

State of U. P.

Vs

Ram Nath, Partner, M/S. Panna Lal Durga Prasad, Kanpur

Criminal Appeal No. 41 of 1969

(P. Jagmohan Reddy, D.G. Palekar JJ)

24.11.1971

JUDGMENT

JAGANMOHAN REDDY, J. -

1. This appeal is by certificate against the order of the High Court of Allahabad quashing the charged frame by the Additional City Magistrate, Kanpur, against the accused-respondent for offences under Sections 78 and 79 of the Trade and Merchandise Marks Act 43 of 1958 (hereinafter referred to as 'the Act'). Respondent 1 to Respondent 4 are the partners of the firm M/s. Durga Prasad Panna Lal of Nayaganj, Kanpur which is a firm of bullion merchants who have also been minting gold coins with a trade mark said to be similar to the one which is the registered trade mark of M/s. Habib Bank Ltd., Bombay and which was in force on the day when the alleged offence is said to have been committed.

2. On October 24, 1962, the Inspector of Trade Marks on behalf of the Director of Industries wrote a letter to the Additional City Magistrate I, Kanpur that M/s. Habib Bank Ltd., Bombay which is one of the foremost refiners of gold has been producing coins and pieces of gold of various shapes and sizes for sale commonly known as 'Habib ka Sona' and 'Sher Chap Pansa' under a distinct trade mark, the most striking feature of which has always been a device of a lion holding a sword with his forearm against the background of a rising sun. This device of lion is with the word 'Habib Bank Ltd.' above it and 'Shudda Sona' below it in Gujarati script with a dotted circle along the border on the face of the device of a coin and a wreath along the border on the other face with the words 'Habib Bank Ltd.' contained in the upper half and 'Pure Gold' in the lower half of the space within it in English script with the description of weight and quality. This trade mark it was stated had acquired a distinctiveness in respect of gold coins and pieces produced by them on account of long and extensive use, that the people in that part of the country particularly the people in the rural have always had a great fancy for the gold pieces and coins of 'Habib Bank Ltd.' on account of their fineness for use in preparing ornaments as also as the safest investment of their savings by purchasing and retaining these coins and pieces, and consequently such gold coins continued to be highly popular among the people in the rural areas as well as in the bullion trade, and are distinguished on account of the above noted features and trade mark.

It was alleged that M/s. Panna Lal Durga Prasad, Kanpur are producing similar coins and pieces of gold and to them they apply a trade mark which is deceptively similar to the above registered trade mark of M/s. Habib Bank Ltd., the only difference between the two was that instead of Habib Bank Ltd., in Gujarati script on one face and English script on the other face, the words 'Habib quality' are used and the words 'pure gold' in English script is preceded by the letters P.&D. It was averred that this trade mark adopted by M/s. Panna Lal Durga Prasad is bound to deceive not only the buyers

who are ignorant of English and Gujarati scripts, but even unwary purchasers from urban areas are likely to be deceived. Though by a registered letter the Trade Mark office had drawn the attention of the firm regarding the use of the mark by them and had requested them to indicate the period for which they had been using it and whether the mark had been registered as a trade mark in their name, they had not chosen to reply even though they received the letter. It was further stated that a goldsmith Shri Pyarelal in Nayaganj market is also falsely applying the registered trade mark of M/s. Habib Bank Ltd., and his in his possession dies and other instruments for being used for falsifying the trade mark.

4. On these allegations the Magistrate was requested to take necessary action under the law against those mentioned in the letter in respect of offences under Sections 78 and 79 of the Act, by directing the Police to investigate the case. On receipt of this letter on the same day namely October 24, 1962, the Magistrate directed the Police to register a case and investigate. The Sub-Inspector of Police thereupon prepared a search memo inasmuch as there was no sufficient time to get the warrant of search issued and also because of the possibility of the removal of goods and effected a search of the premises. The Inspector went to the Silver and Gold factory of Panna Lal Durga Prasad and found that Ram Nath son of Durga Prasad one of the respondents was present there. He made an inspection of the factory in his presence and seized the dies for the manufacture of coins and gold bars found near the place of goldsmith Munna son of Lakhpat. The Inspector further in the presence of the witnesses caused a gold coin of one tola and another of half tola to be manufactured by way of specimen out of the gold bar found at the place. These coins were duly seized and preserved, after obtaining the seal of Ram Nath. It is necessary to give all the details of the recoveries because that is not relevant for the purposes of this case. A police report was accordingly made to the Magistrate who adopted the procedure under Section 251-A by examining each of the respondents after which he framed charges against them. Thereafter he examined Wadia, P.W. 1, a Senior Attorney Clerk of Habib Bank Ltd., Bombay on May 1, 1964. On May 29, 1964, before other witnesses could be examined the respondents filed an application stating that from the evidence of Wadia, P.W. 1, Habib Bank had stopped dealing in gold and does not now manufacture gold coins, that it had also destroyed the dies and since 1954, this trade mark of Habib Bank has become ineffective and is thrown open to the public, as such it was prayed that the case be stayed and the complainant directed to seek remedy in the Civil Court so that the accused persons may not be unnecessarily harassed. The Magistrate rejected this contention because it appeared from the evidence that the registration of the trade mark of Habib Bank was current up to 1967 and that since the respondents have been charged under Sections 78 and 79 of the Act the contention of the accused that in view of Section 46 of the said Act where a trade mark is abandoned for more than 5 years, the respondents cannot be said to have committed an offence, is not tenable. By a well considered order the Magistrate dismissed the application and directed the production of the entire evidence on the next date without fail. Against this a revision was filed before the Sessions Judge of Kanpur. The Sessions Judge made a reference to the High Court recommending the quashing of the charge on the ground that "The principle of abandonment is given legal recognition in Section 46 Trade and Merchandise Marks Act which provides that a registered trade mark may be taken off the register if it was not used for contains period of five years or longer". The High Court held that on the statement of Wadia it is clearly established that Habib Bank Ltd., had stopped dealing in gold and coins since 1954 and there could therefore be no question of the respondents committing any offence under Sections 78 and 79 of the Act. On this reference the High Court by its Judgment, dated September 6, 1967, thought that Section 46 had no application inasmuch as, that Section provided that unless the registration had been recited the propriety rights of the Bank could not be said to have ended only because the trade mark had not been used for a period of more than 5 years.

It observed that there may be cases where the nonuser of the trade mark may have been occasioned on account of special reasons and such non-user was explainable; that clause (iii) of Section 47 makes it clear that it is open to the owner to contest the application for rectification of the register, by the plea, that the non-user of the trade mark was due to special circumstances in the trade and not due to any intention on his part to abandon or not to use the trade mark in relation to the goods to which the application relates. Accordingly the learned Judge expressed the view that the proceedings are not vitiated on the ground that the trade mark in question has ceased to be the property of M/s. Habib Bank Ltd. It appears that a contention was urged before the High Court that since Habib Bank Ltd., was declared to be a foreign Bank in the year 1960 by the Reserve Bank of India as it had become a citizen of Pakistan, it was not a citizen under the Constitution of India and therefore had no proprietary rights in this Country. The High Court said that this submission of the respondent's advocate had some force as the question raised was a substantial question of law involving the interpretation of the Articles of the Constitution, that could properly be decided in a civil action rather than by a Magistrate in a criminal case. For this proposition reliance was placed on a decision of that Court in *Karan Singh v. Mohan Lal*, [1964 All LJ 653.] which following a Full Bench decision of the Calcutta High Court in *Ashutosh Das v. Keshav Chandra Ghosh*, [AIR 1936 Cal 488 : 1936 Cr C 714.] held that a controversy between the parties relating to a complicated question of abandonment of the user and relating to the express or implied consent of the registered holder of the trade mark are questions which should be decided in a civil Court rather than by a criminal Court. It was also held by the High Court that since the complaint in the particular case had not been made by a proprietor of the trade mark, the prosecution of the accused on the complaint of the Trade Marks Inspector and a subsequent investigation by the Police were not tenable under Sections 78 and 79 of the Act in view of the provisions of Section 28 of that Act. An objection seems to have been taken before the learned Judge that the High Court was not competent to quash the proceedings pending before the Trial Magistrate in that case because no revision petition had been filed against the order of the Magistrate by which the charge was framed against him but it was only after one of the witnesses had been examined that a Revision had been filed which is not competent. The High Court rejected this contention and held that it had power to exercise revisional powers under Section 561-A and accordingly accepted the reference made by the Sessions Judge and quashed the proceedings against the accused for offences under Sections 78 and 79 of the Act.

5. It appears to us that the High Court had misdirected itself in considering that the submissions which found favour with it, were relevant for the purpose of deciding whether the proceedings for prosecution for offences under Sections 78 and 79 of the Act were not valid either because the Habib Bank Ltd., being a foreign Bank was not a citizen and as such had no rights or that the prosecution cannot be initiated by the Inspector of Trade Marks or that the question of the abandonment of trade marks amounted to an express or implied consent was a matter for civil Court and cannot be made the subject of a criminal prosecution.

6. Sections 78 and 79 are contained in Chapter I of the Act. Section 78 provides that any person who falsifies any trade mark, falsely applies to goods any trade mark; or makes, disposes of, or has in his possession any die, block, machine, plate or other instrument for the purpose of falsifying, of being used for falsifying a trade mark, applies any false trade description to goods etc. etc., shall unless he proves that he acted without intent to defraud, be punishable with imprisonment for a term which may extend to two years, or with fine, or with both, while Section 79 makes a person liable to similar punishment if he sells goods or exposes them falsely or for having them in his possession for sale or for any purpose of trade or manufacture any goods or things to which any false trade mark or false trade description is applied. Trade mark has been defined in Section 2(1)(v) to mean :

"(i) in relation to Chapter X (other than Section 81), a registered trade mark or a mark used in relation to goods for the purpose of indicating or so as to indicate a connection in the course of trade between the goods and some person having the right as proprietor to use the mark; and

(ii) in relation to the other provisions of this Act, a mark used or proposed to be used in relation to goods for the purpose of indicating or so as to indicate a connection in the course of trade between the goods and some person having the right, either as proprietor or as registered user, to use the mark whether with or without any indication of the identify of that person, and includes a certification trade mark registered as such under the provisions of Chapter VIII."

It is apparent from this definition that for the purposes of Chapter X of the Act which deals with criminal offences, a trade mark includes a registered as well as unregistered trade mark. An offence under Section 78 or 79 therefore relate to a trade mark whether it is registered or unregistered. The contention that the registered trade mark of the Habib Bank Ltd., has been abandoned since the said Bank had discontinued its use from 1954 will not absolve the respondents from criminal liability because even if it was abandoned it can only furnish a ground for a person to make an application under Section 46 to have the trade mark removed from the registers. It does not however entitle him to use a trade mark whether it is current or has been removed from the register, or has been abandoned or even if it has never been initially registered but has acquired the currency of a trade mark. The offences under Sections 78 and 79 consists in the deception and application of a trade mark which is in use and which signifies a particular type of goods containing that mark. There is, therefore, no validity in the contention that the infringement of the trade mark of Habib Bank Ltd., merely gives rise to a civil action, in respect of which no prosecution will lie. The provisions contained in Chapter IV in which is contained Section 28 relate to the effect of registration and have no bearing on the question before us.

7. It was nextly urged that the Trade Marks Inspector had no right to make a complaint under Sections 78 and 79 and therefore the prosecution was invalid. This contention also in our view is misconceived. A persual of sub-section (2) of Section 89 would show that no court inferior to that of a Sessions Judge, Presidency Magistrate or Magistrate of the 1st Class shall try an offence under this Act; while sub-section (1) provides that no court shall take cognizance of an offence under Section 81, Section 82 or Section 83 except on complaint in writing made by the Registrar or any officer authorised by him in writing. Merely because sub-section (1) of Section 89 refers to the manor of taking cognizance in respect of offence under the section specified therein, it does not preclude cognizance of other offences specified in Chapter X from being taken under the procedure prescribed by the Criminal Procedure Code. It is apparent that offences under Sections 78 and 79 are punishable with imprisonment of two years or with three years if they fall under the respective provisos to the said sections. In cases where an offence is punishable with imprisonment of one year and upwards but less than 3 years, under Chapter XXIII of Schedule II it is non-cognizable and is a summons case, triable as already stated under Section 89(2) by the Sessions Judge, Presidency Magistrate or a Magistrate of the 1st Class. In such cases under Section 155 of the Criminal Procedure Code when an information is given an officer incharge of the Police Section of the commission of a non-cognizable offence, he has to enter the substance of the information in a book to be kept for he purpose and refer the informant to the Magistrate, but he cannot under sub-section (2) investigate such a case without the order of a Magistrate. On receiving such an order any Police officer may exercise the same powers in respect of the investigation (except the power to arrest without warrant) as an Officer-in-charge of police station may exercise in a cognizable case. On

receipt of a report from the Police in compliance with such orders, the Magistrate may if the report discloses the commission of an offence try the accused by the procedure prescribed under Section 251-A of the Criminal Procedure Code. This being the legal position in this case the Magistrate in our view has followed the correct procedure. The information in respect of the commission of an offence under Sections 78 and 79 of that Act was brought to the notice of the Magistrate by a letter from the Trade Marks Inspector. The Magistrate directed the police to register a case and investigate it. The Police accordingly complied with it and made a report thereon. On receipt of the report of the Magistrate satisfied himself that the respondents had received the documents referred to in Section 173. After a consideration of those documents he examined the accused and after giving an opportunity to both the prosecution and the accused framed a charge on being satisfied that there was a prima facie case. The procedure followed therefore is unexceptional. The question whether the Habib Bank Ltd., being a foreign Bank is not a citizen and whether it has any right in the trade mark is therefore irrelevant and does not affect the validity of the proceedings or of the charges framed against the accused. We accordingly allow the appeal, set aside the Judgment of the High Court and direct the Magistrate to proceed with the case in accordance with law.

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