
(2010) 09 IPAB CK 0012

In the Intellectual Property Appellate Board

Case No : M.P. Nos. 242, 256/2009 In ORA 209, 249/2009

Hindustan Hosiery

APPELLANT

Vs

Ajit Kumar Kundu, Trading As Kundu Syndicate

RESPONDENT

Date of Decision : 03-09-2010

Acts Referred:

Arbitration And Conciliation Act, 1996 — Section 9
Trade Marks Act, 1999 — Section 2, 2(1)(iv), 2(10)(zb), 9, 11, 11(3)(a), 11(10)(2), 12, 18, 21

Citation : (2010) 09 IPAB CK 0012

Hon'ble Judges : S. Usha, J; Syed Obaidur Rahaman, Technical Member

Bench : Division Bench

Final Decision : Dismissed

Judgement

S. Usha, J

1. Both the applications have been filed for removal of the trade mark ""BAPI"" and ""BAPI CAPITAL"" registered under Nos. 1283813 and 1512233

respectively in class 25 under the provisions of the Trade Marks Act, 1999 (hereinafter referred to as the Act).

2. The brief facts of the case are as follows:

Hindusthan Textiles, a partnership firm was formed in the year 1968 by Jagabandhu Kundu and Sanjit Kumar Kundu who were initially the partners of

the said firm. They had adopted the trade mark BAPI in relation to hosiery goods and had been using the same continuously and extensively and thus

the trade mark had acquired good will and reputation among the public. Subsequently one Mr. Ajit Kumar Kundu was introduced as a partner in the

said firm under the deed of partnership and carried on business of manufacturing Ganji Socks and other hosiery products under the said trade mark

BAPI. The said firm had applied for registration of the trade mark BAPI under No. 251299 dated 27.08.1968. On 01.04.1992 the partners of

Hindusthan Textiles made changes in the terms of partnership deed. The said Hindusthan Textiles carried on a well established business of hosiery

goods under the brand name BAPI and the goodwill and reputation of the brand developed over the years by way of maintaining proper standard of its

products for several decades which have now made the name BAPI a household mark in respect of hosiery products and solely and exclusively

associated with Hindusthan Textile and with none else. It would be clearly apparent from the label of the hosiery goods sold that there has been a

clear and exclusive indication of the said mark BAPI applied on such products for the past several decades by Hindusthan Textiles and none else by

which there can be no doubt in the minds of the consumers and the trade and business at large that the hosiery product BAPI originates from

Hindusthan Textile and none else.

3. In order to maintain proper standard of the product originating from the Hindusthan Textiles, Hindusthan Textiles have over the years been using

very selected and high quality materials for manufacturing their hosiery goods by which there has been a wide acceptability of the hosiery goods of the

applicants. The registered proprietors of the trade mark BAPI had affirmed the goodwill and reputation build over the years by giving interview and

press releases on behalf of Hindusthan Textile.

4. In or about the year 2001, the said Ajit Kumar Kundu had differences of opinion with the other partners and had expressed his willingness to retire

from the partnership, affirmed and issued letter dated 12.04.2001. On true and proper interpretation thereof, the said Ajit Kumar Kundu thereby

ceased to be a partner of Hindusthan Textiles and in any event retired as a partner.

5. The said Ajit Kumar Kundu, however, took the stand that the firm stood dissolved. In order to effect dissolution of the firm, he filed an application in

AP No. 99/2001 for dissolution of Hindusthan Textile before the Hon'ble High Court of Calcutta. The said application was dismissed and accordingly

the said firm continued the business and was not dissolved.

6. The said firm continued to sell and market its products under the same trade mark despite considerable obstacles was raised by the registered

proprietor. The registered trade mark BAPI registered under No. 251299 dated 27.08.1968 was also renewed and continued to be valid and subsisting

in the name of Hindusthan Textiles. The said Ajit Kumar Kundu thereafter, with a view to damage the business of the said firm, started to put

enormous obstacles in the way of continuance of the business of the firm and started addressing various letters to various authorities. Despite such

hindrances Hindusthan Textiles continued to carry on its business with the remaining partners under the trade mark BAPI. Subsequently by the end of

December, 2001 sales tax was imposed for the first time in respect of hosiery goods and the said firm was required to apply for and obtain sales tax

registration number from the appropriate authorities. However, in spite of making the application for sales tax registration by the remaining partners of

the said firm, the same was obstructed to by the said Ajay Kumar Kundu due to which registration number was not allotted by the authorities.

Thereafter, the said firm was compelled to obtain unregistered sales tax number and carry on business in the hope of getting regular number in due

course. Some time in or about the year 2003, the partners of Hindusthan Textiles, as a precautionary measure, effectively continued their business

decided to form a partnership in the name of Hindusthan Hosiery, the applicant herein, but no business was carried on until the year 2005. Due to

imposition of VAT on hosiery goods in the year 2005, the partners of Hindusthan Textile felt that it would be difficult to obtain permanent VAT

registration number, therefore the said M/s Hindusthan Textile granted permitted user rights to the applicant i.e. Hindusthan Hosiery to manufacture

and sell hosiery products under the trade mark BAPI.

7. The applicant is thus the permitted user of the trade mark ""BAPI"", a registered trade mark on the terms and conditions contained in the agreement

dated 15.03.2005. The applicant as the permitted user has been using the same on behalf of Hindusthan Textile and accordingly has the locus standi to

file the present application for rectification.

8. The partners of the applicant were originally the said Jagabandhu Kundu and Sanjit Kumar Kundu. On the death of Shri Jagabandhu Kundu in

December, 2008, his widow Smt. Shipra Kundu was included as a partner of Hindusthan Textile. Thus Hindusthan Hosiery started and always

continued to manufacture and sell hosiery products under the brand BAPI

collectively and specifically indicating in the package that the trade mark BAPI was registered trade mark of Hindusthan Textiles and none else.

9. In the facts and circumstances mentioned herein before, the said Ajit Kumar Kundu had no right whatsoever to use the said trade mark BAPI as a retired partner of the said Hindusthan Textiles. Upon his retirement the entire goodwill and reputation of the Hindusthan Textiles continued to remain with the firm and the retired partner had no right in relation thereto and could not have used the form and name or represent himself as carrying on business of the firm or claim any right in the goodwill or reputation or trade marks of the firm.

10. The applicant very recently came to know by way of a caution notice published in the Bartaman dated 30.08.2009 published by one Kundu

Syndicate Private Limited wherein it has been alleged save and except the Kundu Syndicate no other manufacturer manufactures hosiery products

under the trade mark BAPI. In fact the notice further informed about the registration No. 1283813. It appears that without the consent, knowledge of

the partners of Hindusthan Textiles, the said Ajit Kumar Kundu made an application for the registration of trade mark BAPI and the same had been

done surreptitiously without the notice, knowledge and consent of the partners of the firm. On enquiry, it was also ascertained that the impugned

registration obtained by the Respondent namely, Ajit Kumar Kundu has been made on 13.05.2004 claiming user since 1980. It is evident that the

purported registration has been obtained by practicing fraud without disclosing the fact the trade mark BAPI was already registered as of the year

1968 in the name of Hindustan Textiles.

11. Further enquiries revealed that the Respondent had also obtained registration of another trade mark BAPI CAPTAIN under registration No.

1512233 dated 12.12.2006 for hosiery goods despite the fact that an identical prior registered trade mark was already subsisting in favour of Hindustan Textiles.

12. The said registrations are void and the registrations have been obtained in contravention of the provisions of the Act.

13. On making enquiries the applicant came to know that the registered proprietor i.e. the Respondent herein is holding himself as the owner with the goodwill of the said Hindusthan Textiles which is wrongful, illegal and not

permissible in law or otherwise. The registered proprietor is not entitled to any subsequent registration or use of the said trade mark in any manner whatsoever as Hindusthan Textiles are the prior adopters, prior registered user of the mark BAPI. Despite the fact that Hindusthan Textiles is the prior adopter, user and registered owner of the mark, the registered proprietor has adopted an identical name in respect of the same hosiery products only to create confusion and deception among the consumers and the general public. The hosiery products are normally purchased by people at large in a casual manner having imperfect recollection and often in not at an alert state of mind and there exists strong likelihood of confusion and deception in the course of trade. It is also important to note that the registered proprietor Ajit Kumar Kundu of Kundu Syndicate who has claimed to be the proprietor of the trade mark BAPI with user claimed since 1980 admittedly was a partner on record of Hindustan Textiles.

14. The impugned registration granted is liable to be cancelled/rectified on the following grounds:

- (i) the impugned mark was wrongly registered and wrongly remains on the register;
- (ii) the registered proprietor is not the owner of the impugned mark;
- (iii) the registration has been obtained by making false statement and wrong averments;
- (iv) the impugned trade mark is not distinctive of the registered proprietor at the time of its application and registration and has not become distinctive or acquired distinctiveness;
- (v) the impugned registration is contrary to the provisions of Section 2(1)(iv) of the Act;
- (vi) the impugned registration is contrary to the provisions of Section 2(10)(zb) of the Act;
- (vii) the registration is in contravention of the provisions of Sections 9, 11, 12 and 18 of the Act;
- (viii) the impugned registration is disentitled to the protection of law;
- (ix) the registration and its continuance in the register is an obstruction to the applicant's business;
- (x) the existence of the impugned trade mark affects the purity of the Register;

(xi) the registration is remaining on the Register without sufficient cause;
(xii) the rights of the said Hindusthan Textiles being the originator, prior adopter and user of the trade mark BAPI in respect of hosiery goods is to be protected.

15. In view of the above, the impugned registration ought to be removed from the Register of Trade Marks.

16. The Respondent herein being the registered proprietor of the impugned trade mark filed their counter statement denying the various averments made in the application for rectification. At the outset, the Respondent stated that the rectification application is not maintainable in law as the application has been made with ulterior motive and malafide intentions.

17. The Respondent narrated briefly the facts of the case. Hindustan Textile was carrying on business of manufacturing and selling hosiery goods as a propriety concern. Being unable to carry on the business, the then proprietor invited Shri Ajit Kumar Kundu to be a partner in the partnership concern and the firm in the name of Hindustan Textiles was formed on 15.08.1968. After the formation of the partnership business the said Hindustan Textiles on 27.08.1968 applied for and obtained registration of the trade mark BAPI for hosiery goods under No. 251299 in class 25.

18. By a licensing agreement dated 15.11.1978, the said partnership firm granted permission/license to another partnership firm namely, M/s Sagar Hosiery Mills to carry on business of manufacturing and selling hosiery goods under the trade mark BAPI. The partners of the said partnership firm, namely Sagar Hosiery Mills were Malati Kundu and Shipra Kundu being the wives of Ajit Kumar Kundu and Jagabandhu Kundu respectively. Thus, two parallel business houses continued to use the trade mark "BAPI". On or about 01.04.1992, the partnership deed of Hindusthan Textiles underwent certain modifications and a fresh deed of partnership was drawn with the salient features as "That the present partnership shall be partnership at will and any of the partners hereof shall be entitled to dissolve the partnership by serving upon each of the parties hereof Ninety Days Previous Notice in writing to that effect." The said reconstructed partnership firm after its formation allowed another partnership in the name of Subho Ganjee to set up a similar business using the same trade mark BAPI in order to help Shri Manas Kundu, son of Ajit Kumar Kundu to set himself in the same line as the

family business.

19. In the year 1999, disputes and differences arose between two wives of the partners and things came to a head with allegations of misappropriation

of funds against Jgabandhu Kundu and Sanjit Kundu to the tune of Rs. 18.50 lakhs and for non-disclosure of various collections made from the parties

through collection slips without maintaining proper records to over a crore. In such circumstances the registered proprietor who was one of the partner

called upon the other partners to render accounts by letter dated 28.03.2001. Thereafter, not having received the accounts called for, the registered

proprietor was compelled to dissolve the partnership firm by his notice of dissolution dated 12.04.2001 invoking the specific clause in the partnership

deed dated 11.04.1992. Further by notice dated 16.04.2001, the registered proprietor called upon the other partners to appoint an arbitrator for

adjudication of the dispute and difference, thus invoking Clause 14 of the partnership deed. Receiving no reply, the registered proprietor filed an

application under Section 9 of the Arbitration and Conciliation Act, 1996 praying for rendering of accounts, inventory of assets and proprieties of the

partnership firm and taking decisions of the partnership business to realize book debts, and to submit reports to the Hon'ble Court as per the directions.

Upon the application under Section 9 of the Arbitration Act, the Hon'ble High Court was pleased to pass an order to appoint two joint Special Officers

to take possession of the partnership firm and for inventory thereof and to submit their report before the Hon'ble High Court. The joint Special Officer

in compliance of the orders of the Hon'ble High court took possession of the partnership firm and locked up the premises including the corridor and

directed the remaining partners not to allow any product of the firm to go out of the premises. During the course of inventory, it was recorded that a

sum of Rs. 18.50 lakhs had not been shown in the books of accounts and raw materials were purchased without any proper challans and vouchers and

cash transactions were done by the remaining partners and therefore records were not kept according to the expected principles of accountancy.

20. On 30.07.2001 the registered proprietor received a reply letter from the partners through their advocate wherein the partners had refused to

accept all clauses of the letter dated 12.04.2001 and 18.04.2001 sent by the registered proprietor. Thereafter the matter came up before the Hon'ble

High Court and the Hon'ble Judge was pleased to record that being a dispute between brothers it should be settled. As nothing materialized, the matter was ultimately dismissed for default on 13.07.2007. Thus the business of the dissolved partnership firm came to a stand still and the firm became a non-existing entity with effect from 12.04.2001. There has been no challenge to the letter of dissolution dated 12.04.2001. Therefore, the erstwhile partners, in total suppression of the fact of dissolution of the firm applied for renewal of the trade mark and surreptitiously obtained renewal till August, 2010.

21. The trade mark BAPI which was obtained in August 1968 was periodically renewed after every seven years till 2003. During the period 1999 till 12.04.2001, there were disputes and differences between the parties and therefore the trade mark BAPI also ceased to survive. The applicants could not have obtained renewal of the trade mark BAPI from 27.08.2003 for any period far less than seven years since the business had been wound-up.

22. On or about 28.05.2003, prior to the date of renewal a partnership firm was formed in the name and style of Hindustan Hosiery in order to run the business of manufacture and dealing with hosiery goods. Thus deliberately with intention to defraud and deceive the Trade Marks Registry as well as the public the new firm was opened to show continuity of business and for obtaining renewal of the trade mark. The renewal is bad in law and the trade mark should be removed from the Register with immediate effect. Thus there is no registered earlier proprietor whose consent was required which was to be considered nor any registered trade mark whose goodwill or reputation could be invaded or infringed upon. The partnership firm, namely, Hindusthan Textiles, no longer existed as a legal entity and the trade mark BAPI ceased to exist as of 12.04.2001.

23. The registered proprietor is carrying on business of hosiery under the name and style of Kundu Syndicate using the trade mark BAPI CAPTAIN and BAPI for several years. They had obtained registration as on 07.11.2005. The mark BAPI is only associated with the registered proprietors as far as hosiery business is concerned and the same has acquired immense reputation and goodwill in the course of trade. In order to promote its products with the said trade mark the Respondent has widely advertised and published through various media and as has spent huge amount towards

advertisement expenses. The sales turnover runs to several crores of rupees. The Respondents also states that there is no question of similarity of goods and mark as the likelihood of confusion and deception does not arise since the right of the mark is claimed by the applicant is totally baseless and false and fabricated. The firm as the owner of the trade mark no longer exists as a legal entity and cannot claim to hold that they are the prior adopter or prior registered proprietor of the trade mark BAPI. In such circumstances, the registration said to be in contravention of the provisions of Section 11(3)(a) of the Act also does not arise.

24. The fact that the Firm as well as the mark having ceased to exist, there is no embargo in the Act preventing the registered proprietor of the mark claiming ownership and the provisions of Section 11(10)(2) has no relevance.

25. In view of the fact that the firm ceased to exist and the mark also being renewed by false statement, the applicant cannot be a person aggrieved to file and maintain the application for rectification. It is also stated that the applicant has miserably failed to make out a prima facie case for removal of the trade marks and the prayer of the applicant ought to be refused with costs in the interest of justice, equity and good conscience.

26. On completion of the pleadings the matter was posted for hearing on 23.06.2010 at the circuit Bench Sitting at Kolkata. We have heard the arguments of learned Counsel Shri J.S. Sarkar assisted by Ms. Surabhi Sarkar for the applicant and Shri Saurabh Banerjee, learned Counsel for the Respondent.

27. As the parties and issues in both the matters were one and the same, a common argument was advanced by both the counsel and a common order is being passed.

28. The learned Counsel for the applicant drew our attention to the trade mark registration certificate dated 27.08.1968 filed at page 36 of the typed set of the application and stated that they were registered proprietors of the trade mark as of that date and that they have been carrying on business for the last several decades under the trade mark ""BAPI"". The counsel relied on the judgment reported in 2004 (28) PTC 590 (Mad) DBJ. Zeenath

Bivi, Proprietrix, M/s N.V.K.M. Traders, Chennai rep. by her Power of Attorney Holder J. Zackaria v. M. Khader Ibrahim and Ors., to say that the rights of the joint owners are to be protected. The counsel then relied on the two

impugned registration details and submitted the user claimed in the applications was 05.01.1980 and 01.01.2003 respectively. The first application user was 05.01.1980 when the Respondent was a partner in the applicant's firm. The counsel then brought to our notice the advertisement of the Respondent's goods bearing the impugned trade mark which stated that they are the only proprietors of the trade mark which is totally a false statement.

29. The counsel then relied on a passage from the book on Partnership by M.J. Sethna wherein it was stated that a mere notice to dissolve a partnership is not valid. The notice must be explicit and precise. In this connection, the counsel referred to the letter dated 12.04.2001, where it was stated that the partnership is dissolved with effect from 12.07.2001. The arbitration proceedings stood dismissed on 07.09.2007. The registration granted is in contravention of the provisions of Sections 2, 9, 11, 12 and 18 of the Act. The impugned registration, therefore, ought to be removed/cancelled.

30. The learned Counsel for the Respondent contended that only arbitration proceedings were pending and not a suit and that they had every right to file an application for registration. The counsel also referred to the notice issued on 12.04.2001 and 16.04.2001. The applicant had not been carrying on business under the trade mark and the firm was not in existence during the relevant period when the Respondent had applied for registration of the trade mark. The counsel for the Respondent had issued a notice to the applicant calling for, from them the accounts on 28.03.2001 for which the Respondent received no reply and was constrained to issue a letter of dissolution. The applicant firm came into existence only on 28.05.2003. There was no deed of license entered into. The counsel finally relied on the Judgments reported in 2009 (41) PTC 165 Kanhaiya Lal Bansal S/o Late Sri Bangali Mal v. Sahitya Bhawan Publishers and Distributors Pvt. Ltd. Through Sri Rajveev Bansal, and Ors., and 2010 (42) PTC 769 (Del) Jaggi Ayurvedit Pharmacy v. Jaggi Ayurvedic Research Foundation in support of his contention that once notice of dissolution is given the partnership firm ceases to exist.

31. In rejoinder, the counsel for the applicant submitted that there was a license agreement entered into and the same has been filed by the applicant

at page 56 of the typed set of application.

32. We have heard and carefully considered the arguments of both the counsel and have gone through the pleadings and documents. We shall first

deal with the issue as to whether the applicant is a person aggrieved to file the application for rectification. As per Section 21 of the Act, any person

may file a notice of opposition to the registration of the trade mark, an application for rectification can be made by a "person aggrieved". The word

aggrieved person" though not defined under the act, has been liberally construed by judicial authorities.

33. The classic case in this respect is Powell's T.M. (1893) 10 RPC 195 CA.-where it was held that, "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 public mischief that there should remain upon the Register a mark which ought not to be there, and by which many person

may be affected, who nevertheless would not be willing to enter upon the risk and expenses of litigation.

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 would 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.

34. It was also held, "persons who are aggrieved are persons who are in some way or the other substantially interested in having the mark removed

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

35. The object of rectification is purifying the register which is public purpose. The applicant's interest is therefore to be determined on principles with

the public interest litigation.

36. In the above lines, if considered, to ascertain whether the applicant is a person aggrieved, we are of the opinion that the applicant is not a person

aggrieved. Though the applicants are in the same filed of trade, the duty of the court is to see if the public will be affected by the impugned trade mark

remaining on the register on the register would cause confusion or caption than the loss to the party concerned. In view of this, we hold that the

applicant though claims to be affected have not substantiated by way of documentary evidence and is, therefore, not a person aggrieved.

37. An application for registration could only be filed by a person claiming to be proprietor of the trade mark as per Section 18 of the Act. If it is not

by the proprietor the trade mark is said to be remaining on the register without sufficient cause. It is sent that the application for registration has been

made in the year 2004 and 2006 respectively. The period 2004 and 2006 is subsequent to the period of the notice of dissolution dated 12.04.2001. That

apart, the registration of the trade mark ""BAPI"" registered under No. 251299 in class 25 relied on by the applicant was due for renewal in the year

2003 and the same has been renewed for a period till 2010 by a non-existing firm which fact was suppressed by the applicant before the Registrar of

Trade Marks at the time of renewal. The partnership firm was a partnership at will. In such a case, once a partner has filed a suit for dissolution or

gives a notice of dissolution of the firm, the firm is not in existence as the Respondent herein had issued dissolution, the trade mark in the name of the

firm which does not exist and the renewal of the registered trade mark is not valid. The Respondent's claim of proprietorship is, therefore, valid as per

Section 18 of the Act.

38. The other ground of rectification was that the registration has been in contravention of the provisions of the Act. As regards the marks and goods

are concerned, they are identical. The question of likelihood of confusion or deception is on the applicant to prove in the application for rectification.

The applicant has though pleaded that there is a possibility of confusion and deception has failed to prove the same by proper evidence. This ground of

rectification is also, therefore, rejected.

39. The decisions relied on by the applicant 2004 (26) PTC 590 (Mad) DB is the one where the suit was for injunction to sell in which it was to be

decided if the mark could be used separately by one of the joint owners and the others restrained, the business would come to a stand still. The case

has no relevance to the case on hand. The facts and circumstances of this case is

a different one.

40. Having answered the issues in the negative, we are of the view that the rectification applications are to be dismissed. Accordingly,

ORA/209/2009/TM/KOL and ORA/249/2009/TM/KOL are dismissed without any order as to costs. The M.P. Nos. 242/2009 and 256/2009 filed in

ORA/209/2009/TM/KOL and ORA/249/2009/TM/KOL respectively to call for the records from the Trade Marks Registry are dismissed in view of

the order passed in the main rectification applications.