

(2006) 01 DEL CK 0008
In the Delhi High Court
Case No : LPA No. 2063 of 2005

P.M. Diesels Pvt. Ltd.

APPELLANT

Vs

Thukral Mechanical Works and The Intellectual Property
Appellate Board

RESPONDENT

Date of Decision : 18-01-2006

Acts Referred:

Trade and Merchandise Marks Act, 1958 — Section 107, 12(3), 18, 45, 46

Citation : (2006) 127 DLT 323 : (2006) 32 PTC 269

Hon'ble Judges : Markandeya Katju, C.J.; Madan B. Lokur, J

Bench : Division Bench

Advocate : Sudhir Chandra, R.K. Agarwal, Sujata, Vinod Baluni and Achintya, for the Appellant; V.P. Singh Hemant Singh, Amarjit Singh, Dushyant K. Mahant, Sachin Gupta, Gurdeep Singh and Mohini, for the Respondent

Final Decision : Dismissed

Judgement

Madan B. Lokur, J.—The Appellant filed an appeal under Clause X of the Letters Patent directed against an order dated 5th July 2005 passed by a learned Single Judge in CM No.14450 of 2004 in CW No.19632 of 2004 declining an interim stay to the Appellant. When we took up the appeal for consideration on 14th December 2005 we felt that disposal of the appeal and the writ petition would require consideration of the same facts and submissions and, Therefore, directed that both the appeal and writ petition be heard together on merits. We heard learned counsels for the parties on 16th December 2005 and 3rd January 2006 when judgment was reserved. This decision will dispose of the appeal as well as the writ petition.

2. The issue concerns the interpretation of Section 46(1)(b) of the Trade and Merchandise Marks Act, 1958 (the Act) and we agree with learned counsel for the Appellants that the Intellectual Property Appellate Board (the Board) has erroneously interpreted the said provision. We, Therefore, set aside the interpretation given by the Board and remand the proceedings to it for a decision

on merits in accordance with law.

3. The Appellant/writ petitioner claims to be in the business of manufacture of diesel engines under a registered trademark Field Marshal since 1963. It also claims to be manufacturing and marketing centrifugal pumps under that trademark since 1974. The Appellant says that it came to know that Respondent No. 1 (Thukral) was infringing its trademark in respect of centrifugal pumps in spite of a cease and desist notice and, Therefore, the Appellant filed Suit No. 2408 of 1985 in this Court in which an interim prayer was made to injunct Thukral from infringing the trademark of the Appellant. A learned Single Judge granted the ad interim ex parte injunction prayed for on 19th December 1985.

4. During the pendency of the suit the Appellant came to know that one M/s Jain Industries had also registered a trademark Field Marshal in respect of flour mills, circulation and centrifugal pumps etc. Consequently, on 31st May 1986, the Appellant filed C.O. No.9/86 in this Court under Sections 46, 56 and 107 of the Act for rectification of the register of trademarks on the ground, inter alia, that M/s Jain Industries had no bona fide intention to use the trademark Field Marshal nor did it use that trademark for a period of 5 years and 1 month prior to the date of the Appellant's application.

5. During the pendency of C.O. No.9/86, the Appellant came to know that M/s Jain Industries had purportedly assigned its trademark Field Marshal to Thukral on 30th May 1986. In view of this, the Appellant withdrew C.O. No.9/86 on 16th January 1987 with liberty to file a fresh petition against Thukral on the same cause of action. On 19th January 1987 the Appellant filed a fresh rectification petition being C.O. No.6/87 in this Court making the same prayer as in C.O. No.9/86, except that it was now directed against Thukral. This Court clubbed C.O. No.6/87 with Suit No. 2408 of 1985 and common evidence was recorded in both proceedings.

6. C.O. No.6/87 was transferred to the Board with the enforcement of the Trade Marks Act, 1999 and registered as TRA No. 99/2004/TM/DEL (CO 6/87). By an order dated 27th October 2004, the Board disposed of the case by dismissing the Appellants rectification application. Feeling aggrieved, the Appellant filed CW No. 19632 of 2004 in this Court. A learned Single Judge admitted the writ petition for final hearing but declined to stay the operation of the order dated 27th October 2004 passed by the Board. Against the refusal of the learned Single Judge to grant an interim stay, the Appellant preferred an appeal, which we are disposing of by this decision.

7. For the sake of completing the record, we may mention that Suit No. 2408 of 1985 is said to be still pending. However, the ex parte ad interim injunction granted therein on 19th December 1985 has since been vacated on 19th January 1988 at the instance of Thukral.

8. The thrust of the Appellant's case is that M/s Jain Industries did not have any bona fide intention to use the trademark Field Marshal registered by it under

No.228867 and in fact did not use that trademark at all. The assignment and recording of the trademark in the name of Thukral by the Registrar of Trade Marks is illegal and contrary to law and since the registered proprietor of the trademark did not use it for a period of 5 years and 1 month, then in accordance with Section 46(1)(b) of the Act, the register of trademarks is liable to be rectified and the trademark Field Marshal registered under No.228867 is liable to be removed from the register. The Board did not agree with the Appellant and held that since Thukral became the proprietor of the trademark on 30th May 1986 and since the rectification petition was filed on 19th January 1987, a period of only about 7 1/2 months of non-use by Thukral had elapsed between these two dates. The requirement of Section 46(1)(b) of the Act of 5 years and 1 month of non-use was held not to have been fulfilled and so the rectification petition was liable to be dismissed. In other words, the view of the Board was that the period of 5 years and 1 month of non-use of the trademark has reference to the last proprietor of the trademark " in this case Thukral. The Board did not adjudicate the other issues between the parties.

9. We cannot agree with the Board for several reasons. But first it should be clear (although it makes no real difference) that Thukral did use the trademark Field Marshal at least till 19th December 1985 till it was injuncted by this Court in Suit No. 2408 of 1985. Ex facie, Therefore, the trademark Field Marshal was in use by Thukral till about one and a half years prior to the date of the rectification application filed by the Appellant.

10. Two possibilities arise from this: (a) the use of the trademark by Thukral was with the consent, tacit or otherwise of M/s Jain Industries, (as contended by learned counsel for Thukral) and (b) the use of the trademark by Thukral was without any permission from M/s Jain Industries, (as contended by learned counsel for the Appellant), in which event Thukral was infringing the trademark of M/s Jain Industries. We do not know which of these possibilities exist because the Board has given no finding in this respect.

11. The Board proceeded on the basis that since Thukral became the proprietor of the trademark (on 30th May 1986) what happened before that is inconsequential. This is not correct. Section 46(1) of the Act reads as follows: -

46. Removal from register and imposition of limitations on ground of non-use. -
(1) Subject to the provisions of section 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 section 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 application; or

(b) that up to a date one month before the date of the application, a continuous period of five years 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 by any proprietor thereof for the time being :

Provided that, except where the applicant has been permitted under Sub- section (3) of Section 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 clause (a) or clause (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) and (3) xxx xxx xxx"

12. A plain reading of Section 46(1)(b) of the Act shows that a registered trademark may be taken off the register if, for a minimum continuous period of 5 years and 1 month before the date of application for its removal, there was no bona fide use of the registered trademark by any proprietor thereof for the time being. It was not anybody's case before us that M/s. Jain Industries the registered proprietor of the trademark used it at all. The trademark was used by the Appellant and Thukral, neither of whom were proprietors thereof, except that Thukral claims to have become its proprietor with effect from 30th May, 1986.

13. According to learned counsel for the Appellant, the use of the trademark by Thukral was not legally permissible use inasmuch as Thukral did not have the consent, tacit or otherwise of M/s. Jain Industries to use the trademark. If Thukral did, then of course that trademark could not have been removed from the register of trademarks. But if Thukral unauthorisedly used the trademark, then it cannot be said that there was a bona fide use thereof by its proprietor, that is, M/s. Jain Industries. This appears to be the position at least till 30th May 1986. In the meantime, as a result of the ex parte ad interim injunction granted on 19th December 1985 by this Court in Suit No. 2408 of 1985, there was no question of Thukral using the trademark Field Marshal till the injunction was vacated on 19th January 1988. Therefore, it appears to us, there was no permitted use of the trademark Field Marshal at least for a period of 5 years and 1 month prior to the date of the rectification application filed by the Appellant on 19th January 1987.

14. However, the Board has taken the view that the period of 5 years and 1 month will begin from the date on which Thukral became the proprietor of the trademark, that is, 30th May 1986 and, Therefore, the rectification application could have been filed by the Appellant only sometime in 1991. As mentioned above, this view is incorrect.

15. One of the purposes of the Act is to prohibit trafficking in trademarks. A useful discussion on trafficking in trademarks is to be found in the decision of the Supreme Court in American Home Products Corporation Vs. Mac Laboratories Pvt. Ltd. and Another, . In that case, the Supreme Court said in paragraph 36 of the judgment that:- "The object underlying Section 46(1) is to prevent trafficking in trade marks. This is, in fact, the object underlying all trade mark laws.

A little later, in paragraph 38 of the Report, the Supreme Court quoted with approval the words of Dillon L.J., in Re American Greetings Corp's Application, (1983) 2 All ER 609 wherein he said:-

Trafficking in a trade mark has from the outset been one of the cardinal sins of trade mark law.

The Supreme Court also approved the view of Lord Brightman in the same case in the House of Lords (1984) 1 All ER 426 who said:-

To my mind, trafficking in a trade mark context conveys the notion of dealing in a trade mark primarily as a commodity in its own rights and not primarily for the purpose of identifying or promoting merchandise in which the proprietor of the mark is interested."

In this context, the Supreme Court stated in paragraph 38 of the Report that, To get a trade mark registered without any intention to use it in relation to any goods but merely to make money out of it by selling to others the right to use it would be trafficking in that trade mark.

16. If the interpretation given by the Board is accepted then it is possible that a trademark can keep changing hands every couple of years without actually being used by any of its proprietors. Consequently, these proprietors will be denying use of that trademark to everybody. The interpretation given to Section 46(1)(b) of the Act by the Board would result in trafficking in a trademark being permitted, contrary to law and in the teeth of the judgment of the Supreme Court in American Home Products, which has clearly held that the object underlying Section 46(1) of the Act is to prevent trafficking in trademarks.

17. Consequently, we cannot subscribe to the view of the Board and hold that for the purposes of Section 46(1)(b) of the Act, the period of non-use of a trademark for 5 years and 1 month prior to the date of the application for rectification does not depend on whether there is one or more proprietor thereof for the time being.

18. There was some debate on the use of the word "proprietor" in Section 46(1) (b) of the Act. Learned counsel for the Appellant wanted us to read this to mean "registered proprietor", while learned counsel for the Respondent wanted us to read this as any proprietor in the sense in which it is used in Section 18 of the Act.

19. We are of the view that learned counsel for the Appellant is correct in his

interpretation. Bona fide use of a registered trademark as postulated by Section 46(1)(b) of the Act can only be by the proprietor thereof or any person authorized by that proprietor. For example, if a registered proprietor assigns a trademark or gives a license to use it, it will be, as held in Cycle Corporation of India Ltd. Vs. T. I. Raleigh Industries Pvt. Ltd. and others, , deemed to be used by the proprietor thereof and shall be deemed not to be used by a person other than the proprietor for the purpose of Section 46 or for any other purpose for which such use is material under the Act or any other law.

Conversely, a person other than a registered proprietor, or somebody authorized by that registered proprietor, cannot be said to be a bona fide user of the registered trademark he will be an infringer of the trademark. Therefore, although Section 46(1)(b) of the Act does not use the word "registered proprietor", the context in which the word proprietor has been used suggests that what is meant by the statute is the "registered proprietor" of the trademark or any person permitted by the proprietor to use the registered trademark.

20. Section 18 of the Act clearly has no relevance. That section deals with an application for registration of an unregistered trademark. It is possible that a person may use a trademark without actually registering it but that has absolutely no concern with Section 46(1)(b) of the Act, which deals with a case where the trademark is in fact registered. Therefore, no reliance can be placed upon Section 18 to interpret Section 46(1)(b) of the Act.

21 Consequently, the order dated 27th October 2004 passed by the Board interpreting Section 46(1)(b) of the Act as it does, deserves to be set aside and it is ordered accordingly. The writ petition is allowed and resultantly, nothing survives in the Letters Patent Appeal, which is dismissed as infructuous.

22. Since the order of the Board has been set aside, it will be necessary for it to adjudicate the dispute between the parties on merits. The parties will appear before the Board on 20th February 2006 for further directions.

23. The Appellant will be entitled to costs of Rs. 25,000/- payable by Thukral within four weeks from today.