
CASE NOTE

Case Name: Gloster Limited v. Gloster Cables Limited 2026

Citation: 2026 INSC 81

Case Number: CIVIL APPEAL NO. 2996 OF 2024, CIVIL APPEAL NO. 4493 OF 2024

Date of Decision: 22 January, 2026

Court: Supreme Court of India

Coram: Hon'ble Mr. Justice K.V. Viswanathan

Introduction

In the present case, NCLT Kolkata is deciding authority in the insolvency matter; The two appeals arise from the judgment of the National Company Law Appellate Tribunal NCLAT Principal Bench, New Delhi dated 25.01.2024 in Company Appeal (AT) (Ins.) No. 1343 of 2019.

Civil Appeal No. 2996 of 2024 is filed by Gloster Limited, the Successful Resolution Applicant (SRA), while Civil Appeal No. 4493 of 2024 is filed by Respondent No.1- Gloster Cables Limited (GCL) challenging the findings in the impugned judgment as it held that the Adjudicating Authority had the jurisdiction to declare on the aspect of title to the trademark "Gloster".

Facts

Appellant / SRA (Successful Resolution Applicant): Gloster Limited is a party supposed to take over the Corporate Debtor after resolution.

GCL is a party that filed an application (C.A. (IB) No. 713/KB/2019) is a Corporate Debtor, the company undergoing insolvency resolution

Respondent No.1 Gloster Cables Limited (GCL) filed a Civil Appeal No. 4493 of 2024 challenging the findings in the impugned judgment as it held that the Adjudicating Authority had the jurisdiction to declare on the aspect of title to the trademark "Gloster"

Respondent No.2 is Fort Gloster Industries Limited (FGIL), the Corporate Debtor. He was hauled up before the adjudicating authority by a former employee Mr. Jayant Panja in CP (IB) 61/KB/2018 filed under Section 9 of the IBC Code, 2016. This application was admitted on 09.08.2018, subsequently Resolution Professional (RP) was appointed who filed an application for approval of the resolution plan of the Corporate Debtor submitted by the appellant-SRA herein which was duly approved by the Committee of Creditors (COC) by a vote share of 72.31%. Today, there is no dispute that the plan is approved and has attained finality.

The CIRP commenced on 09.08.2018

Issue

- 1) whether, in the course of approving a resolution plan, the insolvency forum could conclusively decide disputed questions of ownership over a trademark that was key to the resolution process.
- 2) Whether the Trademark gained through a trademark Agreement is a Right or an Asset

Arguments

Petitioner

The respondent No.1-GCL was estopped from questioning the jurisdiction since they themselves invoked the jurisdiction of the NCLAT/Adjudicating Authority by filing the application out of which the present proceedings arise. Permitting GCL to question the jurisdiction would be an abuse of process the registration of the trademark “Gloster” in the name of GCIL was against Section 14(1)(b) of the IBC since the CIRP had commenced on 09.08.2018. as it provides a legal embargo against transferring, encumbering or alienating or disposing of by the Corporate Debtor of any of its assets or any legal right or beneficial interest

There was inconsistency with regard to the claim of GCL (R-1) about the date on which it acquired title to the trademark. While in the counter affidavit filed before this Court, GCL pleaded that the title of the trademark stood assigned in its favor with effect from 01.12.2016 pursuant to the Supplemental Agreement dated 15.07.2008, in the Deed of Assignment it is stated as 28.05.2017.

GCL(R-1) waived its right under Section 45 of the Trade Marks Act to contend that the trademark should vest on the date of assignment. hence the unregistered Assignment Deed could not have been admitted in evidence as proof of title to the trademark. Supplemental Agreement is against BIFR dated 10.09.2001 and, hence, is a void document being opposed to section 23 of Indian Contract Act, 1872.

Respondent

When the approval application was pending, GCL (R-1) filed an application under Section 60(5) of the IBC seeking the following reliefs¹

- 1) Approval of CIRP should not grant IPR of Trademark: Adjudicating Authority shall exclude the rights in the Trade Mark “Gloster” from the assets of the Corporate Debtor since the said Trade Mark ‘Gloster’ is not a property/asset of the Corporate Debtor but an intellectual property right

On 28.05.2019 second application was filed it stated that,

- 1) GCL, being the proprietor/owner of registrations for the trademark “Gloster” and its variants bearing No. 690772, 1980867, 3022764 and 3022775 in Class 9. Of this, the present case is concerned with No. 690772

¹ The Insolvency and Bankruptcy Code 2016, Last Update 01-6-2020

2) That GCL entered into a Technical Collaboration Agreement with FGIL, on 02.05.1995, wherein it was mutually agreed that GCL would use the trademark royalty of 2% of ex-works prices of the product sold or leased.

3) That since 1995, GCL has used the trademark “Gloster” and it has expanded its business and is solely responsible for building the brand image and the brand value of the trademark “Gloster”. That since 2003, FGIL was non-functional and, as such, FGIL did not make any contribution towards building the brand name.

4) That FGIL was referred to the Board for Industrial and Financial Reconstruction (BIFR) under the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA); since 2003, there has been no production of cables by FGIL and no use of the trademark “Gloster” by them.

5) On 29.07.2004, GCL entered into a Trademark Agreement with FGIL for use of the trademark “Gloster” bearing No. 690772. Under the License Agreement, a first right to purchase the said trademark was also given. As consideration, Rs. 3 Crores was paid by GCL to FGIL along with an annual royalty of Rs. 2 Lakhs.

7) In 2006, GCL to help FGIL, extended a loan of Rs. 10 Crores under the Memorandum of Hypothecation wherein the first and exclusive charge on the trademark “Gloster” bearing No. 690772 was created in favour of GCL.

8) Pursuant to the obligation under the 2004 License Agreement and on the offer for sale of the trademark “Gloster” by FGIL a Supplemental Trademark Agreement dated 15.07.2008 for assignment of the trademark “Gloster” bearing No. 690772 was entered into. Since there was a restraint order passed by the BIFR on 10.08.2001, the assignment was to become effective only on the vacation or discharge of the order of restraint.

9) from 01.12.2016, the reference before BIFR under SICA stood abated and there was no reference to the NCLT within the prescribed period. In view of the same, all restraint orders ceased to exist.

10) On 20.09.2017, a Deed of Assignment was entered into to confirm the assignment of its trademark “Gloster” bearing No. 690772 which became effective from 28.05.2017. The Assignment Deed recorded that the assignment was absolute

11) On 17.09.2018, (The CIRP commenced on 09.08.2018) the GCL was recorded as the registered proprietor of the trademark “Gloster” bearing No. 690772 in Class 9 by the trademark registry

This application was objected to by the Resolution Professional, the Committee of Creditors and the SRA

Contentions of Resolution Professional

During the CIRP the information memorandum included audited balance sheets for the financial year 2016-17 and 2017-18. prepared as per Regulation 36 of the IBBI (Insolvency Resolution

Process for Corporate Persons) Regulations, 2016 which treated the trademark as an asset of FGIL. Hence, during the process of the CIRP, the trademark was understood to be FGIL's own asset in terms of Section 18(f)(iv) of IBC.

Decision of NCLT

On 27.09.2019 the NCLT disposed of both the application filed by GCL and the application for approval of the plan filed by the RP. The registration of the trademark in the name of GCL is invalid because it was registered in violation of Section 14 of the IBC. It was submitted that the CIRP commenced on 09.08.2018 and the registration of the trademark in the name of GCL was on 27.09.2018. Hence no ownership could be claimed over the trademark.

As per Section 22A of the SICA the assignment was in violation of the injunction and, as such, it would not confer any right over the trademark; the trademark was one of the assets of the Corporate Debtor and this was within the knowledge of GCL and hence the contention that the direction of restraint by BIFR did not extend to the trademark is absolutely untenable.

The NCLAT observed that

the Adjudicating Authority under Section 60(5)(c) of the IBC had jurisdiction to decide the case that arose before it, in the present case, the insolvency proceedings cannot be used to adjudicate title to property only because such disputes arise during the pendency of the corporate insolvency resolution process (CIRP).

Under the Supplemental Agreement of 15.07.2008, the assignment was to come into effect only after the order dated 10.09.2001 passed by the BIFR is vacated and or discharged or in the event of FGIL being wound up hence it was contingent, the finding recorded by the Adjudicating Authority that the assignment was during the operation of the restraint order and is null and void,

In Anuj Jain, IRP for Jaypee Infratech Ltd vs. Axis Bank Ltd² the SC has held that specific material was required to be pleaded if a transaction is sought to be brought under the mischief sought to be remedied under Sections 45, 46 and 47 or Section 66 of the IBC. Action could not have been taken in the absence of an application moved by the RP. forensic auditor did not find any preferential, undervalued, fraudulent or any wrongful trading transaction.

Only on the basis that the trademark was hypothecated for a bigger amount and has been assigned for a lesser amount, it could not be decided that the transaction was undervalued without there being any sufficient material before the Adjudicating Authority. The NCLAT allowed the appeal of GCL (R-1) and set aside the order of the Adjudicating Authority.

²In Anuj Jain, IRP for Jaypee Infratech Ltd vs. Axis Bank Ltd AIR ONLINE 2020 SC 279

Court's Reasoning and Analysis

The Supreme Court observed that approval of a Resolution Plan under Section 31 of the IBC Code does not give the overriding third-party proprietary rights which were never vested in the Corporate Debtor (CD). It reiterated that a resolution applicant acquires only such rights and interests as legitimately belonged to the CD and were capable of being transferred under law. the NCLAT was correct in holding that the NCLT could not assume jurisdiction to finally adjudicate the trademark dispute

The Court cautioned that appellate interference should be limited to correcting jurisdictional excess and should not result in conclusive findings on ownership, which remain open to be determined in appropriate judicial proceedings. Accordingly, the Court delineated the boundary between insolvency jurisdiction and adjudication of independent proprietary disputes, emphasising that the IBC is not a forum for resolution of title disputes unconnected with insolvency.

Final Decision and Order

Considering the facts and circumstances of the case as highlighted above, the Supreme Court noted that the findings of the NCLT, specifically with respect to adjudicating on the ownership of the trademark, are in gross violation of the principles of natural justice and beyond the scope of the enquiry

The Court also clarified that these observations would not come in the way of any other Court or authority deciding the issue of title to the trademark "Gloster", if the parties herein litigate upon and those proceedings will be decided on their own merits uninfluenced by these observations. Appeals were disposed off accordingly

Analysis

The present Supreme Court's ruling clarifies the limits of insolvency jurisdiction. section 60(5) of enables NCLT to deal with questions arising in relation to insolvency, but it does not authorise the assumption of jurisdiction over disputes that exist independently of the insolvency process and require determination by ordinary civil courts, So the objectives of timely resolution and value maximisation cannot justify a departure from settled limits on the Tribunal's jurisdiction. the insolvency framework proceeds on the assumption that the assets of the corporate debtor are identifiable and capable of being dealt with conclusively during resolution

This case has revealed the biggest lacuna in the dispute resolution process, the absence of a method within the resolution framework to proceed in the presence of unresolved ownership claims. A principled response is a must to preserve jurisdictional limits while enabling resolution to continue, where the ownership of a key asset is disputed and unresolved, the refusal to permit title adjudication within insolvency proceedings leaves the IBC without a clear mechanism to manage such uncertainty without either stalling the process or going beyond the jurisdictional boundaries.

Then it identifies the structural crater that arises when ownership disputes arise at the resolution stage. Finally, it proposes a principled way of accommodating such disputes within insolvency proceedings without converting the insolvency forum into a court of title. Section 60(5) of the IBC confers residuary jurisdiction on the NCLT to decide questions of law or fact arising out of insolvency resolution process, it enables AA to effectively conduct proceedings under the IBC, while remaining confined to disputes that draw their character from insolvency itself.

In *Embassy Property Developments Pvt. Ltd. v. State of Karnataka*³, the Court held that section 60(5) does not authorize AA to adjudicate disputes whose source lies in a legal regime independent of the insolvency framework, In *Gujarat Urja Vikas Nigam Ltd. v. Amit Gupta*,⁴ the Court clarified that the expression “arising out of or in relation to insolvency” requires a direct and substantive nexus with the insolvency resolution process, and is not satisfied where a dispute merely continues during insolvency or assumes commercial relevance to resolution.

Under the IBC, section 18 empowers the resolution professional to take custody and control of the assets of the corporate debtor. The resolution professional’s role is confined to preservation and management of the estate during insolvency, rather than the determination of proprietary entitlements. The avoidance provisions under sections 43 to 45 and 66⁵ operate within similarly defined confines. They address specific categories of suspect transactions identified by the IBC and do not extend to disputes over ownership that arise outside those statutory parameters or are governed by general civil law.

These provisions compel the RP to proceed on the basis of asset identification even where ownership remains contested. In practice, resolution professionals are placed in a position where they must account for such assets despite the absence of any statutory guidance on how unresolved ownership claims are to be treated.

The asset may be assumed to belong to the corporate debtor for valuation purposes, discounted to reflect legal risk, or informally excluded from consideration. The statutory scheme does not indicate whether unresolved ownership claims are to be treated as exclusions from the resolution estate, as contingencies to be disclosed, or as risks to be expressly allocated within the resolution plan; Nor does it prescribe how such uncertainty is to be reflected in the information memorandum placed before prospective resolution applicants. As a result, the treatment of disputed assets is shaped by ad hoc assumptions at the resolution stage, rather than by any consistent practice derived from the legislation.

The resolution professional must move forward within prescribed timelines and on the basis of an identified asset pool. The insolvency authority is constrained from determining title, while the RP and resolution applicants are required to proceed as if that determination were not central to

³*Embassy Property Developments Pvt. Ltd. v. State of Karnataka*, (2020) 13 SCC 308

⁴ *Gujarat Urja Vikas Nigam Ltd. v. Amit Gupta*, AIR ONLINE 2021 SC 123

⁵ The Insolvency and Bankruptcy Code, 2016, Last Update 01-6-2020

valuation and plan feasibility. The statutory framework thus encounters a category of assets that are integral to the resolution exercise, yet remain legally unsettled.

If such assets are treated as conditional asset, the resolution plan proceeds on the basis that the asset is transferred or dealt with subject to the outcome of adjudication. means no declaration of title is made by the insolvency authority & the competent civil court continues to determine ownership, while the RP does not proceed on an assumption of certainty that the law has not yet produced. It preserves the time-bound structure of insolvency without awaiting the outcome of civil litigation & avoids jurisdictional overreach by refusing to convert insolvency proceedings into a forum for title determination.

RP LEGAL