

(2006) 10 IPAB CK 0005
In the Intellectual Property Appellate Board

Agaroma

APPELLANT

Vs

Thai Airways International Ltd. And Anr.

RESPONDENT

Date of Decision : 06-10-2006

Acts Referred:

Trade And Merchandise Marks Act, 1958 — Section 2(1)(v), 9, 11, 11(e), 46, 56, 56(2), 68, 107
Trade Marks Act, 1999 — Section 100
Trade Marks Act, 1938 — Section 68(1)
Trade Marks Act, 1905 — Section 3

Citation : (2006) 33 PTC 735 (IPAB)

Hon'ble Judges : Z.S. Negi, J;S. Usha, Technical Member

Bench : Division Bench

Final Decision : Allowed

Judgement

Z.S. Negi, J

1. This petition/application under Sections 46, 56 and 107 of the Trade and Merchandise Marks Act, 1958 (hereinafter referred to as the Act) is filed

by the petitioner/applicant in the High Court of Delhi for removal of the entry relating to registered trade mark No. 478269 in class 16, which is in the

name of respondent No. 1, from the register of trade marks. The High Court of Delhi has, in pursuance of Section 100 of the Trade Marks Act, 1999,

transferred the petition to the Intellectual Property Appellate Board and the Board has numbered the same as TRA/5/2005/TM/DEL.

2. The applicant is a partnership firm registered under the Indian Partnership Act, 1932, manufacturing and selling incense sticks (agarbatties) since

1981. It is stated that in 1981, the artist and designer of the applicant drew several designs and marks of which the applicant selected the symbol/logo

which artistically depicts the letter 'A' which stands for the firm's trade name

AGAROMA. The applicant has since 1981 been using the said symbol/logo as a trade mark in respect of its incense sticks continuously and extensively. The applicant has registered the said symbol/logo as a trade mark under No. 374671 as of 14.4.1981 in class 3, in respect of 'non-medicated toilet preparations and perfumery including agarbatties'. The said trade mark has been renewed and still subsists on the register of trade marks.

3. The respondent No. 1 is an airlines company in the business of carriers of passengers and cargo. It can be seen from the advertisement in the Trade Marks Journal No. 991 dated 16.9.1990 at page 719, that respondent No. 1 claimed to be the 'manufacturer and merchant of stationery, printed matter, periodicals, books, etc., all included in class 16 under the Trade Mark No. 478269 (label) as of 11.9.1987 containing at the left side a symbol/logo, the word 'THAI' prominently appearing at the centre of the label and the trade name 'THAI Airways International Ltd.', appearing below the word 'Thai'. The applicant states that the respondent No. 1 has obtained registration of trade mark fraudulently by concealing the material fact and on the basis of untrue statement regarding ownership of the impugned trade mark for the goods covered by the impugned registration and claim of user in respect thereof, by making false statement that they are manufacturers and merchants of the goods covered by the impugned registration and on the basis of such trade mark filed a suit, for passing off being O.S. No. 7641/91 in the City Civil Court, Bangalore praying that the applicant be restrained from using the said logo in respect of its products and claiming damages, which is still pending. During the pendency of this suit, another similar (except enhanced amount of damages) Suit No. 117/93 has been filed in November, 1992 in the High Court of Delhi which is also pending. The impugned trade mark was and is still contrary to the provisions of Section 9 of the Act on the relevant date and till the date of filing of the present application and the use of such a trade mark was and is still likely to deceive or cause confusion and is otherwise disentitled to protection in a court of law under the provisions of Section 11 of the Act. The applicant further states that respondent No. 1 has obtained the impugned registration without bona fide intention to use and has for a period of more than five years and one month not used the trade mark in relation to the goods covered by the said registration. The entry of impugned registration is improper and illegal as

the mark has not been used in respect of any vendible articles The two suits filed by the respondent company on the basis of its registered trade mark operates in restraint of the applicant's statutory right granted by trade mark registration No. 374669 and thus the applicant is injured and embarrassed by the entry of the registered trade mark No. 478269 in the name of the respondent No. 1 and hence the applicant is an aggrieved person.

4. The matter came up before us for hearing. There was no representation from the respondents. The registered notice for hearing issued to respondent has been received back with the remark 'left'. Shri M.R. Balerao, Advocate represented the applicant and stressed that his arguments should be heard. Having regard to long pendency of the matter (i.e. since 1993), we considered it fit to hear the matter and dispose of the same on merits on the basis of pleadings of the respondent No. 1. It is noticed from the record that the learned Counsel for respondent No. 1 had on 12.10.2000 stated before the hearing Judge of the High Court of Delhi that he did not wish to lead any evidence and made submission that the case be disposed of on the basis of the pleadings alone and as such no evidence has been filed/made available.

5. The learned Counsel for the applicant contended that the applicant is a person aggrieved within the meaning of Section 56 of the Act. He contended that the respondent No. 1 has obtained the registration fraudulently by concealing the material fact and on the basis of untrue statement regarding user and claim of proprietorship of the mark and by making false statement they being manufacturers and merchants of the goods covered by the impugned registration. He further contended that the impugned trade mark is not covered by the definition of the word "trade mark" under Clause (v) of Sub-section (1) of Section 2 of the Act but it is a 'service mark' which is included in the definition by the Trade Marks Act, 1999. He also contended that respondent No. 1 had no bona fide intention to use the mark and there was no bona fide use of the mark for continuous period of more than five years has elapsed up to the date of one month prior to the date of the application and there is no vendible goods of the respondent No. 1 available in the market. Also, the impugned registration was obtained by suppressing material facts that the respondent No. 1 has been using the impugned mark on its aircrafts, ground vehicles, office stationery, tickets, ticket envelopes, baggage

tags and other complementary items, which goods are not for sale to purchasers or prospective purchasers.

6. The first issue to be considered is as to whether the applicant is an aggrieved person as it is the statutory requirement under Section 56 of the Act

that an application for removal of a trade mark from the register must be made by any person aggrieved. In *Powell v. Birmingham Vinegar Brewery*

Co. (1894) 11 R.P.C. 4 (HL), Lord Herschel held that ""Wherever it can be shown, as here, that the applicant is in the same trade as the person who

has registered the Trade Mark, and wherever the Trade Mark, if remaining on the Register, would, or might, limit the legal rights of the Applicant, so

that by reason of the existence of the entry on the Register he could not lawfully do that which, but for the existence of the mark upon the register, he

could lawfully do, it appears to me he has a locus standi to be heard as a person aggrieved."" In the matter of *Apollinaris Tins*. (1891) 8 RFC at 162

(CA), FRY, L.J. observed as ""In our opinion, when one trader uses the fact of registration as any part of his case against another trader in any legal

proceedings, that second trader is aggrieved, and this is not the less so because that trader may have other means of defending himself."" By applying

the above principles, the applicant is a person aggrieved as he has stated that the two suits filed by the respondent No. 1 on the basis of its registered

trade mark operates, in restraint of the applicant's statutory right granted by trade mark registration No. 374669 and thus the applicant is injured and

embarrassed by the entry of the registered Trade Mark No. 478269 in the name of the respondent No. 1. Therefore, the applicant is a person

aggrieved.

7. Now, the next issue as to whether the respondent No. 1 has obtained the registration fraudulently by concealing the material fact and on the basis

of untrue statement regarding user and claim of proprietorship of the mark and by making false statement that they are manufacturers and merchants

of the goods covered by the impugned registration. The respondent No. 1 has denied this averment of the applicant. However, it is evident from the

advertisement in the Trade Marks Journal No. 991 dated 16.9.1990 at page 719 and the certificate of registration of trade mark have been accepted

and registered, respectively, in the name Thai Airways International Ltd., manufacturers and merchants in respect of stationary, printed matter,

periodicals, books etc.'. The respondent No. 1 has in their reply in sub-paragraphs (A), (B) and (J) of paragraph 12 has stated as under:

(A) It is wrong and denied that the Respondent's registration No. 478269 has been obtained by concealing any fact let alone material facts as alleged

or at all. The allegation is scandalous and vicious.

(B) The allegation that Respondent's registration has been obtained by making ""false statement"" is false and mischievous. The allegation are also

irresponsible having been made recklessly and without attempting to verify facts relative to business, affairs and services of the Respondent.

(J) Wrong and denied. The allegation is mischievous and irresponsible. No material fact as alleged at all has been suppressed.

The above quoted reply does not throw any light for deciding the issues. When the respondent No. 1 did not wish to file any evidence, the reply to

averments of the applicant should have been comprehensive or rebuttal should have been credible. The respondent No. 1 has even not stressed the

claim of their ownership of mark prior to registration or use after obtaining registration or produced a copy of the order of the Registrar allowing their

application for registration to show that all these points were considered and accepted by the Registrar of Trade Marks. In the absence of

comprehensive reply/credible rebuttal and any evidence available to prove the contrary, there is no reason not to accept the statement of the applicant

as true. Besides this, respondent No. 1 is a Limited company and as such there must be object clauses of the company which authorise it to carry on

the business of manufacturers and merchants of goods in respect of which registration of trade mark has been obtained. There is neither a whisper to

this fact nor any evidence produced in this regard by respondent No. 1 to show that these factors were taken into consideration by the Registrar of

Trade Marks or the company is authorised by its objects to carry on the business of manufacturers and merchants.

8. The learned Counsel for the applicant in support of his contention, that respondent No. 1 was not owner of the mark before or at the time of

registration so as to enable them to get the registration in their name, relied on the case of Consolidated Foods Corporation v. Bradon and Co. Private

Ltd. (V 52 C 14) wherein it was observed by the Court that ""A trader acquires a right of property in a distinctive mark merely by using it upon or in

connection with his goods irrespective of the length of such user and the extent of his trade. The trader who adopts such a mark is entitled to

protection directly the article having assumed a vendible character is launched upon the market. Registration under the statute does not confer any

new right to the mark claimed or any greater rights than what already existed at common law and at equity without registration. It does, however,

facilitate a remedy which may be enforced and obtained throughout the State and it established the record of facts affecting the right to the mark.

Registration itself does not create a trade mark. The trade mark exists independently of the registration which merely affords further protection under

the statute. Common law rights are left wholly unaffected. Priority in adoption and use of a trade mark is superior to priority in registration." Emphasis

supplied. Here in this case, use of mark is not established and no proof of vendible goods launched in the market is available.

9. Next central issue is whether the trade mark registered under No. 478269 is a service or trade mark and if such mark can be registered under the

Act. There is no dispute that respondent No. 1 is engaged in the business of carriers of passengers and cargo (as stated by the respondent No. 1 in

the opening sentence of paragraph 1 of the plaint in their Suit No. 117 of 1993 filed in the High Court of Delhi). In paragraph 6 of their reply to

application, the respondent No. 1 has stated that the company is trading in air transport services. The statement made in the application, that the

impugned mark is a service mark and not a trade mark, has not been convincingly contradicted by the respondent No. 1 in their reply except stating in

sub-paragraph (K) of paragraph 12 that the ground is baseless and rooted in ignorance of the relevant law. The learned Counsel drew our attention to

a copy of similar Logo/service mark registered on 6th April, 1976 in USA (which is titled as "SERVICE MARK") in the name of respondent No. 1 for

transportation of passenger and freight by aircraft, in class 19. Now, the question is what constitutes a trade mark and what is its function? Section

2(1)(v) of the Act defines the expression trade mark as under:

(v) "trade mark" means-

(i) in relation to Chapter X (other than Section 81), a registered trade mark or a mark used in relation to goods for the purpose of indicating or so as to

indicate a connection in the course of trade between the goods and some person

having the right as proprietor to use the mark; and

(ii) in relation to the other provisions of this Act, a mark used or proposed to be used in relation to goods for the purpose of indicating or so as to

indicate a connection in the course of trade between the goods and some person having the right, either as proprietor or a registered user, to use the

mark whether with or without any indication of the identity of that person, and includes a certification trade mark registered as such under the

provisions of Chapter VIII;.

In the Matter of 'Powell's Trade Mark (1893) 10 RPC 195 at page 200, BOWEN, L.J. while considering what is really the function of a trade mark

has observed thus: ""The function of a trade mark is to give an indication to the purchaser or possible purchaser as to the manufacture or quality of the

goods, to give the trade hands through which they pass on their way to the market. It tells to the person who is about to buy, or considering whether he

shall buy, that what is presented to him is either what he has known before under the similar name as coming from a source with which he is

acquainted, or that is what he has heard before as coming from that similar source. It is obvious that if it is to be an indication to the purchaser's eye of

what I have stated, it must either be impressed on the goods or so accompany the goods as to produce the effect upon the purchaser."" In order to

satisfy the definition of trade mark, the respondent No. 1 should be dealing with the goods in respect of which registration has been obtained or using

the mark in relation to their goods for the purpose of indicating or so as to indicate a connection in the course of trade between the goods. There can

be no trade mark unless applied to the goods in which one is dealing with. The respondent No. 1 cannot be said to be either manufacturers of, or

dealing with, the goods in respect of which registration has been obtained. There is no evidence to show that respondent No. 1 is manufacturing

aircrafts and ground vehicles as the mark (Thai logo) is, according to paragraph 6 of Suit No. 117 of 1993, used on aircrafts, ground vehicles of all

types and diverse items such as tickets, ticket envelopes, baggage tags, office stationery, ticket counters, the give-away complimentary items of a

hundred types from ball point pens to model aircrafts, and a host of other objects. The respondent No. 1 has nowhere stated in the pleadings that the

impugned mark is being used as contemplated in the definition of trade mark.

Regarding averment of the applicant that registration of the impugned mark is improper/illegal as the respondent No. 1 has not used/been using the same in respect of any vendible articles, the respondent No. 1 has stated in sub-paragraph (I) of paragraph 12 of the reply that the allegation is recklessly made without verifying the true facts. In the absence of any thing to prove contrary, we are of the view that the respondent No. 1 has not 'used the trademark in relation to goods for the purpose of indicating a connection in the course of trade' as envisaged by Section 2(1)(v) of the Act and they might be manufacturing the goods for their own use, not for sale to the customers. Where no purchaser or possibility of purchaser exists, the use of impugned mark on goods can not perform the function of a trade mark as observed by BOWN, L.J. in the matter of Powell's Trade Mark (*supra*).

10. The construction of definition of trade mark was considered in the case of *Aristoc Limited v. Rysta Limited* and Anr. (1945) 1 All E.R. 34 and some of the observations made by certain Learned Law Lords in course of their speeches in this case may be usefully quoted. Viscount Maugham has observed at pages 40-41:

I now come to the third question which is concerned with the true construction of the definition of a trade mark in Section 68(1) of the Trade Marks

Act, 1938. This definition takes the place of the definition in Section 3 of the Trade Marks Act, 1905 which ran as follows:

A 'trade mark' shall mean a mark used or proposed to be used upon or in connection with goods for the purpose of indicating that they are the goods of the proprietor of such trade mark by virtue of manufacture, selection, certification, dealing with, or offering for sale.

The main difference between this section and the definition in the 1938 Act (which I shall cite later) is the words relating to the purpose of the mark.

In the one case, the purpose is stated to be that, of ""indicating that they are the goods of the proprietor of such trade mark by virtue of manufacture

selection certification, dealing with, or offering for sale"". In the other, a much vaguer phrase is used, namely, indicating or so as to ""indicate a

connection in the course of trade"" between the goods and the proprietor of the mark. I need not refer to the use by a registered user, which means the

user under Section 28. It is not in dispute that the definition in Section 68 (1) is

wider than the older definition. The question is as to the extent of the alteration effected by the use of the words ""in the course of trade"".

My Lords, it seems to me beyond doubt that hitherto a registered trade mark has been understood as being used in relation to goods for the purpose of indicating the origin of the goods, in other words, for the purpose of indicating either manufacture or some other dealing with the goods in the process of manufacture or in the course of business before they are offered for sale to the public.

It must be remembered that in the early days when trade mark law was being slowly laid down, chiefly in Chancery Courts (where alone an injunction could be obtained), a trademark was inevitably taken as indicating the origin of the goods. It was used for the purpose of indicating that the goods were those of the manufacturer or the merchant of the goods. It was closely connected with the goodwill of his business, of which it was often a valuable item, for the mark represented a quality or character on which the purchaser could place reliance.

The cases mentioned in the Introductory Chapters of Sebastian on Trade Marks (5th Edition) and Kerly on Trade-marks (6th Edition), which are too numerous to be cited here, are conclusive in my opinion to show that, until at any rate the recent Act, trade marks were always taken as indicative of the origin of the goods. The actual phrase is so often used; and in other cases the same view is implicit. Bowen, L.J., was not laying down any new law when he said: ""It seems to me the answer is to be given by the simplest consideration of what is really the function of a trade mark. The function of a trade mark is to give an indication to the purchaser or possible purchaser as to the manufacture or quality of the goods - to give an indication to his eye of the trade source from which the goods come, or the trade hands through which they pass on their way to the market."" In *re Powell's Trade Mark* [1893] 2 Ch. 388, at pp. 403-4. This passage was not obiter dictum, but the reason for that part of the judgment. It has not infrequently been cited and so far as I know it has never been adversely criticised. I think it was undeniably correct in 1893.

In my opinion, the same view was taken by the Legislature when the Trade Marks Act, 1905, was passed, including for the first time a definition of a trade mark for the purpose of that Act. The purpose of a mark was said to be

that of indicating that they (the goods) are the goods of the proprietor of such trade mark by virtue of manufacture, selection, certification, dealing with or offering for sale. It is argued that the words 'dealing with' are sufficiently wide to cover any operation of the goods by a trader or workman after the goods have come into the hands of a member of the public, however slight the effect of the operation may be, and however little it indicates the origin of the goods or their character or quality. Having regard to the repeated statements in the authorities that a registrable mark must be an indication of origin and to the fact that the words "'dealing with'" (not, be it observed, "'dealing in'") are found in the midst of other words which have that general meaning, I am quite unable to take the view that the function of a trade mark was being so radically altered.

11. In that case (supra) Lord Simonds observed at p.50:

The word "'trade'" has many meanings, wide or narrow, according to the context in which it is found. It is by the ascription to it, of a wide meaning in

Section 68 of the Act that the Respondents support their claim. But it appears to me that the subject matter, in the history of the law and the context in

which the word is found both in Section 68 and elsewhere in the Act, unite to deny to it any such meaning. It might be true to say that the

Respondents carry on a trade which is connected with stockings just as a cleaner carries on a trade which is connected with the goods that he cleans

or a piano-tuner a trade connected with the piano he tunes. But it does not follow, and in my opinion it is not the fact, that there is in any such case

such a connection in the course of trade between the goods and the person rendering that service or performing that operation as to satisfy the

definition in Section 68. It is unnecessary and would be dangerous to attempt to give a positive and exhaustive meaning to the word "'trade'" in the

definition. It is sufficient to say that it can bear no wider meaning than if the words "'in the goods'" were added after it. The test is then whether the

applicant for the mark can be said to trade in the goods, and this test is clearly not satisfied by one who merely renders some service in respect of

them after they have reached the public.

12. The long title of the Act provides that the Act was to provide for registration and better protection of trade marks and for the prevention of the use

of fraudulent marks on merchandise. Since the object of enactment of the Act

was to provide registration and better protection of trade mark and the 'service' was not included in the definition of 'trade mark', the registration of respondent No. 1's mark is, therefore, beyond the scope of the Act. Such a mark may have the protection of the common law but cannot have the benefits of a registered trade mark under the Act. When a mark which is beyond the scope of the Act is registered/entered in the register, its entry in the register wrongfully remaining thereon within the meaning of Sub-section (2) of Section 56 of the Act and as such gives a cause to expunge the mark from the register. Such an entry in the register of trade marks, which is beyond the scope of the Act, is disentitled to protection under Section 11(e) of the Act. Since there were neither goods manufactured for sale to the purchasers or prospective purchasers nor goods available for trade, there was no bona fide use of the mark by the registered proprietor for a continuous period of five years or longer has elapsed up to the date of one month prior to the date of the application. In order to maintain the purity of register of trade marks, the registration of impugned mark is liable to be expunged therefrom. Such improper or illegal entry in the register is against the purity of register. It has been held by this Board in *Jupiter Infosys Limited v. Infosys Technologies Limited* 2004 (29) PTC 385 (IPAB) that "In the trade mark law as developed in India, the dichotomy between treatment of goods and services is well recognized since the introduction of common law system in this country. Statutory legislations all along till recently had been providing for the registration of goods only. However, protection of service marks under common law was available. It is only with the enactment of Trade Marks Act, 1999 and by bringing it into force on 15th September, 2003 that the registration of service trade mark has been provided for. In view of the specific provisions of the Trade and Merchandise Marks Act, 1958 and the rules framed thereunder, more particularly in the context of description of various classifications of goods mentioned in the Fourth Schedule, there cannot be any scope for interpreting activities which are known to be ascribable to services to be included as goods....

LINDLEY, L.J. in *Paine v. Daniell* (1893) 10 RPC 217 at page 232 (CA) has observed thus: "The purity of register of trade marks-if one may use the expression-is of much importance to trade in general; quite apart from the merits or demerits of particular litigants. If on a motion like the present the

attention of the Court is called to an entry on the register of a trade mark which cannot in law be justified as a trade mark, it seems to me that the

Court's duty may well be -whatever the demerits of the applicant to purify the register and to expunge the illegal entry in the interest of trade, as was

done in the Stone Ales case.

13. The facts and circumstances of this case clearly go to indicate that the applicant is not manufacturers of planes nor any of the ground equipments

(on which Thai logo is used), though it might be manufacturing office stationery, tickets, etc. for their use and give-away complementary items for free

distribution amongst air passengers, as such there is no question of there being any vendible goods or purchaser in respect thereof.

14. In this view of the matter, we do not consider it necessary to deal with the other contentions of the learned Counsel for the applicant.

15. In the result, the applicant succeeds in his application. The application is allowed and the Registrar of Trade Marks shall remove the registration

478269 from the register. There will be no order as to costs.