
(2018) 04 IPAB CK 0004

In the Intellectual Property Appellate Board

Case No : OA/31/2009/TM/DEL

Godfrey Philips India Limited

APPELLANT

Vs

Gtc Industries Limited And Ors.

RESPONDENT

Date of Decision : 26-04-2018

Acts Referred:

Trade Marks Act, 1999 — Section 11(a), 18(4)

Citation : (2018) 74 PTC 512 (IPAB)

Hon'ble Judges : Manmohan Singh, J; Sanjeev Kumar Chaswal, Technical Member

Bench : Division Bench

Advocate : Anuradha Salhotra, Sujitha Shirolkar

Final Decision : Allowed

Judgement

Manmohan Singh, J

1. This is an appeal filed against Order dated October 03, 2008 passed by the Learned Deputy Registrar of Trade Marks in Opposition No. DEL-T- 635/52017 against Application No. 454113 in class 34 for the mark 'ACTION'. The Deputy Registrar of Trade Marks has passed the order thereby allowing the Opposition No. DEL-T-635/52017 filed by Respondent No. 1, and rejected Appellant's application No. 454113 in class 34 for registration of the trademark 'ACTION'.
Brief Facts:

a. The Appellant is engaged in the established business of manufacturing and marketing of cigarettes, tobacco, smoker's articles & matches and is the second largest player in the Indian cigarette industry with an annual turnover of over US\$ 265 million.

b. The Appellant established its own manufacturing facilities in 1944. Presently the Appellant has two manufacturing facilities located in Ghaziabad (near Delhi) and in Andheri (Mumbai), a state of the art R&D center in Mumbai and a tobacco-buying unit in Guntur (Andhra Pradesh). The Appellant has corporate office in

Delhi and sales offices across the country at Ahmedabad, Mumbai, Delhi, Chandigarh and Hyderabad.

c. The Application No. 451915 for the mark 'ACTION' was filed by the Respondent No. 1 on April 02, 1986 and Application No. 451990 for the mark 'GOLDEN ACTION' was filed on April 03, 1986. Both these applications were filed by the Respondent No. 1 in class 34, as 'Proposed to be used'.

d. After during the merely over a month's period, viz. on May 14, 1986, the Appellant had also filed its Application No. 454113 for the mark 'ACTION' in class 34 on 'Proposed to be used' basis.

e. The Appellant-company had further filed another application for registration of the trade mark 'ACTION KING' in class 34 in respect of goods 'Tobacco raw or manufactured, cigarettes, bidis and smokers articles included in class 34' on December 12, 1986

f. The appellant while submits the application for registration of the trademark 'ACTION' under No. 454113 in May 1986 was in no way aware of the adoption of the trade marks 'ACTION' and 'GOLDEN ACTION' by the Respondent No. 1 one month prior to their adoption. Thus adoption of the trade mark 'ACTION' by the Appellant was bona fide and without any knowledge of adoption of any similar mark by any other person. Between October 1986 and March 1987, the Appellant-company sold approximately 25 million cigarettes under the trade mark 'ACTION'. The word ACTION is common dictionary word.

2. It is true that the date of application of the respondent No. 1 prior to one month and 10 days earlier but it is also a matter of fact that mark in question is not an invented word, Otherwise heavy burden would have lied upon the appellant to explain the adoption of similar mark.

3. It is also a matter of fact respondent No. 1 did not file any evidence in support of the opposition proceedings against Application No. 454113 of the Appellant nor filed a documentary evidence reflecting use of the marks 'ACTION' and 'GOLDEN ACTION' but the Respondent No. 1 had merely issued a letter relying upon the contents of opposition as evidence.

4. After filing the counter statement by the appellant, the respondent was called upon to file evidence in support of opposition.

5. Admittedly Respondent No. 1 by letter dated April 28, 2000 has merely relied upon on the grounds set out in the notice of opposition as its evidence. Thereafter, the Appellant filed an Interlocutory Petition claiming to rely on the user affidavit filed by the Appellant in the Opposition proceedings BOM- 8514 and BOM-8871. The said Interlocutory Petition was dismissed by the Learned Registrar and leave was granted to the Appellant to file a fresh Interlocutory Petition along with evidence within 15 days.

6. The Appellant filed Interlocutory Petition along with the affidavit of Mr. R.

Ramamurthy as evidence in support of application under cover letter dated June 1, 2004, which was taken on record by order dated July 22, 2004.

7. The Appellant had filed documentary evidence reflecting use of its trade mark 'ACTION' dating back to the year 1986 in support of his application between October 1986 and March 1987,

8. As per material available, it appears that the Appellant company sold approximately 25 million cigarettes under the trade mark 'ACTION'. The Respondent No. 1 did not rebut the evidence of the appellant by filing of document rather again letter dated September 15, 2004 was issued relying upon notice of opposition. No further documentary evidence was filed by Respondent No. 1 with the reply evidence except the letter was issued on 15/09/2014 relying upon the notice of opposition.

9. It has come on record that the appellant was also to establish the prior user and wide publicity, the excellent quality of the goods in relation to which the aforesaid mark is used even by virtue of advertisements, published therein, the Appellant-company has acquired substantial reputation of being a leader in the business of 'cigarettes, bidis and smokers articles' and offers wide range of goods in the fields of aforesaid business. Consequently, the members of the trade and public associate and recognize trade mark 'ACTION' as distinctive of the Appellant's company.

10. It is apparent that the Respondent No. 1 had failed to show prior use even in its own application where the respondent neither filed its evidence in support of its opposition against Application No. 454113 nor did they file a counter affidavit to the Appeal. The Respondent No. 1 was given chance to produce any evidence of user of 'ACTION' and/or 'GOLDEN ACTION' during the hearing of the appeal.

11. As a matter of fact, during of a course hearing before the Hon'ble Intellectual Property Appellate Board on February 16, 2018 at Delhi, the 'No. 1 had admitted to have never put the marks 'ACTION' and 'GOLDEN ACTION' to use. Hence, the Appellant is the prior user of its trade mark 'ACTION' with respect of the goods falling in class 34.

12. The Deputy Registrar has failed to consider the order of the Bombay High Court filed in the instant matter wherein the Bombay High Court its order dated January 31, 2002 disposing of Miscellaneous Petition No. 35 of 1996 and Miscellaneous Petition No. 36 of 1996 in an appeal preferred by the appellant, the Learned Judge had set aside the orders of the Learned Registrar dismissing the oppositions filed by the Appellant under Opposition Nos. 8514 and 8871. The matters were remitted back to the Learned Registrar for de novo consideration and decision. By the aforesaid order dated January 31, 2002, the Learned Judge observed that priority in adoption and use of a trademark is superior to priority in registration. The Learned Judge opined: "If a person makes an application for registration of a trade mark but does not actually start using the same, another person starts using the same trade mark, in that situation; the person who has

made the application cannot claim that the other person has infringed his trade mark. It is only a registered trade mark which can be infringed. It is only the registered proprietor of a trade mark who gets exclusive rights to use that trade mark and therefore, he can bring an action of infringement. But a person who has merely made an application for registration of his trade mark, cannot bring an action for infringement. The only other action that comes to mind is an action for passing off. However, an action of passing off can be instituted only by a person who is using the trade mark which is being used by another person. Therefore, under the scheme of the Act, a person who has merely made an application for registration but is not using the same, cannot prevent the other person from using that trade mark without he himself using the same."

13. The Deputy Registrar has totally ignored the observations rendered in the said order wherein the Bombay High Court its order dated January 31, 2002 disposing of Miscellaneous Petition No. 35 of 1996 and Miscellaneous Petition No. 36 of 1996 in an appeal preferred by the appellant herein, the Learned Judge remitted back matter to the Ld. Deputy Registrar for de novo consideration and decision, in this matter the single Judge observed that "In this connection, in my opinion, the observations of learned Single Judge this Court in a judgment in the case of Consolidated Foods Corporation, referred to above, are pertinent and they read as under:-

"This was precisely the view which was expressed by Lord Justice Romer in (1905) 1 KB 592 to which I have already referred, in the earlier part of the judgment. To summarize, therefore, 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. As between two competitors who are each desirous of adopting such a mark, it is to use familiar language, entirely a question of who gets there first (*Gaw Kan Lye v. Saw Kyone Saing*, AIR 1939 Rang 343 (FR)). Registration under the statute does not confer any new right to the mark claimed or any greater right than what already existed at common law and at equity without registration. It however, facilitates 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."

14. The Deputy Registrar has failed to ignored the observations rendered in the said order wherein the Bombay High Court its order dated January 31, 2002 In this connection, one aspect, in my opinion, also requires consideration, if a person makes an application for registration of a trade mark but does not actually start using the same, another person starts using the same trade mark,

in that situation, the person who has made the application cannot claim that the other person has infringed his trade mark.. It is only a registered trade mark which can be infringed. It is only the registered proprietor of a trade mark who gets exclusive right to use that trade mark and the he can bring an action of infringement. But a person who has merely made an application for registration of his trade mark, cannot bring an action for infringement. The only other action that comes to mind is an action for passing of however; an action of passing of can be instituted only by a person who is using the trade mark which is being used by another person.

15. The Deputy Registrar has failed to appreciate that the Appellant's mark is a prior mark and enjoys the well-deserved reputation and goodwill in respect of cigarettes, bidis and smokers articles. The Deputy Registrar unnecessary has cast suspicion on the adoption of the impugned mark without considering the fact that it was common word which can be adopted by anyone with bonafide intention by the Appellant and considered the Opponent-first Respondent - as the registered proprietor of the trade mark(s) 'ACTION' and 'GOLDEN ACTION'.

16. The Deputy Registrar did not appreciate the volume of the sales of the Appellant's goods under the marks ACTION, between 1986 and March 1987, on the contrary no user evidence has been ever shown by the Opponent-first Respondent. The Deputy Registrar has incorrectly held that the principle of continuous use in the favour of Appellant. The Appellant has already established the continuous and substantial use of the mark 'ACTION' in respect of the goods 'cigarettes, bidis and smokers articles, since the year 1986 by filing the documentary evidence in the opposition proceedings, on the contrary the Respondent No. 1 has produced no documentary evidence of the use of the mark 'ACTION' or 'GOLDEN ACTION'.

17. As already mentioned that the difference between the filing of application of the applicant is one month and 10 days which comparatively negligible in terms of deciding the factor of prior adoption, as showing use of the mark as proposed to be used clearly shows intention of adoption for trade but in these situations wherein two marks having close resemblance in respect of name and adoption than in this case use of the mark becomes paramount factor to decide proprietorship of the mark concerned, in the present context if the respondent trade mark can be taken as accepted position that on the date on which the respondent No. 1 made the applications for registration of trademarks, the applicant were not using the trade mark but the applicant has started using the trade mark while the application was pending registration that the trade mark in question was an invented or rare mark adopted by the respondent No. 1, the position might have been different to the same extent.

18. The counsel for the appellant in support of her arguments placed her reliance on judgment reported AIR 1965 Born 35 (V 52 C 14) wherein the Hon'ble court held that" the priority in adoption and use of the mark is superior to prior in registration" Further, in the case of Usha Intercontinental Ltd. and Ors. v. Usha

Television Ltd. [1987(7) PTC 240(Del)], it was held that it is a settled proposition that, in a case of one party proposing to use the mark as against the actual user, the later will take precedence. It was held 'in the present case, the plaintiffs introduced television sets bearing the trade mark Usha, prior to the defendants, notwithstanding the defendants' plea regarding having advertised the mark earlier, the plaintiffs alone are entitled to proprietary rights in the trade mark Usha in relation to television set. She also placed reliance in other case of Consolidated Foods Corporation v. Brandon and Company Private Ltd. AIR 1965 Born 35], it was held that priority in adoption and use of a trade mark is superior to priority in registration.

19. Therefore, under the scheme of the Act, a person who has merely made an application for registration but is not using the same cannot prevent the other person from using that trade mark without he himself using the same. It is thus clear that the other person who starts using the trade mark, which is not being used by the first person does not violate any law and therefore, the use of the trade mark by him cannot be termed as unlawful or contrary to any law. In my opinion; as the Registrar has to consider, under section 11(a), relevant events taking place during the pendency of the application, the Registrar could not have refused to consider the evidence tendered by the petitioners in support of their case that they have acquired reputation and goodwill in the market in relation to the trade mark and therefore, registration of the trade mark of the respondent No. 1 will result in deception and confusion in the public mind. Both the parties are agreed that instead of this Court considering the evidence on record to find out why thy; the evidence on record indicates that registration of the trade mark of the respondent No. 1 is likely to result in deception and contusion to the public, the matter should be remitted back to the Registrar for de novo consideration alter allowing the parties to adduce any additional evidence that they may chose to adduce and decision in accordance with law.

20. In view of the above facts, we are of considered opinion that Ld. Deputy Registrar has not at all considered any of the aspect including the observations made in the appeal as well as the facts as enumerated herein above, wherein the Ld. Deputy Registrar had exercised his discretion adversely to the Appellant while passing the order under Section 18 (4) of the Trade Marks Act, 1999 and thereby by Ld. Deputy Registrar has allowed the opposition against Appellant's application No. 454113 in class 34 for the mark 'ACTION'.

21. Though as a matter of fact the registrar has found the applicants were using the trade mark 'ACTION in relation to cigarettes from October 1986 to March 1987 but the Registrar as rejected the opposition on the ground that the use of the trade mark by the applicant was subsequent to the date of application submitted by the respondent No. 1 and the use of the trade mark by the applicant is irrelevant for consideration of objection under section 11(a) of the Act. It is this order made by the Ld. Registrar which is challenged in this petition.

22. Actually Deputy Registrar has disregarded the honest adoption and prior use

of the mark 'ACTION' by the Appellant vis-à-vis the Respondent No. and did not give any credence to prior use of the mark 'ACTION' by the Appellant herein. Whereas the Deputy Registrar has considered the Respondent No. 1 as the Registered Proprietor of the trade marks 'ACTION' and 'GOLDEN ACTION' under Nos. 451915 and 451990 despite of the fact the opposition Nos. BOM- 8514 and BOM-8871 were pending against impugned marks.

23. The Deputy Registrar did not considered the orders of Hon'ble High Court at Bombay passed in Miscellaneous Petitions No. 35 and 36 of 1996, the Hon'ble Judge had set aside the orders of the Ld. Deputy Registrar dismissing the oppositions Nos. 8514 and 8871 and remitted back to the Ld. Registrar for de novo consideration and decision with observation that priority in adoption and use of a trademark is superior to priority in registration.

24. From the entire ground of the matter, we are of the view that if a party is the prior user of the mark which is an ordinary common word but its date of the application is of subsequent date to the rival party has a superior right than the rival party whose date of application is earlier point of time but has not used the mark at all or if used subsequent to the use of the mark, the goods of which are already in existence in the market.

We may clarify that the above said principle may not apply in those cases where it is an invented word and date of application is earlier. Under these circumstances, the view is to be taken as per material and facts available on record.

25. Keeping in view of the factors as enumerated herein above, we are of the opinion that the Deputy Registrar did not consider properly as per law and facts, His order dated October 3, 2008 in the opposition No. : DEL-T-635/52017, communicated is erroneous, hence it is set aside by allowing the appeal of the Appellant.

26. Accordingly, the office of the Registrar of Trade Marks, is hereby directed to proceed further for registration of trade mark ACTION under application No. : 454113 in class 34 of the appellant in accordance to law." No cost.