

(2008) 02 IPAB CK 0002

In the Intellectual Property Appellate Board

Case No : TA/RECT/196/2003/TM/DEL [CM (M) No. 48/2003]

Classic Equipments Pvt. Ltd.

APPELLANT

Vs

Johnson Enterprises Through Mr. V.K. Jain And The Registrar
Of Trade Marks, Trade Marks Registry Branch

RESPONDENT

Date of Decision : 22-02-2008

Acts Referred:

Trade And Merchandise Marks Act, 1958 — Section 2(a), 2(b), 44, 45, 57
Trade Marks Act, 1999 — Section 100

Citation : (2008) 02 IPAB CK 0002

Hon'ble Judges : M.H.S. Ansari, J; S. Usha, Technical Member

Bench : Division Bench

Advocate : R. Parthasarathy, S.K. Bansal

Final Decision : Dismissed

Judgement

M.H.S. Ansari, J

1. Instant appeal is filed against the order of the learned Deputy Registrar of Trade Marks dated 13.12.2002 whereby the application filed by the

respondent in Form TM 24 for recordal of subsequent proprietor was allowed and first respondent was recorded as subsequent proprietor of the

trademark involved.

2. For considering the various contentions raised in the appeal, a few background facts may be stated. Appellant and respondent No. 1 belong to what

has been referred to us as the Johnson group of registered firms, companies and trusts. It is the case of the appellant that the said Johnson group

comprised of four families headed by the following four brothers:

(a) Muni Lal Jain

- (b) Satish Kumar Jain
- (c) Subash Chand Jain
- (d) Vinod Kumar Jain

Appellant before us is a private limited company belonging to the family headed by Shri Muni Lal Jain. First respondent before us is a partnership firm

belonging to the family headed by Shri V.K. Jain. Certain family disputes among the four families comprising the Johnson group were sought to be

resolved and a memorandum of partition (for short MoP) was entered into on 12.03.1999 among the aforesaid four brothers. It is the case of the

appellant that the four brothers referred the question of finalization and settlement of all family matters to two arbitrators vide the letter of appointment

dated 13.05.2001 (Annexure 4). The fact leading to the filing of the instant appeal appears to be that the appellant assigned to the first respondent all

its rights in the trade mark JOHNSON. Copy of the assignment deed dated 01.04.1999 forms part of Annexure 2 of the appeal. The grievance of the

appellant is that the first respondent in breach of the understanding and obligations comprised in the memorandum of partition (MoP) filed the

application for recordal alongwith deed of assignment with the Trade Marks Registry without disclosing the memorandum of partition. Appellant

thereupon served upon the first respondent a letter of revocation dated 15.05.2000. The further grievance of the appellant is that despite the

revocation of the deed of assignment, the Registrar proceeded to take on record the deed of assignment vide his first order dated 19.07.2000. A

review petition was filed by the appellant for recall of the said order on the ground that order has been passed in violation of principles of natural

justice. Review applications were allowed and hearing on form TM-24 was fixed.

3. Finally by the orders under appeal dated 13.02.2002, learned Registrar allowed the request for recordal of subsequent proprietor made on Form TM

24 dated 17.06.1999 by virtue of assignment of the registered mark Nos. 195359 and 319955. Aggrieved by the said orders, the assignor of the mark

has filed the instant appeal. The appeal was filed before the High Court of Delhi and in terms of Section 100 of the Trade Marks Act, 1999, it was

transferred to this Board, where it has been renumbered as TA/RECT/196/2003/TM/DEL.

4. In the order under appeal, learned Registrar held that the memorandum of

partition (MoP) was a draft which cannot have an overriding effect over and above the deed of assignment dated 01.04.1999. It was further held that the letter of revocation dated 15.05.2000 cannot have the effect of revoking a duly executed agreement of assignment. Learned Registrar, in the order under appeal further rejected the contention of the assignor that the deed of assignment dated 01.04.1999 provides for assignment of the registered mark No. 319955 in respect of goods which exceed the goods for which the mark is actually registered.

5. Learned Counsel for the appellant assailed the aforesaid conclusions arrived at by the learned Registrar. It was contended that to hold that the memorandum of partition was a draft is a finding which is beyond the scope and jurisdiction of the learned register. Only a civil court of competent jurisdiction could have adjudicated on the validity of the memorandum of partition (MoP). Learned Counsel sought to elaborate the said contention by submitting that the deed of assignment was a corollary to the memorandum of partition and one without the other could not exist. If, as held by the Registrar, the memorandum was not binding, then the assignment itself is rendered ineffective because the deed of assignment itself derives its mandate and sustenance from the MoP.

6. It was further contended that the respondent No. 1 has not fulfilled the conditions precedent for validity and enforcement of the deed of assignment with respect to the consideration as agreed between the parties and thus rendering the deed of assignment to be revoked. Relying upon the proviso to Section 44 of the Trade and Merchandise Marks Act, 1958, it was contended that as the validity of the assignment was in dispute between the parties, it was obligatory on the part of the Registrar to refuse the recordal of assignment until the dispute has been adjudicated upon and determined by a Civil Court. The word 'may' in the proviso to Section 44 should be read as 'shall', it was contended.

7. Shri S.K. Bansal, learned Counsel for respondent No. 1 in reply contended that the order under appeal does not suffer from any legal infirmity. It was further submitted that there is no dispute with regard to the assignment as held by the learned Registrar in the order under appeal. The dispute, if at all, is whether the assignor, after having assigned the trade mark for valuable consideration can unilaterally revoke the same. Shri S.K. Bansal has

drawn our attention to para 3.2 of the memorandum of partition which provides for Group 'A' opting to walk out from the Johnson Joint Group. Our attention was drawn to Form No. 32 evidencing the appointment of Shri Satish Kumar Jain along with Muni Lal Jain as new Directors of the appellant company contrary to the MoP, and resignation of Vinod Kumar Jain, respondent on 01.04.1999. Respondent has acted to his detriment in resigning from the Board of Directors of the appellant company on the agreement that trade marks will be assigned to him. Shri S.K. Bansal also drew our attention to the deed of assignment. It was submitted that there is no dispute of the same having been duly executed by and between the assignor and the assignee, witnessed also by family members.

8. Shri S.K. Bansal, learned Counsel for the respondent No. 1 further contended that the minutes of the meeting of arbitration would show that all disputes that were referred to the arbitrator have been settled and directions given to respondent No. 1 for executing documents in respect of the properties specified in the said minutes have been complied with by respondent No. 1 as can be seen from the list of documents filed at page 220

which bears the heading ""Family Settlements-List of documents in Terms of Settlements Executed During February & March-2003"". Learned Counsel further drew our attention to the note appended to the said exhibit which reads inter alia that no further matter is left for settlement.

9. We heard learned Counsel for the applicant Shri R. Parthasarathy and Shri S.K. Bansal, learned Counsel for the respondent at the Bench Sitting at Delhi on 04.02.2008. With the assistance of the learned Counsel for the respective parties, we have also perused the material on record.

10. From the contentions raised before us and from the order under appeal, it is apparent that the controversy centers around Section 44 of the 1958 Act (corresponding to Section 45 of the Trade Mark Act, 1999), which is extracted hereunder:

45. Registration of assignments and transmissions-- (1) Where a person becomes entitled by assignment or transmission to a registered trade mark, he shall apply in the prescribed manner to the Registrar to register his title, and the Registrar shall, on receipt of the application and on proof of title to his satisfaction, register him as the proprietor of the trade mark in respect of the goods in respect of which the assignment or transmission has effect, and

shall cause particulars of the assignment or transmission to be entered on the register.

Provided that where the validity of an assignment or transmission is in dispute between the parties, the Registrar may refuse to register the assignment

or transmission until the rights of the parties have been determined by a competent court.

(2) Except for the purpose of an application before the Registrar under Sub-section (1) or an appeal from an order thereon, or an application under

Section 57 or an appeal from an order thereon, a document or instrument in respect of which no entry has been made in the register in accordance

with Sub-section (1), shall not be admitted in evidence by the Registrar or the Appellate Board or any court in proof of title to the trade mark by

assignment or transmission unless the Registrar or the Appellate Board or the court, as the case may be, otherwise directs.

11. A plain reading of the above provision shows that the Registrar on receipt of the application, prescribed application being in Form TM-23/24, has to

satisfy himself that, as between the assignor and the assignee, there is, on the true construction of the document, an assignment of the trade mark in

question. The crucial expression used in the provision is "on proof of title to his satisfaction". The Registrar is thus required to satisfy himself that on

the true construction of the document relied upon as proof of title whether it binds the assignor and assignee. Upon such satisfaction, the Registrar is

required to register the assignee as the proprietor of the mark in respect of which the assignment is effected. By virtue of the proviso discretion has

been conferred upon the Registrar. In the event, where the validity of an assignment is in dispute between the parties, the Registrar has the discretion

to refuse to register the assignment until the rights of the parties have been determined by a competent court. The question, therefore, for

consideration is as to whether the Registrar has discharged his functions under that section. The answer to the same, depends upon whether the

Registrar has satisfied himself that as between the assignor and assignee there has been an assignment of the trade mark, Registrar as noticed,

accepted the assignment as sufficient in respect of the trade marks.

12. A perusal of the assignment deed would show that the same has been executed between the registered proprietor, (assignor) and assignee. There

are no acts specified in the deed of assignment which are required to be performed before transfer was to be completed. Atleast no such clauses in

the assignment deed have been brought to our attention by the learned Counsel for the assignor/appellant. We therefore hold, as contented by Shri

S.K. Bansal, that the deed of assignment clearly shows that complete transfer is to take place by virtue of the deed of assignment.

13. Shri S.K. Bansal, learned Counsel for the assignee/respondent No. 1 vehemently urged that the deed of assignment dated 1.4.1999 is an admitted

document. The signatories to the documents have not disputed the execution of the deed of assignment. It is signed and witnessed by the Directors of

the assignor company. Both parties (assignor and assignee) are aware of the identity of the party with whom they were respectively dealing. The

factum of the assignment is not disputed by any of the parties to the said Deed of Assignment. We are convinced that on true construction of the deed

of assignment that the parties thereto where ad-idem that both parties intended that a contract be entered and that a binding contract between the

parties did in fact exist. It is note worthy that the contention of the appellant is not to the validity of the deed of assignment. What is pleaded is that the

deed of assignment has been subsequently revoked. We are, therefore, of the view that as there was no dispute with regard to the validity of the

assignment, the question of the proviso being applicable does not arise. Besides, proviso merely confines the discretion upon the Registrar to refuse

registration until rights of parties have been determined by the court. It has not been brought to our notice that there was any dispute with regard to

the validity of the assignment or any dispute in relation thereto was raised or pending adjudication before any civil court of competent jurisdiction

which warrant the exercise of discretion by the Registrar.

14. We cannot accede to the contention of the learned Counsel for the assignor/appellant that as the assignment is revoked by the letter of revocation

dated 15.05.2000, Registrar had no jurisdiction to register the assignment. The construction on the proviso as placed for our acceptance by the learned

Counsel for the appellant does not lend itself to the construction as suggested. Merely because the assignor subsequently chooses to revoke the

assignment such unilateral action on the part of the assignor will not denude the Registrar of the power conferred upon him under Section 45 of the

1999 Act. As noticed the proviso would become applicable only if there was a dispute with regard to the validity of assignment, whereas in this case

there has been no such question with respect to the validity of assignment nor was any such dispute pending before any court. We are of the opinion

that there was no obligation upon the learned Registrar to refuse to register the assignment. There has been, in our view, no failure to exercise the

discretion or that the learned Registrar was denuded of the jurisdiction vested in him. The contention is accordingly rejected. It is significant, as

contented by Shri S.K. Bansal that in the letter of revocation, assignor has not questioned the validity of assignment. But has merely sought to revoke

the assignment made. According to the appellant, the assignment is sought to be revoked on grounds of breach of the MoP or some family settlement.

A question, therefore, arises as to whether the assignment can be revoked after the same has come into effect. In our view, the letter of revocation

does not itself question the validity of assignment on any well accepted principles governing contracts. It must be borne in mind that the rights in the

trade mark pass by virtue of assignment and not by virtue of recordal. See *Modi Threads Limited v. Som Soot Gold Factory* wherein it was held that

...the title to the plaintiff accrues, prima facie, on the execution of the assignment deed and all other follow up actions which are required to be taken

under the Trade Marks Act do not change the title already acquired in this respect".

The registration of the name of the proprietor does not confer title on him. It is merely an evidence of his title.

15. Assignment has been defined in Section 2(a) of the Trade and Merchandise Marks Act, 1958 corresponding to Section 2(b) of the Trade Marks

Act 1999 as under:

2(a) "assignment" means an assignment in writing by act of the parties concerned.

16. The expression "assignment" has been considered by the Supreme Court in *Nand Kishore Prasad v. The State of Bihar* it was observed at

paragraph 10 "Assignment", it has been stated in *Black's Law Dictionary*. Special Deluxe Ed., p 106, "is a transfer or making over to another of the

whole of any property, real or personal, in possession or in action, or of any estate or right therein". It has further been stated as "The transfer by a

party of all its rights to some kind of property, usually intangible property such as rights in a lease, mortgage, agreement of sale or partnership"".

17. The distinction between a license and assignment has been stated in Chapter 20 of Law of Trade Marks by passing off by P. Narayana Sixth

Edition. The relevant portions of the paragraph 20.02 are extracted hereunder:

20.02 Distinction between licensing and assignment. Property in a trade mark consists in the exclusive right to use the mark in relation to some goods,

subject of course to the right of honest concurrent user by others Assignment is a permanent transfer of this right to use, while licence is a temporary

transfer of this right, either exclusively or non-exclusively""...licence could be revoked, whereas an assignment is irrevocable.

18. There is, therefore, hardly any scope to doubt that assignment is a permanent transfer of right to use the mark in relation to goods and services,

while the licence is a temporary transfer of that right. After an assignment has taken effect the assignor ceases to have any right or interest in the

mark assigned. We are, therefore, of the view that the assignment itself not being in doubt or dispute, nor its validity having been questioned, same

could not have been unilaterally revoked as was sought to be done by the letter dated 15.05.2000. Even if the assignment is sought to be revoked

unilaterally, the jurisdiction of the learned Registrar is in no way denuded to consider the recordal after being satisfied of the title. Learned Registrar

did not choose to exercise the discretion vested under proviso to Section 45 to defer recordal awaiting determination of the rights of the parties by a

competent court. We find no infirmity in the exercise in such discretion by the learned Registrar.

19. We find no merit in the appeal, the same is accordingly dismissed, however without any order as to costs.