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**(2008) 05 IPAB CK 0004**

**In the Intellectual Property Appellate Board**

**Case No : ORA/86-88/2005/TM/MUM**

Crc Industries Through Shri M. Kannan

APPELLANT

Vs

Danmet Chemicals (P) Ltd.

RESPONDENT

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**Date of Decision : 23-05-2008**

**Acts Referred:**

Trade Marks Act, 1999 — Section 9, 9(1)(a), 9(2)(a), 11, 11(1), 11(3), 12, 18, 21, 46, 47, 47(1), 47(1)(a), 47(1)(b), 57

**Citation : (2008) 37 PTC 668 (IPAB)**

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

**Bench : Division Bench**

**Advocate : A.K. Goel, Rahul Chitnis**

**Final Decision : Dismissed**

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## **Judgement**

S. Usha, J

1. These Rectification Applications viz. ORA/86/2007/TM/MUM, ORA/87/2007/TM/MUM, and ORA/88/2007/TM/MUM, are for removal of the

marks ""CRC ACRYFORM"" registered under No. 582902 in Class 17, ""2-26"" registered under No. 603783 in Class 4 and ""LECTRA CLEAN

registered under No. 603786 in Class 1, respectively.

2. As the parties are common and the facts are similar in all the three cases, with the consent of both the parties INall the three matters were heard

together and a common order is being passed.

3. The applicant is a company organised and existing under the laws of Belgium, having its principal office at Touwslagerstract 1, 8249, Zele, Belgium.

The applicant was formerly known as CRC Chemicals Europe S.A. and changed to M/s CRC Industries Europe N.V., in the year 1993. The applicant

has been engaged in the business of manufacturing and marketing of chemical products for use in indenting and electrical equipment, products anti-corrosive and anti-rust and protective materials containing, some polyurethane and lubricants containing some silicone utilised as solvents for dyes under various trade marks like CRC, CRC 2-26, CRC 3-36, CRC Lectra Clean and CRC Acryform.

4. The trade mark CRC is an invented word having no meaning and also form prominent part of its corporate name i.e. CRC Industries Europe N.V.

The applicants have been using the trade mark CRC in other parts of the world since 1957 and in India since 1967. The said trade mark has a unique get up, design and colour scheme. The applicant's products bearing the impugned trade mark by advertisement has acquired a wide reputation among the public and has become well known not only in India but all over the world.

5. The applicant's trade mark has been registered in various parts of the world and in India in Class 1, 2 and 4. The said registrations are valid and subsisting. The said registrations were obtained in the name of the applicant and were assigned in the name of CRC Industries Inc. in the year 1996.

The said CRC Industries Inc., subsequently re-assigned the same to the applicants. The applicant has made an application for the change before the Registrar on Form TM 24 and the same is pending. By prior use and continuous user, bonafide and honest adoption the applicants have become the proprietors of the trade mark. The mark has acquired distinctiveness by long, continuous and extensive use.

6. The respondent herein was manufacturing and selling the same goods as that of the applicants under the trade marks CRC, CRC 2-26, CRC 3-36, CRC Lectra Clean, CRC Acryform etc., under a licence agreement from the applicant for the period from 1983-1986 and subsequently from 1986-1989 and the same continued on oral arrangement till the year 1999. The applicant then had been selling its products through one another company. Even after the period of licence agreements there were various written correspondence between the parties i.e., between the applicant and the respondent.

7. The applicant on coming to know that the respondent had adopted an identical and deceptively similar trade mark had issued a legal notice dated 07.04.2000 and another notice dated 27.04.2000 calling upon the respondent to

cease using the trade mark. Subsequently negotiations took place for settling the issue but failed. As the respondent had not stopped using the trade mark the applicant filed a suit for infringement of trade mark, copyright and passing off and for rendition of accounts before the Additional District Court, Delhi in the year 2004. The applicants became aware of the respondent's registration only from the written statement filed in the suit. The respondent though was aware of the applicant's use of the trade mark since 1957 abroad and 1967 in India had obtained registration by playing fraud and by suppressing the facts and also claiming user since 1984.

8. The respondents mark is not distinctive nor capable of being distinguished as the goods are allied and cognate and also that the respondent has copied not only the applicant's trade mark but also the entire colour scheme and get up. The impugned registration thus is in contravention of the provisions of Sections 9, 11 and 18 and also Sections 47 and 57 of the Trade Marks Act, 1999 (hereinafter referred to as the Act). In such circumstances, the impugned trade mark be removed from the Register of Trade Marks.

9. The respondent filed their counter statement denying all the allegations made in the application. The respondent states that they had honestly adopted the impugned trade mark and had been using the same for several years in respect of insulating varnish specified in Class 17 of the Fourth Schedule. The respondent has also obtained registration of the trade mark "'Acryform'" and was never a licensee of the applicant after 1989. The respondent had further stated that the applicant in the plaint filed in Civil Suit No. 222 of 2004 had themselves stated that they are not claiming any proprietary right over the work 'Acryform"'. The applicants have admitted that their mark is registered in classes 1, 2 and 4 and that it does not fall under Class 17 for which the respondents have obtained registration. The applicants hence cannot be a person aggrieved. The respondent further stated that the application for rectification is false, frivolous, vexatious and baseless and has to be dismissed in limine. The agreement was only for a period of three years from 1983-86 which was further extended upto 1989. The respondent had been continuously using the trade mark even after 1989 with the knowledge of the applicant, thus the applicant has acquiesced the respondent's use.

10. The application for rectification has not been filed by a duly authorised person. The respondent denied the allegation that it had played fraud by suppressing the facts to obtain registration. The respondent further had stated that even assuming but not admitting that the respondent was a licensee it was only for a period of upto 1989 as the agreement came to an end in 1989.

11. The application for rectification has been made after three years from the date of registration and hence the application is barred by limitation and the applicants are guilty of acquiescence. The respondent's goods bearing the impugned trade mark has become very popular among the public and the public associate the same only with that of the respondents and with none else.

12. The provisions of Section 11(3) of the Act does not apply as the applicants are not the proprietors of the impugned trade mark along with the artistic work. The respondent also denied the averments that the respondent's trade mark was not distinctive of their goods at the time of registration or was capable of being distinguished and hence the registration was not in contravention of Section 9 of the Act.

13. The applicant never used the trade mark and the use of the trade mark by the respondent was never objected to by the applicant. The respondent denied the statement that the respondent's trade mark is wrongly remaining on the Register and which has caused heavy loss and damage to the goodwill of the applicant which cannot be compensated in terms of money. The applicant is not a person aggrieved on any grounds. The respondent finally stated that the registration is not in contravention of the provisions of Section 9, 11, 18, 47 and 57 of the Act and prayed that the application be dismissed.

14. The applicants herein had filed their reply to the counter statement denying the averments made therein.

15. After the completion of the formal procedure, we have heard the matters on 02.04.2008 at the Circuit Bench at Mumbai. Shri A.K. Goel, learned Counsel appeared on behalf of the applicant and Shri Rahul Chitnis, learned Counsel appeared on behalf of the respondent.

16. The learned Counsel for the applicant mainly contended that the trade mark was an invented word adopted in the year 1957 and the word CRC is a house mark. The applicants have been using various trade marks like CRC, CRC

2-26, CRC 3-36, CRC Lectra Clean since the year 1957 all over

the world except India and in India since 1967. The applicants have got their trade mark registered in classes 1, 2 and 4 as early as 1982 claiming user

since 1967 and the same are subsisting and are in force till date.

17. The counsel further submitted that the applicants had entered into a licence agreement for a limited period from 1983-86 and extended upto 1989.

Thereafter the applicant had appointed M/s Technical Parts Company (India) Ltd., as its distributor. The counsel submitted that as the respondent had

continued to use the impugned trade mark even after the licence agreement was withdrawn, the applicant issued a legal notice on 07.04.2000 and

27.04.2000 calling upon the respondent to cease and desist from using the trade mark. The applicants submitted that in spite of the legal notice the

respondent had not stopped using the impugned trade mark. The applicants therefore were forced to file a civil suit in the year 2004. The applicant

submitted that they came to know of the respondent's registration from the written statement filed in the civil suit. The counsel further submitted that

on coming to know about the registration they had filed this instant application for rectification and there was no delay in filing the application.

18. The applicant contended that the respondent had not used the trade mark CRC 2-26 and as such the trade mark on the register is wrongly

remaining on the Register without any sufficient cause. The applicant further contended that they are prior user and adopter of the mark and have

exclusive right to use the trade mark. The illegal use of the mark by the respondent is causing detriment to the applicant's trade and is thus a person

aggrieved.

19. The applicant submitted that the trade mark is registered in contravention of the provisions of Section 9 of the Act. The respondent has not filed

any document to prove use of the mark and has thus failed to prove distinctiveness under Section 9(1)(a) of the Act. As the marks and goods are

identical/similar there was every possibility of confusion and deception being caused and was in contravention of Section 9(2)(a) of the Act.

20. The applicant also contended that the applicants have been using the mark at least since 1980 and that the public are aware and associate the

goods bearing the impugned trade mark with the applicants and as such the use by the respondent is likely to cause confusion and registration is

contrary to provisions of Section 11(1) of the Act. The registration is in contravention of the provisions of Section 11(3) of the Act as it is prevented by law. The applicant who are the prior user and adopter of the mark are the proprietors of the trade mark. In support of this contention the applicant relied on the 2007 (35) PTC 915 (IPAB) Computer Sciences Corporation v. R. Thangaraj to say that when similarity between the two marks are close and goods are same likelihood of confusion was present.

21. The adoption of the impugned trade mark by the respondent is dishonest and with mala fide intentions as the respondents are aware of the applicant's adoption and use. The counsel for applicant also submitted that the respondent as a licensee cannot claim exclusive right as a owner of the mark. By giving wrong statements the respondent has got the mark registered which amounts to fraud. In this regard he relied on the judgment of this Board reported in 2008 (36) PTC 131 (IPAB) Riverdale School Society v. Riverdale High School and Ors. and submitted that a person who is permitted to use as a licensee cannot claim to be the proprietor of the mark.

22. The applicant drew our attention to the letter written by the respondent to the applicant on 14.10.1996 marked as Exhibit F where in the respondent had agreed to withdraw the trade mark registration application.

23. The next contention was that though the mark was registered in the year 2000, the respondent had not used the mark on the goods till the date of filing of the rectification application in the year 2000 and on this ground alone the mark has got to be removed. The applicant also submitted that the respondent had not filed any document to prove user.

24. The applicant also relied on several judgments. 2007 (35) PTC 876 (IPAB) Prestige Housewares India Limited and Anr. v. Gupta Light House and Anr. was relied on to say that the application was well within time and the question of limitation is not applicable and also that the Limitation Act does not apply in an application for rectification. He also relied on this judgment to say that the applicants are prior users of the trade mark, the impugned trade marks was wrongly remaining on the register and are thus causing hindrance to the expansion of their business and so are aggrieved person as held in the case cited.

The other judgments relied on in support of his contention that the licensee cannot claim proprietary right as a owner of a trade mark were in

infringement suits, which are not relevant to the present case.

25. On the above grounds, the applicant prayed that the applications be allowed and the marks be removed from the Register of Trade Marks.

26. The learned Counsel for the respondent submitted that there was no other license except for CRC 2-26 and CRC Acryform which was for a

period from 1983 to 1989 and no such licence for the mark Lectra Clean. Thereafter since 1989 the respondents continued to carry on the business

using the trade mark which the applicants were very much aware. The counsel further submitted that the applicants were supplying the raw materials

in bulk to the respondents which is evidenced by the letters filed as Exhibit A. The counsel for the respondent submitted that they had been using the

trade mark and the applicants had never objected to the same. The respondent further submitted that the applicants were not interested in the

impugned trade mark registration as it was an expensive process and were not willing to invest in the same. The respondent also submitted that the

applicant has no intention of expanding their business into India.

27. The counsel for the respondent further submitted that the applicant had not produced any evidence to prove that they had sold the goods bearing

the impugned trade mark in any part of India before 1988 though user is claimed since 1967 in India. The respondent also submitted that by letter date

14.03.1997 filed as Exhibit C to the affidavit the applicant had acknowledged the use by the respondents.

28. The counsel for the respondent also contended that the application for rectification is not maintainable as the application has not been filed by a

duly authorised person and ought to be dismissed on this ground alone. The provisions of Section 9 of the Act is not applicable as the respondents have

been using the trade mark for a continuous, uninterrupted period of more than five years as on the date of application. The respondent contended that

the applicant being aware of the registration of the trade mark by the respondent had allowed them to expand and grow. The applicant has acquiesced

the use of the trade mark by the Respondent for a period of 10 years and now cannot plead dishonesty in adoption. The counsel also submitted that

the mark was registered in 1993 and is valid and subsisting and has thus become conclusive. The respondent also submitted that the applicant has

failed to prove that fraud has been played by the respondent in obtaining

registration.

29. The respondent finally submitted that the applicants are not persons aggrieved as the applicant has not proved how they are affected or will be affected if the mark is allowed to continue on the register. The Respondent therefore prayed that the applications be dismissed with costs.

30. First we shall decide the issue as to whether the applicant is a person aggrieved. This Tribunal has always held that an application for removal of rectification of a trade mark can be made only by a person who is really affected by the presence of the mark on the Register, whereas an opposition to the registration of a trade mark can be filed by any person as per the provisions of Section 21 of the Act.

31. Though the word ""Aggrieved person"" has not been defined in the Act, it has been liberally construed in several cases. It has been held in Powell's

Trade Mark (1893) 10 RPC 195 P.201 C.A., ""I should be very, unwilling unduly to limit the construction to be placed upon these words, because

although they were no doubt inserted to prevent officious interference by those who had no interest at all in the Register being correct, and to exclude

a mere common informer, it is undoubtedly of public interest that they should not be unduly limited, in as much as it is a public mischief that there

should remain upon the register a mark which ought not to be there and by which many persons may be affected, who, nevertheless, would not be

willing to enter upon the risk and expense of litigation. Wherever it can be shown, as here, that the applicant 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"".

32. In Powell's Trade Mark case, it was held that ""persons who are aggrieved are persons who are in some way or other substantially interested in

having the mark removed from the register, or persons who would be substantially damaged if the mark remained"".

33. The mere fact that a person is engaged in the same trade will not suffice to make him a person aggrieved, he must establish that he is injured or



damaged in some or other if the mark remains on the register. It is also that a person has a locus standi to file an application for rectification is

determined in the interest of public than a private individual's interest as it concerns the purity of the Register.

34. In this instant case, it is seen that the respondent had been using the impugned trade mark since 1983 with the consent of the applicant through a

licence agreement. Subsequently in 1989 the agreement which was earlier for a period of three years was never extended, but the respondent

continued to use the marks with the applicant's knowledge. We therefore are of the view that having allowed the respondent to expand the business

and where no proof of any confusion or deception shown, the applicants have no locus standi to file this application for rectification as a person

aggrieved.

35. The next issue is acquiescence. The Hon'ble Supreme Court in Power Control Appliances v. Sumeet Machines Pvt. Ltd. has held as follows:

Acquiescence is sitting by, when another is invading the rights and spending money on it. It is a course of conduct inconsistent with the claim for

exclusive rights in the trade mark, trade name etc. It implies positive acts, not merely silence or inaction such as is involved in laches.

Acquiescence cannot be inferred by the reason that the applicant has not taken action immediately, but it is for the respondent to prove that they were

allowed to expand with the knowledge of the applicant. At times there may be doubt as to whether acquiescence will deny the rights of the applicant.

It has been held that if the respondent acts fraudulently then the applicant is in a better position. But here, the respondent had been carrying on the

business continuously since 1983 under the licence agreement and thereafter since 1989 after the termination of the agreement with the knowledge of

the applicants which definitely amounts to the consent given by the applicant to the Respondent.

36. The applicant even after the termination of the licence agreement supplied bulk raw materials to the respondent till the year 1999. This is

evidenced from the sales invoices marked as Exhibit G of the application. Hence there is no doubt that the applicant has allowed the respondent to

expand and grow. The respondent's objection that the applicant has acquiesced and allowed the respondent to grow is accepted. Having allowed the

respondent to carry on the business using the impugned trade mark now the applicant cannot stop the respondent after a period of 15 years.

37. The other issue as to limitation by the respondent is rejected. This Tribunal has held that the provisions of Limitation Act is not applicable to the

application for rectification. The Act itself lays down that though this Board is not bound by Code of Civil Procedure but is governed by Principles of

Natural Justice. Based on this, this Board in *Prestige Housewares India Ltd., and Ors. v. Gupta Light House and Anr.* 2007 (35) PTC 876 (IPAB)

following the High Court of Delhi in *Fedders Lloyd Corporation Ltd., and Anr. v. Fedders Corporation* 2005 (30) PTC 358 (Del DB) has held Article

137 of the Limitation Act 1963 will not govern the application under Section 46 of the Act. Prior to the constitution of the Appellate Board, such

applications were being heard before the High Courts, having jurisdiction, to which the provisions of the Limitation Act, 1963 as well as the provisions

of the Code of Civil Procedure, 1908 are applicable. The Trade Marks Act, 1999 by virtue of which this Board was constituted, provides that the

Board shall not be bound by the procedure laid down in CPC. Undoubtedly this Appellate Board is a Tribunal and not a civil court to attract the

application of provisions of the Limitation Act to applications on hand.

38. We shall now deal with the issue as to fraud. The applicant's main contention was that the respondent had suppressed the material facts before

the Registrar of Trade Marks, Mumbai and had obtained registration by playing fraud. In *Baljit v. Ram Saroop*, it was observed, ""whether an act of

commission or omission will amount to fraud will depend on the circumstances of each case. However, it can be safely said that where material facts

are suppressed which result in an advantage to the applicant, which he would not have received, if the true facts had been known, and an injury to

another person, would constitute fraud"".

39. The applicant has filed this application for rectification on various grounds and one such ground is fraud committed by the respondent. It is for the

applicant to specifically plead fraud and particulars of fraud must be given. Where it is contended that registration was obtained by fraud, the party so

alleging must show actual deception.

40. The onus of establishing fraud is on the party alleging fraud. When an application for rectification is filed on the ground of fraud, the burden is upon

the applicants for rectification to establish the fact that fraud has been filed.

41. In this case, the applicants have pleaded that fraud has been played for obtaining registration by the respondents. The main plea of fraud is that the respondent has suppressed the material fact as to the licence agreement. We find that there was a licence agreement for a limited period of three years and orally extended for a period of another three years. The applications for registrations has been made in the year 1992 whereas the licence agreement was terminated in the year 1989. We find that after the termination of the agreement in the year 1989, the respondent has continued to use the same for a period of five years with the knowledge of the applicant on the date of application for registration. Having not brought the licence agreement to the notice of the Assistant Registrar of Trade Mark will in no way amount to suppression of material facts as the licence agreement has been terminated on the date of application for registration. Hence we find that there has been no fraud played by the respondent. The ground of fraud for removal of the impugned trade mark does not sustain.

42. The next issue would be the ground of non-user. It is worth to quote Section 47 of the Act.

47. Removal from register and imposition of limitations on ground of non-use-

(1) A registered trade mark may be taken off the register in respect of the goods or services in respect of which it is registered on application made in

the prescribed manner to the Registrar or the Appellate Board by any person aggrieved on the ground either-

(a) that the trade mark was registered without any bona fide intention on the part of the applicant for registration that it should be used in relation to

those goods or services by him or, in a case to which the provisions of Section 46 apply, by the company concerned or the registered user, as the case

may be, and that there has, in fact, been no bona fide use of the trade mark in relation to those goods or services by any proprietor thereof for the time

being up to a date three months before the date of the application; or

(b) that up to a date three months before the date of the application, a continuous period of five years from the date on which the trade mark is

actually entered in the register or longer had elapsed during which the trade mark was registered and during which there was no bona fide use thereof

in relation to those goods or services by any proprietor thereof for the time being:

Provided that except where the applicant has been permitted under Section 12 to register an identical or nearly resembling trade mark in respect of the goods or services in question, or where the tribunal is trade mark, the tribunal may refuse an application under Clause (a) or Clause (b) in relation to any goods or services, if it is shown that there has been, before the relevant date or during the relevant period, as the case may be, of opinion that he might properly be permitted so to register such a bona fide use of the trade mark by any proprietor thereof for the time being in relation to-

(i) goods or services of the same description; or  
(ii) goods or services associated with those goods or services of that description being goods or services, as the case may be, in respect of which the trade mark is registered.

(2) Where in relation to any goods or services in respect of which a trade mark is registered-

(a) the circumstances referred to in Clause (b) of Sub-section (1) are shown to exist so far as regards non-use of the trade mark in relation to goods to be sold, or otherwise traded in a particular place in India (otherwise than for export from India), or in relation to goods to be exported to a particular market outside India; or in relation to services for use or available for acceptance in a particular place in India or for use in a particular market outside India; and

(b) a person has been permitted under Section 12 to register an identical or nearly resembling trade mark in respect of those goods, under a registration extending to use in relation to goods to be so sold, or otherwise traded in, or in relation to good to be so exported, or in relation to services for use or available for acceptance in that place or for use in that country, or the tribunal is of opinion that he might properly be permitted so to register such a trade mark, on application by that person in the prescribed manner to the Appellate Board or to the Registrar, the tribunal may impose on the registration of the first-mentioned trade mark such limitations as it thinks proper for securing that that registration shall cease to extend to such use.

(3) An applicant shall not be entitled to rely for the purpose of Clause (b) of Sub-section (1) or for the purposes of Sub-section (2) on any non-use of a trade mark which is shown to have been due to special circumstances in the trade, which includes restrictions on the use of the trade mark in India

imposed by any law or regulation and not to any intention to abandon or not to use the trade mark in relation to the goods or services to which the application relates.

43. under Section 47(1)(a) of the Act the applicant may allege that the trade mark was registered without bonafide intention to use should be in relation to these goods and services and that the trade mark was not used upto a date of three months before the date of application. Section 47(1)(b) of the Act the applicant may allege that continuous period of five years from the date of entry in the Register has lapsed during which period the mark was not used.

44. The period of non-user under Section 47(1) of the Act will start from the date on which the trade mark is actually entered in the register rather than from the date of application for registration. The non-use required to be proved must be a continuous non-use during the relevant period. The burden of proving non-use during the relevant period is on the applicant for rectification.

45. In this case, the applicant has claimed non-user has not proved the same. The applicant has in fact filed a suit for infringement of Trade Mark and Copyright in 2004, if that be so the question of non-user does not arise. The applicants further have also admitted that the respondents have been enjoined by an order of the court in the suit which goes to prove that the respondents were using the trade mark.

46. Moreover, the period of five years itself has not lapsed to establish non-user upto five years on the date of making the instant application for rectification. The registration has been granted in the year 2003 and the instant application has been made in 2005. The applicant has, therefore, failed to discharge his duty to establish non-user and hence the objection of non-user is rejected.

47. We therefore, dismiss the applications for rectification under registration Nos. 582902 in Class 17, 603783 in Class 4 and 603786 in Class 1. There shall, however, be no order as to the costs.