

(2013) 03 MAD CK 0114

In the Madras High Court

Case No : Writ Petition No. 7981 of 2008

Smt. Ammini Karnan

APPELLANT

Vs

Intellectual Property Appellate Board, The Assistant Registrar
of Trademarks, Chennai, M/s. Nirapara Roller Mills Private
Limited and Union of India

RESPONDENT

Date of Decision : 27-03-2013

Acts Referred:

Constitution of India, 1950 — Article 136, 14, 19(1)(g), 21, 226
Cost and Works Accountants Act, 1959 — Section 2
Trade and Merchandise Marks Act, 1958 — Section 11, 11(a), 11(a)(b)(e)
Trade Marks Act, 1999 — Section 11, 11(1), 11(2), 11(3), 11(a)

Citation : (2013) 2 LW 513 : (2013) 4 MLJ 227 : (2013) 55 PTC 362

Hon'ble Judges : Elipe Dharma Rao, J; Aruna Jagadeesan, J

Bench : Division Bench

Advocate : Sugumaran for Mr. S. Vijayakumar, for the Appellant; N.A.K. Sarma for Mr. K.R. Ramesh Kumar for 3rd respondent and Mr. Mahadevan, Central Govt. Standing Counsel for 4th respondent, for the Respondent

Final Decision : Dismissed

Judgement

Aruna Jagadeesan, J.—This writ petition relates to a two decades of long drawn legal battle for the ownership of a trade mark consisting of a word "NIRAPARA", a word in Malayalam which literally means "full measure". The said Trade mark, along with a device was applied for Registration in respect of food products viz. Maida, Suji and Atta (all are flours), falling under Class 30, by M/s. Nirapara Roller Flour Mills Private Ltd., Changanacherry, Kerala (the third respondent herein), in Application No. 543880 on 21.1.1991. The applicant/third respondent initially applied in the name of South Kerala Food Process Pvt Limited, claiming as the user of the Trade Mark since March 1990. During the process of Registration, a request was made to amend the name of the applicant as "NIRAPARA ROLLER FLOUR MILLS LIMITED". The application for such registration of trade mark was advertised in the Trade Mark Journal dated 1.7.1996 as

accepted.

2. On 17.9.1996, M/s. K.K.R. Modern Rice Mills, Kaladi, Kerala (the writ petitioner herein) lodged a notice of objection to the Registration of said Trade Mark under sections 11(a)(b)(e) of the Trade and Merchandise Marks Act 1958, equivalent to sections 11(1), (2) and (3) of Trade Marks Act 1999 (hereinafter referred to as "Act"). M/s. Nirapara Roller Flour Mills (hereinafter referred to as applicant/respondent), filed their counter on 20.5.1997 rebutting all the objections raised on the part of the writ petitioner herein.

3. Mrs. Ammini Karnan claimed to be the Proprietrix of M/s. KKR Modern Rice Mill (hereinafter referred to as opponent/Writ Petitioner) filed evidence in support of her opposition for registration of the said Trade Mark in the name of the applicant/third respondent. The sum and substance of her opposition is as follows:

In August 1975 Shri K.K. Karnan (husband of the opponent/writ petitioner) started his business in Rice and Rice products under the name and style of "M/s. K.K. Karnan and Company".

In June 1977, Shri K.K. Padmanabhan, brother of K.K. Karnan joined as a partner by the partnership deed dated 27.6.1977. In July 1977, M/s. K.K. Karnan and Company was registered as Partnership Firm and in April 1988, the company adopted a Trade Mark "NIRAPARA" with a device.

In 1991, the said partnership firm with K.K. Padmanabhan as one of the partners was dissolved and the opponent/writ petitioner joined as a partner along with her husband and the business was continued under the new name "M/s. S.N. Rice Mills" and the Trade Mark "Nirapara" continued to be in the use of the said Firm.

In 1994, M/s. K.K.R. Modern Rice Mills was promoted as a propriety concern by the opponent/writ petitioner as its sole Proprietrix and both the concerns "K.K.R. Modern Rice Mills" and "S.N. Rice Mills" are functioning as sister concerns, engaged in the trade of rice and rice products, using the trademark "NIRAPARA" with a device.

On 21.1.1991, the applicant/third respondent filed an application to register "NIRAPARA" with a device as their trade mark, stating that practically from around April 1988 onwards, the trademark "NIRAPA" has been in their use and on account of the continuous, long and extensive use of the said mark, the said mark has become exclusively and inextricably associated with their trade.

4. On the other hand, the applicant/third respondent would claim that from 25.3.1990, they have been using the trade mark "Nirapara" and the claim of the writ petitioner is baseless. It is also submitted that even according to the writ petitioner, Shri K.K. Karnan was the prior user of the trade mark and not the writ petitioner.

5. However, the matter came up for hearing only on 28.5.2003. Meanwhile, the

opponent/writ petitioner produced an assignment deed executed by Shri K.K. Karnan of S.N. Rice Mill, assigning the trade mark in favour of the writ petitioner.

6. Evidence was let in by way of affidavits on both sides. However, the enquiry could not be completed as there were interlocutory applications and objections filed by both the parties. On 23.11.2004, the objections of the opponent/writ petitioner were dismissed by default, again reviewed by order dated 16.2.2005 and only on 7.3.2005, the Assistant Registrar of Trade mark passed an order upholding the opposition and refusing to register the trademark in favour of the applicant/third respondent.

7. Aggrieved, in May 2005, an appeal was preferred before the Intellectual Property Appellate Board, hereinafter referred to as "Appellate Board", by the applicant/third respondent. Meanwhile, a suit in O.S. No. 3 of 2005 was filed by the opponent/writ petitioner and others before the District Judge, Kottayam, Kerala as against the applicant/third respondent and others for an action of "passing-off".

8. On 6.10.2006, the Appellate Board allowed the appeal filed by the applicant/third respondent, setting aside the order of the Assistant Registrar and directed registration of the trade mark "NIRAPA" in favour of the applicant/third respondent. On 23.11.2006, a review petition was filed in R.P. No. 3/2006 before the Appellate Board on the ground that there were some errors apparent on the face of the order dated 6.10.2006 passed by the Appellate Board. In the meanwhile, on 10.7.2007, the above said suit was decreed in favour of the opponent/writ petitioner in the action of passing off, thereby restraining the defendants therein by "a decree of prohibitory injunction from manufacturing, marketing, distributing or displaying any products by using the trade mark "NIRPARA" or any other trade mark, trade name or brand name identical, similar or deceptively similar to that of the plaintiffs" trade mark".

9. Therefore, in the review application, the opponent/writ petitioner sought to file additional evidence including the decree of the civil court, by way of an Interlocutory Application. However, the applicant/third respondent submitted that there was an appeal filed against the decree passed in the passing off action. Now, from the materials placed on record, it is seen that the appeal filed against the said decree of the District Judge, Kottayam, before the High Court of Kerala in RFA. 371 of 2007 by the applicant/third respondent was allowed and the matter was remitted back to the trial Court, by the High Court of Kerala by the judgment dated 11.5.2010 and aggrieved against the said judgment of the High Court, SLP. No. 17341 of 2010 was preferred before the Honourable Supreme Court by the writ petitioner, wherein, the Honourable Apex Court, by the order dated 28.6.2010, has stayed the operation of the judgment of the Kerala High Court, dated 11.5.2010. In the meantime, the opponent/writ petitioner has preferred the present writ petition challenging the order dated 6.10.2006, passed by the Appellate board on various grounds, further submitting that the writ petitioner is prepared to withdraw the Review Petition pending before the Board,

with a prayer for judicial scrutiny of that order by this Court in its plenary jurisdiction under Article 226 of the Constitution.

10. Shri. Sugumaran, learned Senior counsel appearing for the petitioner argued extensively on the grounds raised in the writ petition. The main contentions of the learned senior counsel are as follows:

(a) that the Appellate Board, in the impugned order, has not considered the affidavit evidence filed before the Registrar;

(b) that the Appellate Board has rejected various bills and other documents produced by the opponent/writ petitioner which were produced to prove the earlier use on an erroneous ground that the said bills are not genuine;

(c) that the Appellate board has not considered the fact that the business of the applicant/third respondent commenced only in 1991, whereas they have claimed using of the trademark from March 1990;

(d) that the Appellate board has not considered Sec. 129 of the Act, whereby the evidence before the Registrar shall be by way of affidavit, in lieu of formal examination of witnesses;

(e) that the Appellate Board was consisting of the Vice-Chairman, who was not a judicial member and a technical member. Therefore, the constitution of the bench itself is not valid; and

(f) that the order of the Appellate Board is without jurisdiction as the constitution of the board is contrary to the law laid down by the Hon''ble Supreme court in L. Chandra Kumar Vs. Union of India and others,

11. When the writ petition was pending, a prayer to declare Sec. 2(k) and Sec. 87 of the Act, as ultra vires, was also incorporated in the writ petition by way of amendment.

12. Reiterating the above grounds, the learned Senior counsel for the petitioner argued at length on the facts of the case, drawing support from various affidavits filed by third parties, consumers, general public, customers etc. The learned senior counsel also pointed out that the petitioner has proved the prior use of the Trade mark from 1988 which was accepted by the Assistant Registrar, but erroneously rejected by the Appellate Board.

13. The learned senior counsel also pointed out that the constitution of the Appellate Board, which delivered the impugned order, was against the law laid down by the Hon''ble Supreme Court in catena of cases since there should be a judicial member who is either a sitting or retired judge of the Hon''ble Supreme Court or High Court. The learned senior counsel pointed out that the Appellate Board which was presided over by a non-judicial member and a technical member were not competent to analyse the oral and documentary evidence and therefore, the impugned order passed by the Appellate Board lacks reasoning.

14. The contesting respondent viz., the applicant/third respondent filed their counter statement denying the allegations made in the writ petition. A counter statement by the Union of India is also filed defending Secs. 2 (k) and 87 of the Act. The learned Senior counsel for the Central Government submitted that the provisions of the Act are intra vires and the principles laid down in Chandrakumar's case by the Honourable Supreme Court are not applicable to the Constitution of the Appellate Board under the Act.

15. We have also heard the learned counsel appearing for the applicant/third respondent and perused the materials available on record.

16. Considering the facts and circumstances and the arguments advanced on either side, the following three points would arise for our consideration in this writ petition:

(1) Whether the quasi-judicial authority, namely the Asst. Registrar and the Appellate Board constituted under the Statute, are justified in their rival finding of facts based on evidence before them?

(2) Whether the High Court, while exercising its extraordinary jurisdiction under Article 226 of the Constitution, can go into the contentions raised by the parties, involving disputed questions of fact? and

(3) Whether section 2 (k) and section 87 of the Trademarks Act are unconstitutional based on the principles laid down by the Apex court? POINTS 1 AND 2:

17. As pointed out at the outset, the Registration process of a Trade Mark which started as early as on 24.1.1991 has not seen the light of the day till date. For more than two decades, the parties are at loggerheads with each other for a trademark viz. "Nirapara", but continuing their business without any hindrance.

18. According to the applicant/third respondent, they sought to register the trademark "Nirapara" with a device of a measurement container (para) full of flour depicting two shoots on either side, for their products viz., Maida, Suji and Atta as they were using the trademark from March 1990.

19. Though the application for registration was made on 21.1.1991, it is only in the year 1996, the Trade Mark Journal published the registration of Trade mark in favour of the applicant/respondent as accepted. On 17.9.96, the objections were filed by the writ petitioner mainly under Sec. 11 of the Old Act which is also corresponding to the new Act 1999. Therefore, it is relevant to consider some of the provisions of the Trade Marks Act 1999 and certain well settled principles.

20. Sec. 9 of the Act deals with absolute grounds for refusal of registration. The Registrar of Trade Marks can refuse to register the Trade Mark, if the Trade Marks falls within the ambit of Sec. 9 of the Act which we are not concerned with in this case.

21. Sec. 11 of the Act deals with other grounds for refusal of registration. Under

sub section (1), a Trade mark shall not be registered if it is identical with an earlier trade mark or similar to an earlier trade mark and there exists a likelihood of giving rise to confusion in the minds of the public. Under sub section (2), a Trade mark shall not be registered if it is identical with or similar to an earlier trade mark.

22. Under Sub Section (3) of Sec. 11, a Trade Mark shall not be registered by virtue of the law of passing off protecting an unregistered trade mark used in the course of trade or by virtue of the law of Copy Right.

23. The explanation to section 11 would show that the earlier Trade Mark means, a Trade Mark which has a date of application earlier than that of the trade mark in question. It is otherwise known as prior user. For a prior user the material date must be generally considered with reference to the date of the application of the trade mark. In other words, any person claiming prior use must establish using of such earlier trademarks prior to the date of application by any intending applicant.

24. In a case of refusal under passing off, there is no definition of the expression "passing off" in the Act. But the expression used in Section 11(3) recognises the right of action against any person for passing off his goods as the goods provided by another person. The remedy in respect of passing off goods is available under common Law. Sec. 134 of the Act enables a suit for passing off, whether the mark is registered or not, to be instituted in a competent court.

25. Under sub section (5) a Trade Mark shall not be refused registration on the ground specified in sub sections (2) and (3) unless there is any objection. While the burden of proving that the trademark, which a person seeks to register, is not likely to cause confusion on the applicant, the burden lies on the opponent who rises objection under sub sections (2) and (3).

26. However, the objections under Sec. 11 (2) and (3) calls for evidence of facts and matters from which it could be properly concluded that normal and fair use of the trade mark for the purpose of distinguishing the goods of the applicant from those of others was liable to be prevented at the date of application for registration. In a situation of opposition to the registration of a trade mark on the ground of prior user of the trade mark, the onus is heavily on the opponent to establish that they are the prior users of the earlier trade mark and there will be confusion in the mind of the public if the other man is permitted to use the same besides causing consequential damages to the prior user. Therefore, the onus is upon the opponent/writ petitioner to prove the prior user of the earlier trademark and also to prove the passing off action.

27. In his order, the Assistant Registrar of Trade Mark, has observed as follows:

(i) in deciding the question of likelihood of confusion under Sec. 11(a) of the (old) Act based on similarity of marks and nature of goods, the goods of the applicant are Maida, Suji and Atta, whereas, the goods of the writ petitioner are

rice and rice products; however, the consumer will confuse the connection between the applicant and the writ petitioner and therefore, impugned mark could be violative of Sec. 11(a) of the Act.

(ii) As regards the objection under Sec. 11 (e) of the Act, the use of the applicant's mark is proved as likely to cause confusion.

(iii) applicant's use of impugned mark since 25.3.1990 was not proved by filing documentary evidence.

(iv) The opponent had made out her case successfully and established her claim of proprietorship of the mark by filing evidence of extensive use and advertisement of the mark on a large scale. On the other hand, there is no explanation from the applicant as to why they adopted the mark "Nirapara" and in what circumstances the company name was changed from "South Kerala Food Process Private Limited" to "Nirapara Roller Flour Mills Limited

28. In the appeal preferred by the applicant/respondent before the Appellate board, the board would observe that,

(a) there were inconsistencies in the plea of prior user by the opponent to establish the use since 1988;

(b) the opponent relied upon the affidavits from various sources which have to be rejected as they were obtained and filed long after the dispute arose;

(c) so far as the bills are concerned, the word "Nirapara" is written separately in all the bills with the same handwriting and therefore, they are not genuine;

(d) as regards Sec. 11 (a) of the Act (old), the opponent did not dispute the use of the trademark by the applicant since 1990;

(e) as far as the question of deception and confusion is concerned, both the parties are using the trade mark for the past 15 years and there is no evidence to show any confusion among the public.

Stating the above reasons, the appellate board allowed the appeal upholding the original registration in favour of the applicant/third respondent.

29. The perusal of the impugned order as well as the order of the Assistant Registrar would show a distinct error on the part of the Assistant Registrar in shifting the onus on the applicant/third respondent to prove prior use. The Asst. Registrar would observe that "in an opposition proceedings the onus lies on the applicant to establish that the applicant's mark is not deceptively similar and the opposition is unjustified".

30. It is well settled that in a case of prior use the onus is upon the opponent to prove his/her prior use and the likelihood of deception and confusion if the trademark is registered. For a passing off action, not only the prior use but also the passing off the products of a person as the goods provided by another person has to be established. This requires evidence of facts and matters from which it

could be properly concluded that normal and fair use of the trade mark for the purpose of distinguishing the goods of the applicant from those of others was liable to be prevented at the time of application for registration. Volumes of evidence have been let in by both sides. How far a writ court can appreciate or look into the evidences on facts is a moot question.

31. In the case of *M/s. Estralla Rubber Vs. Dass Estate (Pvt.) Ltd.*, , the Hon''ble Supreme court has held as follows:

6. The scope and ambit of exercise of power and jurisdiction by a High Court under Article 227 of the Constitution of India is examined and explained in a number of decisions of this Court. The exercise of power under this article involves a duty on the High Court to keep inferior courts and tribunals within the bounds of their authority and to see that they do the duty expected or required of them in a legal manner. The High Court is not vested with any unlimited prerogative to correct all kinds of hardship or wrong decisions made within the limits of the jurisdiction of the subordinate courts or tribunals. Exercise of this power and interfering with the orders of the courts or tribunals is restricted to cases of serious dereliction of duty and flagrant violation of fundamental principles of law or justice, where if the High Court does not interfere, a grave injustice remains uncorrected. It is also well settled that the High Court while acting under this article cannot exercise its power as an appellate court or substitute its own judgment in place of that of the subordinate court to correct an error, which is not apparent on the face of the record. The High Court can set aside or ignore the findings of facts of an inferior court or tribunal, if there is no evidence at all to justify or the finding is so perverse, that no reasonable person can possibly come to such a conclusion, which the court or tribunal has come to.

32. However, the Supreme court considered a similar question in *Mukesh Kumar Agrawal Vs. State of U.P. and Others*, , and held as follows;

15. The appellant in invoking the writ jurisdiction of the High Court order raised contentions involving disputed questions of fact. Ordinarily, the disputed questions of fact are not determined in a writ petition. We would, however, hasten to add that the same would not mean that the High Court cannot exercise its discretionary writ jurisdiction for determination of disputed questions of fact or only because some dispute had been raised in the writ proceedings itself the same would deter the High Court from exercising its jurisdiction.

16. The appellant has raised pure questions of fact for determination in the writ proceedings in respect whereof the licensing authority itself was required to go into the materials brought on record by both the parties. It is neither denied nor disputed that the order passed by the licensing authority canceling the licence of a dealer is an appealable one. The appellate authority is entitled to go into the questions of both law and fact. The High Court, therefore, in our opinion, cannot be said to have committed any error in refusing to entertain the writ petition. It is, thus, not a case where the ratio laid in *Whirlpool* is applicable.

33. In National Thermal Power Corporation Ltd. Vs. Mahesh Dutta and Others, , the Honourable Apex Court has held, in para No. 39 of its judgment, that

... There is no law denying or debarring High Court from entering into a disputed question of fact. The issue will have to be determined keeping in view the fact situation obtaining in each case. If a disputed question can be determined on the basis of the documents and/or affidavit, the High Court may not ordinarily refuse to do so. In a given case, it may also examine witnesses.

34. Therefore, while invoking the writ jurisdiction under Article 226 of the Constitution, the High court can exercise its discretionary writ jurisdiction for determination of disputed questions of facts also, if the situation so warrants, in order to further the cause of justice.

35. Under the old Act, appeals and rectification applications from the orders and decisions of the Registrar were to be presented before a Single Judge of the High Court u/s 108 and further appeals were filed before a Division Bench on the Original Side. There was no bar to consider finding on facts at the First Appellate stage. But, the New Act provides an appeal from the order or decision of the Registrar to be filed before the Intellectual Property Appellate Board which is of a two member Bench. There is no provision for further appeal provided in the Act.

36. In L. Chandra Kumar Vs. Union of India and others, , the Apex Court held as follows:

91. It has also been contended before us that even in dealing with cases which are properly before the Tribunals, the manner in which justice is dispensed by them leaves much to be desired. Moreover, the remedy provided in the parent statutes, by way of an appeal by special leave under Article 136 of the Constitution, is too costly and inaccessible for it to be real and effective. Furthermore, the result of providing such a remedy is that the docket of the Supreme Court is crowded with decisions of Tribunals that are challenged on relatively trivial grounds and it is forced to perform the role of a first appellate court. We have already emphasised the necessity for ensuring that the High Courts are able to exercise judicial superintendence over the decisions of the Tribunals under Article 227 of the Constitution. In R.K. Jain case, after taking note of these facts, it was suggested that the possibility of an appeal from the Tribunal on questions of law to a Division Bench of a High Court within whose territorial jurisdiction the Tribunal falls, be pursued. It appears that no follow-up action has been taken pursuant to the suggestion. Such a measure would have improved matters considerably. Having regard to both the aforesaid contentions, we hold that all decisions of Tribunals, whether created pursuant to Article 323-A or Article 323-B of the Constitution, will be subject to the High Court's writ jurisdiction under Articles 226/ 227 of the Constitution, before a Division Bench of the High Court within whose territorial jurisdiction the particular Tribunal falls.

37. Therefore, the order is challenged by invoking writ jurisdiction under Article

226 of the Constitution and decided by a Division Bench. We are of the considered view that if the analogy, filing appeals against the orders of a single judge before a Division Bench on the Original Side, is to be applied, this Division Bench can certainly consider the finding on facts on analyzing the evidence on record.

38. What is urged before this Court is that the opponent/writ petitioner has produced as many affidavits as possible from various sources to prove the prior user of the trade mark and volumes of documents such as, various sales tax assessments, assessments even prior to 1988, copies of the bills produced before the civil court which bear the name "Nirapara", the market analyst's report, sales tax turnovers and the decree and judgment in passing off action were also produced, but unfortunately, the Appellate Board did not appreciate all these evidences.

39. A perusal of the documents would show that the opponent/writ petitioner has taken inconsistent pleas of the prior user of the trademark. Even according to her, she became the proprietrix of the writ petitioner establishment only in the year 1993. The deed of assignment was only in the year 2001. All the documents prior to 1991 would show the establishment of various firms and business by the husband of the writ petitioner. Only the copies of the bills would show a hand written word "NIRAPARA".

40. Therefore, the Appellate Board has rejected the said affidavits on the ground that they were produced after the dispute arose. In fact, all the documents have come into existence only after the dispute arose. Starting from the objection notice by the writ petitioner, which claimed a prior use only from 1990, she goes on improving the case for such prior use. The so called sales tax assessments or inspection reports or bills would show the establishment of various firms and companies by the husband of the writ petitioner, but there is nothing to show an usage of distinctive trademarks as "NIRAPARA" with the device of a "para" filled with grains and two coconut fluorescence on either side, prior to the date of application by the 3rd respondent. Though affidavits of various sources have been filed by the writ petitioner, the evidentiary value of such stereo-typed affidavits has to be considered. Section 129 of the Act is only an enabling provision for filing affidavit of evidence, in lieu of formal examination of the witnesses before the authority and whether that could be accepted or not depends upon its evidentiary value.

41. As rightly pointed out by the appellate board, both the parties are using the trade mark "Nirapara" for more than two decades. Both have shown large turn over in their sales. But these developments are during the last two decades. As far as the decree and judgment in passing off action originally passed by the District Judge, Kottayam is concerned, it is under appeal before the Honourable Apex Court and it has not attained finality. Moreover, the said suit was filed only in the year 2006 that is during the pendency of the present litigation before the parties.

42. As stated earlier, the date of application is important for registration or refusal of a trade mark and the onus is heavily upon the opponent/writ petitioner to establish prior use and passing off, but the Assistant registrar has erroneously shifted the burden onto the applicant instead of onto the objector/writ petitioner. On a thorough analysis of the entire materials placed on record, we find that the Appellate Board has rightly analysed the evidence of the opponent and there is no perversity in appreciation of evidence. In fact, as stated supra, there is an attempt on the part of the writ petitioner to improve her case of prior use relying on with subsequent events and documents and even in the writ petition there is a plea that the 3rd respondent is not a law abiding citizen but an offender and therefore the trade mark should not be registered. But, there is no such ground available u/s 11 of the Act to deny registration for an alleged "offender". Under the scheme of things of the Act, the grounds on which the registration of a trade mark could be denied registration if it is identical with an earlier trade mark or similar to an earlier trade mark and there exists a likelihood of giving rise to confusion in the minds of the public. The goods of the applicant are Maida, Suji and Atta, whereas, the goods of the writ petitioner are rice and rice products and for the last two decades both are using the trade mark "NIRAPARA" for their two distinctive products and therefore, the likelihood of giving rise to confusion in the minds of the public was not established on the part of the writ petitioner. For the reasons stated above, we see no reason to interfere with the just and proper finding of facts arrived at by the Appellate board. Points 1 and 2 are, thus answered against the writ petitioner.

POINT No. 3:

43. Now let us consider the vires of the provisions relating to the definition for Judicial member in the Act. The argument advanced by the learned senior counsel for the opponent/writ petitioner is questioning the validity of the constitution of the appellate board. The reason for questioning the validity of the appellate board is very much stated in the grounds of the writ petition.

44. According to the opponent/writ petitioner, the two member appellate board have not considered the affidavit evidence and have also not considered the various bills, assessment orders, sales turn over, advertisement materials etc. One of the members is a technical member and the other member is a Vice Chairman. According to the writ petitioner, Sec. 129 of the Act permits the use of affidavit evidence in lieu of formal examination of the witnesses before the authority, but the appellate authority had rejected those affidavit evidence without considering Sec. 129 of the Act.

45. It is also submitted that the appellate board had rejected the sales bills as not genuine merely on impression and therefore, the appellate board lacked appreciation of evidence which could be appreciated only by a judicial member, having judicial experience.

46. The learned senior counsel relied on the following case laws:

- (a) Amrik Singh Lyallpuri Vs. Union of India (UOI) and Others,
- (b) Union of India (UOI) Vs. R. Gandhi, President, Madras Bar Association,
- (c) L. Chandra Kumar Vs. Union of India and others,
- (d) S.P. Sampath Kumar and Others Vs. Union of India (UOI) and Others,

47. The learned senior counsel sought to declare sec. 2 (k) and 87 of the Act as ultra vires on the principles laid down in Chandra kumar's case and Union of India vs. Madras Bar Association case (cited supra).

48. Sec. 2(k) defines a judicial member and as per the definition, it includes the Chairman and Vice Chairman.

Sec. 2(k) reads as follows:

(k) "Judicial Member" means a Member of the Appellate Board appointed as such under this Act, and includes the Chairman and the Vice-Chairman.

Sec. 87 reads as under: Sec. 87: Vice Chairman or Senior Most member to act as Chairman or discharge his functions in certain circumstances:

(1) In the event of any vacancy in the office of the Chairman by reasons of his death, resignation or otherwise, the Vice Chairman and in his absence, the Senior most member shall act as Chairman until the date on which a new Chairman, appointed in accordance with the provisions of this Act to fill such vacancy, enters upon his office. (2) When the Chairman is unable to discharge his functions owing to his absence, illness or any other cause, the Vice Chairman and in his absence the senior most member shall discharge the functions of the Chairman until the date on which the Chairman resumes his duty

49. Therefore under Sec. 87 of the Act, a Vice Chairman can act as Chairman for discharging the function as Chairman under certain circumstances and the qualifications of Chairman and Vice Chairman prescribed under the Act are as follows:

Sec. 85 of the Act which reads as follows:

(1) A person shall not be qualified for appointment as the Chairman unless he

(a) is, or has been, a Judge of a High Court; or

(b) has, for at least two years, held the office of a Vice-Chairman.

(2) A person shall not be qualified for appointment as the Vice-Chairman, unless he

(a) has, for at least two years, held the office of a Judicial Member or a Technical Member; or

(b) has been a member of the Indian Legal Service and has held a post in Grade I of that Service or any higher post for at least five years.

50. Therefore, a judicial Member includes Vice-Chairman and the qualification for Vice-Chairman is that he has, for at least two years, held the office of a Judicial Member or a Technical member or has been a member of the Indian Legal Service and has held a post in Grade-I of that Service or any higher post for at least five years. Indian Legal Service is nothing but a cadre created by Union Public Service Commission for appointment in Law and Justice Department.

51. In the case of *L. Chandrakumar vs. Union of India*, the Seven Judges Bench of the Supreme court considered the power of Parliament or State Legislatures to exclude the jurisdiction of the Courts; whether the Tribunals constituted under Article 323(A) or 323(B) of the Constitution possess the competence to test the constitutional validity of a statutory provision or rule; and whether these Tribunals can be said to be effective substitutes for the High Courts.

52. The competence of the personnel presiding over the Tribunal was also considered and in paragraph 95 of the judgment this issue was discussed and the Apex court has held as follows:

95. We are also required to address the issue of the competence of those who man the Tribunals and the question of who is to exercise administrative supervision over them. It has been urged that only those who have had judicial experience should be appointed to such Tribunals. In the case of Administrative Tribunals, it has been pointed out that the Administrative Members who have been appointed have little or no experience in adjudicating such disputes; the Malimath Committee has noted that at times IPS Officers have been appointed to these Tribunals. It is stated that in the short tenures that these Administrative Members are on the Tribunal, they are unable to attain enough experience in adjudication and in cases where they do acquire the ability, it is invariably on the eve of the expiry of their tenures. For these reasons, it has been urged that the appointment of Administrative Members to Administrative Tribunals be stopped. We find it difficult to accept such a contention. It must be remembered that the setting up of these Tribunals is founded on the premise that specialist bodies comprising both trained administrators and those with judicial experience would, by virtue of their specialised knowledge, be better equipped to dispense speedy and efficient justice, It was expected that a judicious mix of Judicial Members and those with grass root experience would best serve this purpose. To hold that the Tribunal should consist only of Judicial Members would attack the primary basis of the theory pursuant to which they have been constituted. Since the Selection Committee is now headed by a Judge of the Supreme Court, nominated by the Chief Justice of India, we have reason to believe that the Committee would take care to ensure that Administrative Members are chosen from amongst those who have some background to deal with such cases.

53. In fact, the Apex Court has held that a judicious mix of judicial members and those with grass root level experience would best serve the purpose of establishing a Tribunal. According to Apex Court, to hold that the Tribunals should consist of only judicial members, will undermine the very purpose of

establishing such tribunal.

54. In Union of India (UOI) Vs. R. Gandhi, President, Madras Bar Association,) the establishment of National Company Law Tribunal (NCLT) and National Company Law Appellate Tribunal (NCLAT), the qualification of the President, judicial and technical members were challenged.

55. Parts I-B and I-C of the Companies Act deals with the constitution, composition, qualification, tenure, service condition of the president, judicial and technical members of the Tribunals. Section 10FD of Part IB of the Act is relevant.

10-FD. Qualifications for appointment of President and Members. (1) The Central Government shall appoint a person who has been, or is qualified to be, a Judge of a High Court as the President of the Tribunal.

(2) A person shall not be qualified for appointment as judicial member unless he

(a) has, for at least fifteen years, held a judicial office in the territory of India; or

(b) has, for at least ten years been an advocate of a High Court, or has partly held judicial office and has been partly in practice as an advocate for a total period of fifteen years; or

(c) has held for at least fifteen years a Group A post or an equivalent post under the Central Government or a State Government including at least three years of service as a Member of the Indian Company Law Service (Legal Branch) in Senior Administrative Grade in that service; or

(d) has held for at least fifteen years a Group A post or an equivalent post under the Central Government (including at least three years of service as a Member of the Indian Legal Service in Grade I of that service).

(3) A person shall not be qualified for appointment as technical member unless he

(a) has held for at least fifteen years a Group A post or an equivalent post under the Central Government or a State Government [including at least three years of service as a Member of the Indian Company Law Service (Accounts Branch) in Senior Administrative Grade in that service]; or

(b) is, or has been, a Joint Secretary to the Government of India under the Central Staffing Scheme, or held any other post under the Central Government or a State Government carrying a scale of pay which is not less than that of a Joint Secretary to the Government of India, for at least five years and has adequate knowledge of, and experience in, dealing with problems relating to company law; or

(c) is, or has been, for at least fifteen years in practice as a chartered accountant under the Chartered Accountants Act, 1949 (38 of 1949); or

(d) is, or has been, for at least fifteen years in practice as a cost accountant under the Cost and Works Accountants Act, 1959 (23 of 1959); or

(e) is, or has been, for at least fifteen years working experience as a Secretary in wholetime practice as defined in clause (45-A) of Section 2 of this Act and is a member of the Institute of the Company Secretaries of India constituted under the Company Secretaries Act, 1980 (56 of 1980); or

(f) is a person of ability, integrity and standing having special knowledge of, and professional experience of not less than twenty years in science, technology, economics, banking, industry, law, matters relating to industrial finance, industrial management, industrial reconstruction, administration, investment, accountancy, marketing or any other matter, the special knowledge of, or professional experience in, which would be in the opinion of the Central Government useful to the Tribunal; or

(g) is, or has been, a Presiding Officer of a Labour Court, Tribunal or National Tribunal constituted under the Industrial Disputes Act, 1947 (14 of 1947); or

(h) is a person having special knowledge of, and experience of not less than fifteen years in, the matters relating to labour.

Explanation. For the purposes of this Part,

(i) judicial member means a Member of the Tribunal appointed as such under sub-section (2) of Section 10-FD and includes the President of the Tribunal;

(ii) technical member means a Member of the Tribunal appointed as such under sub-section (3) of Section 10-FD.

56. A comparison of Section 85 of the Trademarks Act, and Section 10FD of Part 1B of the Companies Act (Amendment Act), the qualification of the Vice Chairman of the former Act and the judicial member of the latter Act are in pari materia.

57. In paragraph 46 of the judgment the Hon''ble Supreme Court held as follows:

46. Legislature is presumed not to legislate contrary to rule of law and therefore know that where disputes are to be adjudicated by a Judicial Body other than Courts, its standards should approximately be the same as to what is expected of main stream Judiciary. Rule of law is possible only if there is an independent and impartial judiciary to render justice. An independent judiciary can exist only when persons with competence, ability and independence with impeccable character man the judicial institutions. When the legislature proposes to substitute a Tribunal in place of the High Court to exercise the jurisdiction which the High Court is exercising, it goes without saying that the standards expected from the Judicial Members of the Tribunal and standards applied for appointing such members, should be as nearly as possible as applicable to High Court Judges, which are apart from a basic degree in law, rich experience in the practice of law, independent outlook, integrity, character and good reputation. It is also implied that only men of standing who have special expertise in the field to which the Tribunal relates, will be eligible for appointment as Technical

members. Therefore, only persons with a judicial background, that is, those who have been or are Judges of the High Court and lawyers with the prescribed experience, who are eligible for appointment as High Court Judges, can be considered for appointment of Judicial Members.

58. The Hon''ble Supreme Court has found that there is a dilution of standards and therefore, the Five Judges Bench of the Apex Court ultimately held as follows:

121. We therefore dispose of these appeals, partly allowing them, as follows:

(i) We uphold the decision of the High Court that the creation of the National Company Law Tribunal and the National Company Law Appellate Tribunal and vesting in them, the powers and jurisdiction exercised by the High Court in regard to company law matters, are not unconstitutional.

(ii) We declare that Parts I-B and I-C of the Act as presently structured, are unconstitutional for the reasons stated in the preceding paragraph. However, Parts I-B and I-C of the Act, may be made operational by making suitable amendments, as indicated above, in addition to what the Union Government has already agreed to in pursuance of the impugned order of the High Court.

59. The Hon''ble Supreme Court specifically stressed that only if continued judicial independence is assured, Tribunals can discharge judicial functions and that they should resemble courts and not bureaucratic boards and that even the dependence of Tribunals on the sponsoring or parent department for infrastructural facilities or personnel may undermine the independence of the Tribunal.

60. Therefore, applying the principles laid down in *Union of India Vs. R. Gandhi* (cited Supra) the definition for the judicial member u/s 2(k) of the Act, has to be reconsidered, otherwise, it will become unconstitutional. Likewise, the qualification of Vice Chairman, Judicial Member and Technical member u/s 85 of the Act has also to be reconsidered.

61. The respondents 2 and 4, in their counter have specifically stated that the order dated 5.10.2006 passed by duly constituted Bench of Hon''ble Mr. Z.S. Negi, Vice Chairman and Hon''ble S.Usha, Technical Member, in the matter of Original Appeal No. 21 of 2005, who were duly appointed as Judicial Member and Technical Member under the Act as per the qualifications specified and following the convention in various enactments for eligibility criteria and even the Technical Member was having not less than ten years in the advocate profession with a proven specialised experience in Trade Mark Law as specified and therefore, according to these respondents, there is no infirmity or irregularity in the conduct of the proceedings by the Board. These respondents have also denied that both the Members of the Board i.e. Vice Chairman and Technical Member were not having any judicial experience and would contend that the Vice Chairman and Technical Member were appointed in terms of the provisions of the

Act and are having sufficient judicial experience and that the petition before the Board was dismissed by duly constituted Bench.

62. When this stood thus, it is brought to our knowledge that one Samnath Basheer has filed W.P. No. 1256 of 2011 with the prayer that this Hon''ble Court may be pleased to issue a Writ of Declaration declaring Chapter XI of the Trade Marks Act, 1999 and Chapter XIX of the Patents Act, 1979, as ultra vires Articles 14, 19(1)(g), 21, 50, 245 of the Constitution of India as violative of the basic structure of the Constitution and hence void ab initio, insofar as it establishes the Intellectual Property Appellate Board (IPAB) and vests important judicial functions on this Board and thus render justice. The said writ petition is pending before the First Bench of this court.

63. Chapter XI of the Trademarks Act deals with the Constitution and composition of the Appellate Court and the qualification for appointment of Chairman, Vice Chairman and other members.

64. Justice Prabha Sridevan, Chairperson, Intellectual Property Appellate Tribunal, Chennai, has also filed a report pointing out that the IBAB has to be in conformity with the law declared by the Hon''ble Supreme Court in the NCLT case (Union of India Vs. R. Gandhi).

65. The above writ petition and the connected matters are pending consideration of the Hon''ble First Bench of this Court. Therefore, the question-

Whether section 2 (k) and section 87 of the Trademarks Act are unconstitutional based on the principles laid down by the Apex court?

is left open to be decided in the said case, as the vires of Chapter XI of the Act itself is pending consideration. We have yet another reason to refrain ourselves from deciding this question. The vires of Section 2 (k) and Section 87 of the Act raised in the present Writ petition is only incidental, whereas, the validity of Chapter XI raised in the Writ petition 1256 of 2011 is substantive.

66. In Amrik Singh Lyallpuri Vs. Union of India (UOI) and Others, the constitutional validity of Section 347D of Delhi Municipal Corporation Act, 1957 was raised. The question raised in the public interest litigation was, when an appeal is decided by an Appellate Authority which is manned by a Judge of the Civil Court, an appeal from the decision of such authority cannot be heard by an executive authority, however high such executive authority may be. The Hon''ble Supreme Court held that in view of the principle laid down in R. Gandhi's case, Section 347D of Delhi Municipal Corporation Act, 1957 is unconstitutional. The Hon''ble Supreme Court further held as follows:

In view of this decision by this Court, till a proper judicial authority is set up under the aforesaid Acts, the appeals to the Administrator u/s 347D of the Delhi Municipal Corporation Act, 1957 and also u/s 256 of the NDMC Act shall lie to the District Judge, Delhi. All pending appeals filed under the erstwhile provisions, as aforesaid, shall stand transferred to the Court of District Judge, Delhi. However,

the decisions which have already been arrived at by the Administrator under the aforesaid two provisions will not be reopened in view of the principles of prospective overruling.

As stated earlier, the validity of Section 2 (k)(5), Sections 85 and 87 are not decided by us and it is left open to be decided in the pending W.P. No. 1256 of 2011 or any other proceeding. However, the decisions which have already been arrived at by the IPAB will not be held invalid in view of principles of prospective over ruling. Moreover, under point nos. 1 and 2, we have already decided that on finding of facts, we have no reason to interfere with the order of the Appellate Board since the evidence on record was properly assessed and analysed by the Board to oust the claim of the writ petition.

With the above observations, the writ petition fails and the same is dismissed. No costs. Consequently, connected Miscellaneous Petitions are closed.