

If a franchisee has expressly acknowledged that it has no proprietary right in the franchisor's trademark, and the franchise arrangement has been terminated, then any continued use of the mark thereafter is prima facie unauthorised

The **Delhi High Court** in the case of **Moti Mahal Delux Management Services vs Zikra Hotels and Restaurants LLP [CS(COMM) 502/2026]** dated **May 14, 2026**, has held that where a franchisee has expressly acknowledged that it has no proprietary right in the franchisor's trademark, and the franchise arrangement has been terminated, any continued use of the mark thereafter is prima facie unauthorised and not bona fide. In such circumstances, as the plaintiff has shown subsisting trademark registrations, long-standing goodwill, deceptive similarity, and likelihood of consumer confusion, the High Court granted an ex parte ad interim injunction restraining Zikra Hotels and Restaurants LLP (defendant no.1) and all persons acting for or through it from running, advertising, selling, marketing or promoting any restaurant or catering business under the impugned marks of the Moti Mahal Delux.

The Court noted at the outset that, since the suit contemplated urgent interim relief, exemption from the requirement of pre-institution mediation under Section 12A of the Commercial Courts Act, 2015 was justified. On the merits of the interim injunction application, the Court observed that under the Franchise Agreement the defendant had only a limited contractual authority to use the mark "MOTI MAHAL DELUX TANDOORI TRAIL" for the agreed period, and the defendant had clearly acknowledged that it had no right in that name.

The Court further observed that, once the Franchise Agreement stood terminated, defendant no.1 could not have continued using the mark for any reason whatsoever. It found that the plaintiffs' investigation prima facie suggested continued unlawful use of the mark by defendant no.1 after termination, and that the contractual clauses appeared to prohibit such use. It therefore observed that the defendant's continued use was not bona fide and appeared to be unauthorised.

The Court also recorded that a visual comparison of the rival marks demonstrated deceptive similarity likely to cause confusion and deception in the minds of unwary consumers. It further accepted that the plaintiffs' trademark registrations, long use, sales figures, advertisement expenses, and prior enforcement history sufficiently established goodwill and reputation in the marks.

Based on these factors, the Court held that the plaintiffs had made out a prima facie strong case, that the balance of convenience was in their favour, and that irreparable loss and injury would be caused if interim protection was denied. Accordingly, the Court granted an ex parte ad interim injunction restraining defendant no.1 and persons acting on its behalf from using the impugned marks and directed removal of such marks from the restaurant premises, menus, advertising material, e-commerce websites, and social media platforms.

The Court also directed the defendant to remove all references to those marks from restaurant boards, hoardings, menus, cutlery, brochures, advertising material, e-commerce websites, and social media platforms within two weeks of receipt of the order.