
(1993) 09 CAL CK 0030
In the Calcutta High Court

Case No : Appeal No. 331 of 1990 and Matter No. 5417 of 1987

M/s. J.N. Nichols (Vimto) Limited

APPELLANT

Vs

Rose and Thistle and another

RESPONDENT

Date of Decision : 02-09-1993

Acts Referred:

Trade and Merchandise Marks Act, 1958 — Section 11, 12(2), 26(1), 32, 45

Citation : AIR 1994 Cal 43 : (1993) 2 CALLT 411 : 98 CWN 216

Hon'ble Judges : Umesh Chandra Banerjee, J;Kalyanmoy Ganguli, J

Bench : Division Bench

Advocate : Mr. Gautam Chakravortti and Mr. R.K. Khanna, for the Appellant; Mr. P.K. Das, Mr. S.N. Mukherjee, Mr. B.R. Lodge and Mr. Bachawat, for the Respondent

Judgement

Umesh Chandra Banerjee, J.—Both the English Act of 1938 (trade Marks Act, 1938) and the Indian Act of 1958 (The Trade and Merchandise Marks Act, 1958) are in pari materia with each other in regard to the availability of a defence of special circumstances in the matter of an application for removal of a registered mark from the register of marks. For convenience's sake Ss. 26(1) and 26(3) of the English Act and Ss. 46(1)(b) and 46(3) of the Indian Act are set out hereunder.

"26. (1) Subject to the provisions of the next succeeding section, a registered trade mark may be taken off the register in respect of any of the goods in respect of which it is registered on application by any person aggrieved to the Court or, at the option of the applicant and subject to the provisions of section fifty-four of this Act, to the Registrar, 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 by him, and that there has in fact been no bona fide use of the trade mark in relation to those goods by any proprietor thereof for the time being up to the date one month before the date of the application; or

(b) that up to the date one month before the date of the application a continuous period of five years or longer elapsed during which the trade mark was a registered trade mark and during which there was no bona fide use thereof in relation to those goods by any proprietor thereof for the time being-

Provided that (except where the applicant has been permitted under sub-section (2) of section twelve of this Act to register an identical or nearly resembling trade mark in respect of the goods in question or where the tribunal is of opinion that he might properly be permitted so to register such a trade mark) the tribunal may refuse an application made under paragraph (a) or (b) of this sub-section in relation to any goods, if it is shown that there has been, before the relevant date or during the relevant period, as the case may be, bona fide use of the trade mark by any proprietor thereof for the time being in relation to goods of the same description, being goods in respect of which the trade mark is registered.

(2) *****

(3) An applicant shall not be entitled to rely for the purposes of paragraph (b) of subsection (1) or for the purposes of sub-section (2), of this section on any non-use of a trade mark that is shown to have been due to special circumstances in the trade and not to any intention not to use or to abandon the trade mark in relation to the goods to which the application relates.

"46. Removal from register and imposition of Limitations on ground of non-use (1). Subject to the provisions of Sec. 47, a registered trade mark may be taken off the register in respect of any of the goods in respect of which it is registered on application made in the prescribed manner to a High Court or to the Registrar 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 by him or, in a case to which the provisions of Sec. 45 apply, by the company concerned, and that there has, in fact, been no bona fide use of the trade mark in relation to those goods by any proprietor thereof for the time being up to a date one month before the date of the application; or

(b) that up to a date one month before the date of the application, a continuous period of five years or longer has elapsed during which the trade mark was registered and during which there was no bona fide use thereof in relation to those goods by any proprietor thereof for the time being;

Provided that, except where the applicant has been permitted under sub-section (3) of Sec. 12 to register an identical or nearly resembling trade mark in respect of the goods in question or where the Tribunal is of opinion that he might properly be permitted so to register such a trade mark, the Tribunal may refuse an application under Cl. (a) or (b) in relation to any goods, if it is shown that there has been, before the relevant date or during the relevant period, as the case may be, bona fide use of the trade mark by any proprietor thereof for the

time being in relation to goods of the same description, being goods in respect of which the trade mark is registered.

(2) *****

(3) An applicant shall not be entitled to rely for the purpose of Cl. (b) of sub-section (1) or for the purpose of sub-section (2) on any non-use of a trade mark which is shown to have been due to special circumstances in trade and not to any intention to abandon or not to use the trade mark in relation to the goods to which the application relates."

2. On perusal of the above-noted two statutory provisions therefor, it appears that the legislative intent in both the statutes are identical and to the effect that in the event of there being a non-user of a registered trade mark or in the event there is no bona fide user thereof by the proprietor for a period of 61 months, the proprietor cannot keep a mark duly registered in the register of marks excepting however, that in the event of there being any special circumstances existing, the proprietor of the marks will have a good defence in regard thereto.

3. The phrase "special circumstances in the trade" was considered in *Manus v. Fullwood and Bland Ltd.* (1949) 66 RPC 71, when Evershed L. J. delivered a judgment in which Lord Greens and Somervell L.J. concurred. At page 79 Evershed L.J. stated:

"It is not in my view necessary that the special circumstances should be such as to afflict all traders equally or indeed to afflict all of them at all. It is important to my mind to note that the relevant phrase is used in contrast to that which immediately follows :-- "and not to any intention not to use or to abandon the trademark". In that context it seems to me (without attempting any precise definition) that the words must be taken to refer to circumstances which are "special" in the sense of being peculiar or abnormal and which are experienced by persons engaged in a particular trade as the result of the working of some external forces as distinct from the voluntary acts of any individual trader. According to such a test no less than (in my view) the ordinary and common sense meaning of the words, the impact of war conditions making impracticable the ordinary usages of international trade would amount to special circumstances in the trade; and if the non-user of his mark by a particular trader was in fact due to the effect upon his business of those conditions, then he would. in my view be within the protection of sub-section (3)."

The relevant facts here are as follows: From 1935 until the outbreak of war, the Ball Company imported brassieres into the United Kingdom under its trade mark BALL. But then, as the result of the war or Government Orders, it stopped importing any of these goods. On 9th November 1959 those orders were withdrawn and the goods were put on open general licence, as the result of which they could from that date be imported without restriction. The Ball Company did not start importing those goods again until well after April, 1960. Thus for five years and one month before the date of this application for

rectification on the 13th May, 1960, no use was made of the registered trade mark BALI, and the case therefore falls u/s 26(1), as the result of which the trade mark may be taken off the register, unless there are "special circumstances" within Section 26(3).

It is not disputed that the war and, apart from a token import scheme, the Government Orders which I have mentioned constituted "special circumstances."

4. In this context, the observations of Ungood Thomas J., in the oft-cited Bali Case 1966 RPC 387, seems also to be very apposite.

The learned Judge observed:

"The Assistant Comptroller rightly concludes in his decision that it is "clear that the registered proprietors did not " intend to abandon their trade mark in relation to the goods to which their application relates". Then, however, the Assistant Comptroller adds: "The fact that they were unable to obtain the necessary licences when Mr. Stein" who is the president of Bali Company--" visited the United Kingdom in 1959 is due. In my opinion, to the ordinary give and take considerations of the trade and not due to special circumstances within the meaning of Section 26(3)." It is quite clear, however, that the proprietor, the Bali Company, could not have used the token import scheme, unless an interested firm in this country made the appropriate application, and no such application was made. It was thus not possible for the company to import under the token scheme and that was not their fault. Further, what has to be considered is not merely the existence of an absolute prohibition to import as might be thought from one Passage in the Assistant Comptroller's decision, or a complete impossibility of importing, but, in the words of Evershed, L.J. (supra) the existence of conditions "making impracticable the ordinary usages of international trade." A trade mark is a commercial asset intended to be used commercially by businessmen, and it seems to me that "special circumstances" have to be understood and applied in a business sense. In my view, this token import scheme modification to the earlier general prohibition did not convert what was before impossible into what was, in a business sense, practicable, even if a firm in this country had made the necessary application under that scheme. The non-use of the trade mark by the Bali Company, even during the token import scheme period, is thus; in my view, shown to have been due to special circumstances in the trade. Similarly, I conclude on the first issue u/s 11 that the Bali Company has not since the registration of its trade mark become disentitled to protection by reason of circumstances over which it has had control.

The result is that the Berlie Company succeeds in the first issue, namely, the issue involving Section 11 on the point that the BALI trade mark should not have been registered in 1938 and the Bali Company succeeds on the second issue involving Section 26. It follows that the Bali Company appeal fails unless the court has a discretion u/s 32 which it considers should be exercised in favour of the Bali Company.

It was submitted for the Bali Company that the court should exercise its discretion u/s 32 in its favour. This submission was made on the ground that the Bali trade mark had been registered for over 25 years; that the Bali Company is not to be Warned for import restrictions which prevented in using the trade mark here for a period, and that it has not been suggested that the Berlie Company's trade has suffered because of the registration " of the trade mark BALI. But, though registered for over 25 years and though the Bali Company is not to be blamed for import licensing, the trade mark BALI has never been in any substantial use here before the application for rectification, and from 1939 until this application it has not been in any use here at all; so that it is not surprising that it is not established that the Berlie Company has suffered damage. That, unlike the other requirements, does not have to be established under the Act, and, in my view, it should not be introduced as a requirement under cover of exercise of the court's discretion.

In my view, these grounds are not sufficient to justify any such exercise of discretion in favour of the Bali Company as is suggested. The appeal therefore fails."

5. One other decision of the English Court ought also to be noted. In *Bulova Trade Mark Case* (1967) RPC 229 Ungoed Thomas J. after noting the *Evershed L.J.*'s Judgment (*supra*) and some other decisions of the English Court observed:

"These passages indicate that, if independently of the special circumstances there would be non-use, then non-use would not be due to the special circumstances; and this seems to imply as a corollary that, if there would be use in the absence of special circumstances, then non-use would be "due to" the special circumstances within the meaning of Section 26(3). In this case it is clear from the last passage which I have quoted from the Assistant Comptroller's decision (and is indeed common ground) that, if there had been no Import Order, there would have been use of the trade mark during the relevant period. This contrasts on the finding of fact with such a case is *Columbia Gramophone*, where it was held on the facts that the Special circumstances was not "the reason why they did not make use of the marks".

My conclusion, therefore, is that the appeal, succeeds. But I will refer briefly to the appellants submission that, even if," contrary to my view, it has to be established that there was no practical alternative international usage under which the trade mark could be used, yet there was no such practicable alternative in this case. The only two practical alternatives suggested were (1) manufacture in this country and (2) the acquisition of a quota."

6. Having discussed the law on the subject as above and turning attention now however on to the factual context pertaining to this appeal it is to be noted that the learned trial Judge has allowed the application of the respondent herein in regard to removal of the trade mark "Vinto" formerly recorded in the name of J.N. Nichols and Company Limited and now under the name of J.N. Nichols

(Vimto) Limited being the successor-in-inter-est of the erstwhile J.N. Nichols and Company Limited.

7. On the factual score it appears that M/s. J.N. Nichols and Company Limited being the predecessor-in-interest of the appellant was the registered proprietor of the Trade Marks Nos. 7060, 170440 and 170441 registered in India in Class 32 in respect of non-alcoholic drinks and preparation making such drinks and non-alcoholic fruit flavoured cordials under the provisions of the Trade and Merchandise Act, 1958. In January, 1978 the respondent herein made an application in this Court under S. 46 of the 1958 being Matter No. 156 of 1978 for an order that the trade mark "VIMTO" (word or device) registered in the name of J. N. Nichols and Company Limited under No. 7060, 170440 ad 170441 be removed and taken off and or cancelled from the Register of Trade Marks and this Court by an order dated 30th November, 1978 directed the removal of the said mark "VIMTO" be taken off the register of trade mark. Incidentally, it is to be noted that the respondent applied for registration of its trade mark "VIMTO" with the appropriate authority by reason of the said mark being extensively used in and around the city of Calcutta. The appellant however, opposed the said application for registration on the ground that "VIMTO" would otherwise be deceptively similar to the existing registered trade mark of the appellant "VINTO". The opposition of the appellant has been registered "bearing No. CAL-1727 and the proceeding is now pending before the learned Authority.

8. On the further factual score it appears that during the pendency of the proceeding in regard to the opposition of the appellant being case No. CAL 1727, the respondent herein applied before this Court for removal of the mark "VINTO" (word or device) registered in Class 32 under No. 7061 from the register of trade marks. It is on this application that the learned trial Judge has passed an order of removal of the appellant's mark "VINTO" from the register of trade marks maintained by the Registrar of Trade Marks, Calcutta and hence the appeal against the order of the learned trial Judge.

9. The appeal raises a short but an interesting question in regard to the availability of a special defence under S. 46(3) of the Trade and Merchandise Act, 1958 viz., existence of special circumstances. It is pertinent to note that the principal ground as made out by the respondent in its petition before this Court for removal of the mark "VINTO" from the register of marks maintained at Calcutta in the office of the Registrar of Trade Marks is non-user of the mark by the registered proprietor thereof for a period of 5 years and preceding one month from the date of presentation of this petition for such removal.

10. Admittedly, there has not been any use of the mark Vinto after its registration. It is to be noted here that the appellant is the registered proprietor of both the products viz., "VIMTO" as well "VINTO" in Class 32 having separate registration number. The product vimto as stated earlier is admittedly, no longer in use by reason of an order passed by this Court in the year 1978 directing removal of entry from the register maintained at Calcutta under the Trade and

Merchandise Act, 1958. Now this application pertains to removal of the other mark viz., "VINTO" owned by the appellant. The defence raised is existence of special circumstances by way of import restriction. Mr. Chakraborty, appearing for the appellant strenuously contended that there is no manner of doubt as regards the introduction of an import restriction in the year 1977. So far as the consumer goods including the importation of compound concentrate are concerned and as such S. 46(3) has its full play in the matter in issue and the order passed by the learned trial Judge cannot thus be sustained. Serious criticisms have also been levelled by the Counsel for the appellant in regard to the observation of the learned trial Judge pertaining to the import restrictions concerning compound of Vinto since according to Mr. Chakravorty question of there being any import ban for specific items viz., concentrate compound of Vinto does not and cannot arise since all consumer products have been banned.

11. At this juncture however, true purport of S. 46(1)(b) and S. 46(3) ought to be considered.

12. The language used in S. 46(1)(b) does not pose any difficulty in the matter of ascertainment of the legislative intent to the effect that in the event of the mark being not in use for a continuous period of five years up to a date one month before the date of the application, an application for removal of the mark from the register is maintainable. S. 46(3) however, is an exception to S. 46(1) (b) -- The Statute recognises an exception in the event of there being existence of special circumstances for non-user of the mark by the proprietor for the requisite period of time as noted above.

13. Coming back however, on to the special circumstances it is well settled that the circumstances ought to be shown to be peculiar, abnormal and contrary to normal prevailing situation. It is the nature of an exceptional situation that the legislature intended to provide. Be it noted here, that apart from these peculiar, abnormal and exceptional situation prevailing there has to be a situation which is applicable to all and sundry in the trade and not peculiar however, to the trader alone. To my mind and without attempting to define the same special circumstances should mean and imply an embargo in the normal functioning of the trade by reason of an involuntary act as opposed to a voluntary act.

14. Let us therefore now concentrate as to whether in fact, there was any special circumstances existing so as to avoid the charge of non-user for a period of 61 (sixtyone) months.

15. Before examining this part of the submission of the appellant, it is to be noted however that Mr. P.K. Das appearing for the respondent strongly contended that question of applicability of S. 46(3) does not and cannot arise in the facts of the matter under consideration and as such, assuming there being any special circumstances the same would not be of any use to the appellant.

16. Various decisions have been cited in regard to the existence of special circumstances but before any consideration can be had on to the special

circumstances let us now turn our attention on the factual score and examine the contention of the respondent's counsel as to whether in fact, the factual score warrants invocation of the concept of special circumstances in the facts of the matter under consideration more so by reason of the fact that the special circumstances cannot be taken note of as a defence if the non-user is by reason of a voluntary act.

17. Incidentally it is to be noted that trade restrictions cannot but be termed to be special circumstances which would be a complete answer to the application for removal of the mark by reason of non-user thereof. Admittedly, this application for removal of the mark has been made by the respondent before the learned trial Judge on 19th November, 1987 the period under consideration therefore, would be 61 months prior to the date of the application viz., October 10, 1982 as per requirement S. 46(1)(b) and the special defence in terms of S. 46(3) must therefore, pertain to this period between October 10, 1982 to November 11, 1987. The appellant's contention is that by reason of the total ban imposed under the import policy of 1981-1982 in particular Item 77 under Appendix 4, question of importation of any compound or concentrate does not and cannot arise. It is on this score that certain factual details ought to be had. Up to 1984 there was in fact, a registered user -- agreement for both "VIMTO" and "VINTO". In 1956 the erstwhile J.N. Nichols and Company Limited entered into an agreement for the product "VIMTO" only and in 1963 however, the agreement covers both the products viz., "VIMTO" and "VINTO" which continued up to the year 1984. Therefore, apparently in the event of there being any use of the mark "VINTO" up to the year 1984, question of removal of the mark would not arise since otherwise it would be within the period of 61 months as noted above.

18. From the affidavit filed in support of the appellant's contention before the learned trial Judge it appears that the appellant was in fact, supplying its concentrate for Vimto compound from Manchester. England to Rogers, Bombay until September, 1977 and the supplies of Vimto compound had to be discontinued by the appellant due to restrictions on import imposed by the Government of India and such restriction is still in force and has not been withdrawn. The supplementary affidavit filed by one J.P. Dubash, being a director of Rogers and Company Private Limited however sound a differential record that as a registered user and thereafter as a licensee, Rogers has used the trade mark Vimto openly, extensively and continuously and the annual average sales of Vimto products for three years viz., 1985, 1986 and 1987 was varying between Rs. 35,000 to Rupees 40,000/- and such products were supplied to various consumers in Bombay as per the challans annexed to the said affidavits. The purport of the statement of the deponent in the said affidavit is clear enough to indicate that the product Vimto continued to be sold in Bombay up to the year 1987.

19. On this factual backdrop the question therefore, arises as to whether that the

import ban was a deterrent factor in the matter of user of the mark "VINTO" or not.

20. Incidentally, it is to be noted that use of the mark does not postulate actual sale of the goods bearing such a mark. "Use" to my mind can be in any form or way and does not necessarily mean and imply actual physical sale and it is now well settled that even mere advertisement without having even the existence of the goods can be said to be an use of the mark and I need not dilate on this score. In Halsbury's Laws of England (4th Edition; paragraph 111) it has been stated "whether there has been bona fide use sufficient to prevent a trade mark from being taken off the register depends first on whether there has been use and secondly whether that use was a bona fide". The paragraph goes on to record that the motive necessary to constitute bona fide use is not easy to define and it is settled that bona fide is not used in contra-distinction to mala fide what is required is that the use must be genuine, as judged by commercial standards, and if the primary purpose is not to trade under the mark but merely to validate the registration, the use is not bona fide.

21. Coming back to the special circumstances once again within the meaning of S. 46(3) it is to be noted that the existence of special circumstances must not be of the trader only but it must exist for the entire trade, to be precise, the special circumstances must affect the trade as a whole and the onus of establishing that the case comes within the ambit of S. 46(3) lies on the registered proprietor of the trade mark. It must be shown that the non-user was due to special circumstances of the trade only and not by reason of some other cause which would have otherwise be operative even in the absence of the special circumstances. If the non-user was, in fact, by reason of some other factors apart from the special circumstances, question of there being a defence under S. 46(3) being made available to the proprietor of the mark does not and cannot arise. A specific case shall have to be made and proved with necessary documentary evidence that the non-user was the direct effect of the existence of the special circumstances. The decision in the matter of a Trade Mark No. 99555 of James Crean's and Son L.D. 38 RPC 155 lend support to the observations as above. It is true that by reason of an import restriction importation of consumer goods have been banned but does that by itself allow the appellant to take shelter in terms of S. 46(3) of the Act of 1958. It appears that the product Vimto was in sale up to 1987 then what was the reason for not being able to manufacture and sell the other product viz., Vinto apparently, there is no explanation whatsoever. Needless to record here that there was only one registered user's agreement dated 13th August, 1963 which covers both Vimto and Vinto and if Vimto could be sold there was no reason why Vinto could not be sold under the agreement of 1963. Another redeeming feature ought also to be noted on which strenuous submissions have been made by both the parties. The first agreement 1956 entered into by and between J.N. Nichols and Company Limited described in the agreement as the manufacturer and the agreement contained a specific clause to the following effect viz.

"The manufacturer will sell and deliver to the bottler such quantities of the compound as may be ordered from time to time by the bottler at such prices as shall be fixed from time to time by the manufacturer."

22, The second agreement of 1963 is conspicuously silent in regard to the availability of the compound and clause 3 thereof reads as follows:

"3. The user will at all material times observe the standards, specifications, formula, and instructions laid down by the proprietor from time to time concerning the methods of manufacturer quality, preparation, bottling, labelling and marketing of the goods for sale bearing the trade marks, and will only use in the manufacture and bottling of the goods such ingredients and compounds as specified by the proprietor."

23. It is noted that J.N. Nichols has been described as the "manufacturer" and Rogers and Company has been described as the "user" in the 2nd Agreement, the respondent herein was a party to the 1st Agreement and described as "Bowler". But the mention of the availability of the compound in the first agreement is significantly silent in the next agreement. The appellant however, contended that the last but one line of clause 3 of the agreement categorically records the availability of ingredients and compounds. I am however, unable to accept such an interpretation by reason of the user of the language in the clause itself. "As specified by the proprietor" in the last line of clause 3 of the second agreement makes the position abundantly clear that it is not making the compound available but compound as specified by the proprietor. In the normal course of events parties to the agreement intending to express a particular set of facts would use the selfsame expression. The language of the first agreement is clear and categorical in regard to the availability of the compound whereas in the second agreement the same is only as "specified" by the manufacturer.

24. Be that as it may, the fact remains the product Vimto was sold up to year 1987 whereas the product Vinto did not see the light of the day ever. The import restriction therefore, in the facts of the matter under consideration did not prevent Rogers and Company being the registered user from manufacturing and selling Vimto up to the year 1987 and for the same reason the manufacturer of its registered user could have used the product, "VINTO" and import restriction cannot be termed to be a special circumstances within the meaning of S. 46(3) of Act of 1958. If Vimto could be sold in spite of import restriction there is no earthly reason whatsoever as to why Vinto could not be sold in spite of such an import restriction.

25. Mr. Chakraborty next contended that on the basis of the available documentary evidence in any event there is no mariner of doubt that the product Vinto, in fact, was used within the specified period and relied upon a bill of lading and the manufacturer's invoice but in my view, that by itself will not be sufficient to bring home the contention of user of the mark within the period prescribed. There must be some cogent evidence available on records that the goods have

arrived into this country and certain other step or steps to come within the ambit of expression "user".

26. In the premises I have come to the conclusion that on the basis of documentary evidence as is available in the facts of the matter under consideration the appellant has not discharged the onus that lies upon them of excusing themselves from the non-user during the period of five years and one month immediately preceding the application. The appellants have also not been able to bring home the contention that there was in fact, special circumstances attached to the trade during the period in question more so by reason of free sale of product Vimto up to the year 1987. In that view of the matter, the appeal fails and is dismissed.

27. No order as to costs.

28. Mr. Khanna learned advocate appearing for the appellant prays for stay of the operation of the order. There shall be stay of operation of the order for a period of 4 weeks from the date hereof.

29. Certified copy of the judgment be made available to the parties with utmost expedition. Let xerox copies of the judgment be also made available to both the parties upon compliance of all the required formalities.

Kalyanmoy Ganguli, J.

30. I agree.

31. Appeal dismissed.