having regard to the extent of resemblance between the two marks, similarity of goods and services associated, comparability of trade channels employed by parties, their reputation and potential to deceive or confuse relevant consumers. Thereafter, the Court will decide on Plaintiffs' assertion of prior registration *vis-à-vis* Defendants' claim of prior use.

WHETHER THE TWO MARKS ARE SIMILAR

11. The key factor in ascertaining deceptive similarity is the likelihood of confusion. The underlying principle is to protect consumers from being misled or confused and to safeguard the distinctiveness and reputation of a brand or creative work. Likelihood of confusion is usually assessed keeping in view the sound, meaning, overall impression and commercial impact delivered by the rival marks. In the instant case, the two marks and their manner of use is depicted below:

<i>PLAINTIFFS</i>	<i>DEFENDANTS</i>
	



12. Plaintiff's trademark is a composite device mark, which must be viewed as a complete unit. However, for assessment of similarities between the contesting marks, one has to focus on the dominant characteristics. Here, the word "WORKNEST" emerges as the distinctive feature, holding prominence. This element attracts one's immediate attention and is most likely to be remembered by the consumers and the general public. It is thus, a brand-identifier. Therefore, the marks are identical, except with the difference of addition of the letter 'S' at the end of Defendants' mark, which is not sufficient for distinguishing the challenged mark from that of Plaintiffs'. The impugned mark bears overall similarity to Plaintiffs' mark and is likely to deceive an ordinary person, who is familiar with the former mark, into believing it to be the latter party's mark. Dissimilarities in isolated facets of the marks, including the logos, as highlighted by Defendants, are insignificant and immaterial. The likelihood of confusion is further fortified by the fact that services offered by parties under their respective marks (renting of co-working spaces and other real estate services), are also identical. Both the parties would naturally have the same distribution networks for offering their services and thus, are more likely to be encountered by the same set of consumers, thereby increasing the

possibility of confusion between the marks.

13. Therefore, notwithstanding the differences, “WORKNEST” is the significant and indispensable component of Plaintiff’s registered mark, which makes the contested mark to be deceptively similar/ identical thereto.

WHO IS THE PRIOR USER?

14. As the marks bear similarity, the relief now hinges on determining which of the two parties began using their mark before the other.

15. Plaintiffs’ application was on a proposed-to-be-used basis thereby implying that the mark had not been put to commercial use as on the date of application. They first actually utilised their mark “WORKNEST” on 21st April, 2018, when their domain name “www.worknest.co.in” was registered in the name of Plaintiff’s sister concern – Buniyad Retail P. Ltd. Thereafter,



Plaintiff No. 2 initiated the registration process for the mark “ WORKNEST ” on 16th June, 2018, by filing an application. From the material available on record, it appears that commercial transactions under said mark were commenced by Plaintiffs in and around December, 2018-January, 2019. In contrast, Defendants commenced using the impugned mark later than 16th June, 2018, but resist the injunction by asserting that their commercial use since September, 2018, is prior to Plaintiffs’.

16. Thus, the key question is whether the rights of a registered proprietor,

who acquired registration for a mark planned for future utilisation, can be nullified by someone who deployed a similar mark after the registration date, but prior to the date of actual use of the registered proprietor.

17. In accordance with Section 18(1) of the Act, trademark proprietors can apply for registration if they wish to protect their mark, regardless of whether the mark is presently in use or planned for future use. The trademark owner must demonstrate actual use to maintain the registration, however, that is not the case here as the Plaintiff's mark is concededly in use. Defendants have not challenged Plaintiffs' registration and therefore, no further discussion is required thereon.

18. Plaintiffs' mark is registered, which grants exclusive proprietary rights and establishes a legal presumption of validity and ownership in their favour. This also prompts the application of provisions under the Act concerning the impact of registration, as well as the remedies available for infringement. Section 27(1) of the Act provides that no person is entitled to institute any proceedings to prevent or recover damages for infringement of an unregistered trademark. Under Section 28, registered proprietor of the trademark is vested with exclusive right to use the trademark in relation to goods or services in respect of which the registration is granted, and to obtain relief in case of infringement. The registered proprietor can initiate legal proceedings for infringement, without actual use of the registered mark.

19. The aforesaid rights of a registered proprietor are however, not

unassailable. The prior user's rights, derived from common law, are recognised as superior to rights arising from a subsequent registration. Therefore, if Defendants wish to take aid of the defence of 'prior use', they would have to satisfy the test enumerated in Section 34 of the Act that provides for saving of vested rights of a prior user. The said provision reads as under:

“34. Saving for vested rights —Nothing in this Act shall entitle the proprietor or a registered user of registered trade mark to interfere with or restrain the use by any person of a trade mark identical with or nearly resembling it in relation to goods or services in relation to which that person or a predecessor in title of his has continuously used that trade mark from a date prior—
(a) to the use of the first-mentioned trade mark in relation to those goods or services by the proprietor or a predecessor in title of his; or
(b) to the date of registration of the first-mentioned trade mark in respect of those goods or services in the name of the proprietor of a predecessor in title of his;

whichever is the earlier, and the Registrar shall not refuse (on such use being proved) to register the second mentioned trade mark by reason only of the registration of the first-mentioned trade mark.”

20. The exception carved out by the above-noted section overrides the other provisions of the Act and prevents a user of a registered mark from interfering with the prior use of an identical mark. It begins with a non-obstante clause and provides for defeasance of rights of a registered proprietor/ user of a trademark, if any person has been continuously using a trademark that is identical with or nearly resembles the registered proprietor's trademark, from a date prior to the use of the registered proprietor's mark in relation to those goods or services, or the date of registration of the registered proprietor's mark in respect of those goods or services, 'whichever is earlier'. The relevant date for the purpose of establishing prior use in the present case would be the 'date of registration' of the mark and not when the Plaintiff actually started using it. In terms of

Section 23(1) of the Act, date of filing of registration application is deemed to be the date of registration. Thus, for proving prior use it is incumbent upon Defendants to satisfy usage before 16th June, 2018 (Plaintiffs' registration date). On this count, they have failed as admittedly Defendants' use commenced from September, 2018, and not anytime earlier.

21. Defendants have attempted to portray that after securing registration,



Plaintiffs did not have an intention to use the mark “ WORKNEST ” as they did not put the same to immediate commercial use. This again, would not be enough to defeat Plaintiffs' statutory rights emanating from registration. If Defendants' case is accepted, it would render the concept of proposed-to-be-used registrations envisaged under Section 18 of the Act, virtually redundant. It is natural for a prospective registrant to await the outcome on registration application before proceeding to incur substantial expenses towards trading under the applied mark. Plaintiff No. 2 herein was issued a registration certificate on 15th December, 2018, which related back to 16th June, 2018. The documents submitted by Plaintiff such as their GST registration, Office Agreement, invoices pertaining to the period around January, 2019, after Plaintiff No. 2's registration, prove that they were interested to commercially use the registered mark. *Per contra*, Defendants adopted the mark after Plaintiff No. 2's applications had been advertised for public knowledge and were open to objections. Defendants' adoption and user of the impugned mark “WORKNESTS” subsequent to Plaintiff's registration will not override the Plaintiffs' statutory rights. If this is




allowed, it would result in anomaly and permit any person to start using a similar/ identical mark at any time after the registered proprietor's mark is advertised, and before registration is granted. Often due to procedural formalities and oppositions, final decisions on the applications are rendered after years from the date of application. A person who adopts deceptively similar or identical mark within this timeframe cannot be accepted as a prior user and accorded preferential rights. Allowing this defence would be wholly contrary to the object and intent of Section 18(1), rendering the same otiose. It would also discourage registrations as well as adversely impact rights of registered proprietors. Thus, the defence of prior use under Section 34 of the Act is not available to Defendants.

22. Defendants have also claimed that their adoption is honest and that they were unaware of Plaintiffs' existence and their mark. The Court, however, remains unconvinced. Plaintiffs' applications No. 3861870 and



3861871 for the mark “ WORKNEST ” in classes 35 and 36, respectively, were accepted by the Trademarks Registrar and published in Journal No. 1860-0 on 30th July, 2018. It is Defendants' own case that they inspected the trade channels before initiating use under the mark in September, 2018. Considering the fact that the two marks are identical and used for the same class of goods, if the Defendants had indeed diligently examined the Trademarks Registry's records, they would have surely noticed Plaintiff No. 2's aforesaid applications, which had been accepted and advertised in July, 2018, *i.e.*, prior to Defendant's date of adoption. The assertion and defence

of honest adoption of the mark “WORKNESTS”, sans any credible material bears no merit.

23. At this juncture, it would also be beneficial to note that application for “” filed on 18th January, 2019 was also made on a proposed-to-be-used basis. Further, filing of application Nos. 4888922, 4888921 and 4888920 for marks “WORKNESTS”, “**Worknests** ” and “**Worknests**”, respectively, by Defendant No. 2 on 03rd March, 2021, *i.e.*, after filing of the present suit, also does not tilt the scales of balance of convenience in their favour. The Court cannot assume Defendants’ use as *bonafide* and honest to deny injunctive relief to the Plaintiffs.

24. Lastly, the submission that Defendants’ impugned use does not harm or injure Plaintiffs as Defendants are based in Kolkata, West Bengal, is incorrect and misconceived. Registration in favour of Plaintiff is not confined to any particular area/ State, and solely because Plaintiffs are currently operating in Noida, Uttar Pradesh alone, the Court cannot restrict the ambit of their vested rights and impede expansion of future business activities.

CONCLUSION AND RELIEF

25. To be a prior user, it is obligatory for Defendants to prove that their use precedes either the date of Plaintiffs’ use or the date of registration of Plaintiffs’ mark, whichever is earlier. Defendants have failed to satisfy the

Court that their use preceded Plaintiffs' registration and thus, their subsequent adoption cannot defeat the rights vested in Plaintiffs by virtue of their registration. Plaintiffs have *prima facie* demonstrated infringement and are entitled to restrain the Defendants' use of identical/ deceptively similar mark "WORKNESTS" for identical services. The balance of convenience lies in favour of the Plaintiffs and irreparable damage would be caused to their business in case Defendants are not restrained by way of an injunction.

26. Accordingly, an injunction is granted in favour of the Plaintiffs restraining Defendants and anybody acting on their behalf from renting/selling, offering for rent/sale, franchising, licensing, advertising, directly or indirectly dealing in real estate services, including, providing/ renting out co-working spaces under the "WORKNESTS" mark/ trade name and domain name "www.worknests.com" or using any other trade name, mark and domain name that may be deceptively similar to Plaintiffs' trade



name, "WORKNEST" and "WORKNEST" marks, domain name "www.worknest.co.in" that amounts to infringement thereof.

27. With the above directions, the present application is allowed.

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28. List on 21st April, 2023 for framing of issues and case management.

29. Registry is directed to rectify the cause-title in terms of the amended
plaint.

SANJEEV NARULA, J

MARCH 21, 2023

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