DELHI HIGH COURT

K. R. Beri and Co.

Vs.

Metal Goods Mfg. Co. Pvt. Ltd., (Delhi)

F.A.O. (OS) No. 19 of 1972.

(Rajindar Sachar and S. N. Kumar, JJ.)

15.5.1980

JUDGEMENT

Rajindar Sachar and S. N. Kumar, JJ.

1. This is an appeal again the order of Prakash Narain, J., by which he dismissed the petition held by the appellant, under Section 56 of the Trade and Merchandise Marks Act 1958, (hereinafter to be called the Act).

2. The appellant filed the petition on the allegation that four registered trademarks in the name of respondent No. 1 be cancelled. The appellant's case is that he manufactures and sells cycle bells for more than 15 years under its distinctive trade mark "five 50". Respondent No. 1 has four registered marks with the trade mark of "O" and "Fifty". It was alleged that in 1958 the respondent No. 1 had sought to prevent the appellant from using their trade mark as "Five 50" but that injunction was refused. It is maintained that the respondents have ceased to use the trade mark and have abandoned the said trade mark for more than 5 years preceding one month from the date of petition and therefore the same is liable to be removed from the register.

3. What brought the appellant to court was a threatened action by one M/s. Cinni Pvt. Ltd., for allegedly using the trade mark "FIVE 50" alleging that they had a right in it. The respondent countered the allegation and maintained that no ground had been made out under Sections 46 or 56 of the said Act. It appears that the learned Judge examined Mr. Dheer, partner of the appellant firm, who made a statement in court which is as follows :-

"About 7 or 8 months back we first came to know that the respondent has ceased to use their registered trade mark. We came to know about 7 or 8 months

back that the respondent had given their marks for use to M/s. Cinni Pvt. Ltd. We came to know that the marks had been given for use to M/s. Cinni Pvt. Ltd., about a year back".

4. On this statement the learned Judge framed the following issue:-

"Whether in view of the statement made on behalf of the petitioner today, the present petition is maintainable?"

No evidence was taken and the learned Judge basing himself on the statement of Dheer held that it was the appellant's own case that the trade mark was given for use to M/s. Cinni Pvt. Ltd., by the respondent and therefore it cannot be said that a period of 5 years and one month had elapsed from the date of filing of the petition and the trade mark could not be taken off the register. The appellant being aggrieved has come up in appeal.

5. The main contention of the appellant as put by Mr. Anand, their learned counsel is that the learned Judge was in error in deciding the case merely on the statement of Mr. Dheer as the matter was not such which could be decided without taking evidence.

6. Section 56 of the Act empowers the High Court, on being moved, to cancel the registration of a trade mark on the ground of any contravention or failure to observe a condition entered on the register in relation thereto.

7. Section 46 of the Act provides that a registered trade mark may be taken off the register in respect of any of the goods on the grounds - (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

(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.

8. Section 48 provides that a person other than the registered proprietor of a trade mark may be registered as the registered user thereof. Sub-Section (2) of Section 48 reads as under:-

"The permitted use of a trade mark shall be deemed to be use 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 this Act or any other law".

Permitted Use' in relation to a registered trade mark has been defined in Section 2(m) to mean the use of trades mark by a registered user of the trade mark in relation to goods with which he is connected in the course of trade.....and which complies with any condition or restriction to which the registration of trade mark is subject to.

9. We agree with the learned Judge that the plea that the mark should be removed on the ground that the respondent No. 1 did not ever intend to use the trade mark bona fide, in terms of Section 46(1)(a) has not really been made out in the petition. Though there is a bald and halting allegation that the respondent never intended to use the trade mark, this plea lacks any particularity and the appellants' plea on this ground was rightly rejected. The learned Judge however, construed the statement of Mr. Dheer to also mean that he had admitted that prior to 8 months of making the application the respondent was himself using the trade mark. Now if that construction could be given to it, there is no doubt that even clause (b) of Sub-Section (1) of Section 46 will not be attracted because in that case the period of non-use of trade mark for more than 5 years, and one month would not have elapsed. But with respect we cannot agree. The statement of Mr. Dheer that he had come to know 7 or 8 months back that the respondent had given their trade mark for use to M/s. Cinni Pvt. Ltd., does not mean that he is admitting that earlier to 7 or 8 months the trade mark was being used by the respondents. The pleading that the respondent had abandoned the trade mark for more than 5 years, militates against the construction given by the learned Judge to the statement of Mr. Dheer. It may be noted that in the reply to the application by the appellant the respondent had specifically denied that he was not using the trade mark, rather his plea was that he had constantly been using the trade mark right up to the date of filing of the reply which was in April 1971, and that this user was within the knowledge of the appellant. Thus if the case had proceeded to evidence the court would have been in a position to know whether within a period of 5 years and one month from the date of filing of the application the respondent had been using the trade mark *bona fide* or not. That eventuality however, was cut short because of the construction given

to the statement of Mr. Dheer by the learned Judge. But as said above in our view the statement of Mr. Dheer cannot be read in such a manner. All that the statement means is that he came to know about the user by. M/s. Cinni Pvt. Ltd. of the trade mark of respondent 7 to 8 months back. There is no admission that prior to 7 to 8 months of his making the statement the trade mark was being used by the respondent. In that view the court would have to take evidence to determine whether the respondent had used the trade mark prior to the use by M/s. Cinni Pvt. Ltd., within a period of four years and five months and only an that finding being against the appellant, could his application fail. The learned Judge however, did not consider it necessary to take evidence, evidently because he accepted the alternative argument of the respondent that the use by M/s. Cinni Pvt. Ltd. of the trade mark of the respondent was to be treated as if it was used by the respondent, and naturally in that case the trade mark was used within the period of 6 to 8 months from the date of making of the application and therefore Section 46(1)(b) which requires that there should be no *bona fide* use in regard to a trade mark up to a date of one month before the date of application and a continuous period of 5 years must have elapsed, would not apply, and no question of removal of trade mark from the register could arise. Mr. Anand does not dispute that it may be possible for a proprietor of a registered trade mark to permit other person to use his trade mark, What he however, contends is that if a challenge is made to the removal from the register on the ground under Section 416(1)(b) of the Act that up to a date one month before the date of application and for a continuous period of 5 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 the proprietor, the latter cannot plead in his deface the use of the trade mark by some other party, even if permitted with the proprietor's consent, if it had not been registered as a registered user under Section 48 of the Act.

Mr. Anoop Singh, the learned counsel for the respondent would have it that so long as the use of the trade mark has been allowed by the proprietor it is always open to the latter to take advantage under Section 46 of the Act and claim that this use was by him, and non-registration under Section 48 of the Act does not mean that such a user cannot be invoked by the proprietor to save the trade mark from being removed under Section 46.

10. Now Section 18 of the Act provides for an application for registration being

made by any person claiming to be the proprietor of trade mark used or proposed to be used by him; Section 21(5) provides for the Registrar to decide whether and subject to what conditions or limitations the registration is to be permitted. Section 11 lays down prohibition of registration of certain marks, one of them being the use of which would be likely to deceive or would cause confusion. Similarly Sections 12 and 13 also provide for prohibition of certain trade marks in certain eventualities. The requisites for registration in part 'A' and 'B' of the register are laid down in Section 9 of the Act. It will be seen that apart from satisfying the requirements of Sections 9, 11 and 13 one of the requirements of Section 18 is that only person claiming to be the proprietor of a trade mark used or proposed to be used by him can apply i.e. to say that a person who does not propose to use the trade mark himself will not be eligible to apply under Section 18 of the Act. The law wishes to protect the rights of a proprietor of trade mark and its use by the proprietor and therefore has provided under Section 32 that the original registration trade mark shall after the expiration of 7 years from the date of registration be taken to be valid in all respects unless obtained by fraud or that the registration was in contravention of the provisions of Section 11 of the Act. But it is well to note that Section 32 of the Act is subject to Section 416 of the Act which deals with removal of a trade mark from the register on the ground of non-use. Sub-Section (3) of Section 46 has contemplated a situation where nonuse of a trade mark is shown to have been due to special circumstances in the trade mark in relation to the goods and in such a case the applicant shall not be entitled to rely on clause (b) of Sub-Section (1) of Section 46, against the proprietor. This will show the legislature's intention that normally the user contemplated is user by the proprietor himself.

11. The purpose of the Act is to see that the public is not deceived by being made to buy goods on the representation that they belong to a particular trader while in fact they are being traded by somebody else. It is possible that the proprietor may use that trade mark through his servants and agents while keeping a "quality control" about them in that case it may be treated as a user by the proprietor. However, legislature has itself provided an exception by providing in Section 48 of the Act that the 'permitted use' of a trade mark shall be deemed to be the use of the trade mark by the proprietor. "Permitted use" being use of a trade mark by a registered user of the trade mark in relation to goods. Section 49 of the Act prescribes a detailed procedure of how the application for being registered as a registered user is to be made and lays down

that the application will state the goods in respect of which the registration is proposed, the conditions or restrictions, if any proposed with respect to the characteristics of the goods, the period or without limit of period or the duration thereof, and the relationship existing between proprietor and the proposed registered user. The said application has to be forwarded by the Registrar to the Central Government. Sub-Section (3) empowers the Central Government to direct the Registrar, if having regard to the interest of general public and the development of any industry, trade or commerce, to refuse the application and the Registrar has to dispose of the application in accordance with the directions of the Central Government. The existing registered users' agreement before the commencement of the Act are to cease to have effect after the expiration of three years from the commencement. The Registrar has also a power by Section 52 to vary or cancel the registration as registered user.

12. Rules have been framed under the Act. Rule 82 in Chapter V of the Rules onwards deal with the application for registration and various particulars and procedure for hearing the applicants or the other interested parties. The considerations which are to be borne by the Central Government in allowing or refusing the application are laid down in Rule 85. Some of the considerations are to see that the permitted use will not contravene the policy of the Act which is to prevent trafficking in trade mark and consideration of *bona fide* for registration is also to be considered. It will thus be seen that a very elaborate, detailed and purposeful procedure has been laid down by the Act and the Rules for registering a person as a registered user. Section 48(2) provides an exception in case of permitted use of trade mark being deemed to be used by the proprietor and shall be deemed not to be a use by a person other than the proprietor for the purpose of Section 46. The result of that is that if a registered user has used the trade mark the ground for removing the trade mark from register on the ground of non-use ceases to be available. It is an advantage given to a proprietor but only in case of permitted use by the registered user. This being the scheme of the Act, is it permissible to accept the contention of Mr. Anoop Singh (which has been accepted by Prakash Narain, J.) that even without the use by a registered user of the trade mark, use by any person can be equated as a use by the proprietor, if it is with the latter's consent? If this argument was to be accepted this will make the provision of Section 48(2) of the Act more or less otiose and superfluous. It is well settled that superfluity cannot be attributed to legislature. When the legislature is creating a fiction by

means of Section 48(2)of the Act to equate the use by a registered user only as that of proprietor, how can the courts ignore this mandate of the legislature and hold as the learned single Judge has held that the use of trade mark by Mis. Cinni Pvt.. Ltd. an unregistered user can be equated to the user by the respondent. We are afraid we cannot so construe the provisions of the Act which will be contrary to the intention of the legislature, which ia meant to sub serve the public interest because it is well settled that that construction should be adopted that would advance the legislature's object and suppress the mischief sought to be cured. We are of the opinion that the legislature has expressed definite intention that any proprietor who wishes to treat the use of trade mark by somebody else to be equated with his use must do it only in the manner laid down by the Act.

13. It is an undisputed dictum of law that when a statute requires a thing to be done in a certain manner it shall be done in that manner alone and the court would not expect its being done in some other manner vide *State of Bihar v. J.A.C. Saldhanha*14. Similarly it is also well settled that where a power is given to do a certain thing in a certain way the thing must be done in that way or not at all. Other methods of performance are necessarily forbidden, vide *Nazir Ahmad v. King Emperor,* [2]

15. Thus when Section 48(2) of the Act provides that a user by a registered user will be deemed to be user by the registered proprietor it necessarily excludes any argument that user by a person other than the registered user can be deemed to be user by the registered person. Legislature having only recognized the permitted use of a trade mark, for the purpose of Section 46, necessarily excludes any other user being taken advantage of for avoiding the rigor of Section 46. There is no hardship involved. If a proprietor wishes to get the benefit of Section 48(2) he must get that person registered as registered user. But if for any special reasons he does not wish to do so the law cannot compel him. But surely in that eventuality a proprietor cannot claim that he should be given the benefit provided under Section 48(2) even thought he has not complied with the conditions laid down under the Act. If therefore the proprietor wishes to take advantage he must follow the law which provides registration as a registered user under Sections 48 and 49 of the Act, and in default to be ineligible to take advantage of Section 48(2) of the Act.

16. Mr. Anoop Singh, for his argument that even user by an unregistered person

can be taken advantage of by the proprietor, sought to derive assistance from some of the cases decided by English courts. It may be noted that Section 48 of our Act is borrowed from Section 28 of the English Act. In that connection he especially referred us to the following observation in (1963 RPC 183 at p. 195) :-

"Both parties appear to have misconceived the provisions of Section 28, for this is not a mandatory but a permissive Section and cannot fairly be construed to provide a protective cover for any trade mark use which would otherwise be deceptive or confusing. It creates what is termed "permitted use" available only in circumstances approved by the Registrar as not contrary to the public interest (and in consequence not *prima facie* contrary to the provisions of Section 11) and is of value to the registered proprietor as supplementing his own use of the trade mark, if any, and thus protecting him against removal of the mark from the register under Section 26, and to the registered user, provided the conditions and restrictions contained in the agreement are observed, as a protection against allegations of infringement, and additionally as a means of attacking infringements by third parties. There is nothing anywhere in this Section to justify the view that an agreement between a registered proprietor of a trade mark and a party concerned to use such mark requires to be registered, still less that in the absence of registration, its effect upon the validity of the mark, if called in question, will be in any way different".

17. In our view that case is distinguishable. In that case the foreign proprietor of a trade mark 'Bo stitch' sold his goods in the United Kingdom through a local distributor. The local distributor was selling the goods and indicating broadly that the goods belonged to the foreign proprietor. Later on disputes arose between the parties and the distributor took the stand that as there was no registered users' agreement the goods in the market had come to be associated with the goods belonging to the distributor and thus were no longer distinctive of the proprietor. The court found that the trade mark was still distinctive of the foreign proprietor. The court also found that there was no deception or confusion in the use which has been permitted by the foreign proprietor to the distributor and therefore the application for removal of the existing trade mark from the register was rejected. It is important to note that it is a case which was fought on the ground that the use of the trade mark by the English company had come to be associated with the goods of that company and that the continuous

use of trade mark by the plaintiff would be to cause deception and confusion and therefore should be removed. Proceedings were in infringement of the trade mark. No question whether user by an unregistered person can be taken advantage by the proprietor arose for decision. Similarly in *British Petroleum Co. Ltd. v. European Petroleum Distributors Ltd.* [3] where the point raised for removal of the registered mark was that 'BP' petrol was not sold by the plaintiff but by Shell Mex. In that case the challenge was made to the registered trade mark 'BP' on the ground that it was not distinctive and that it was also deceptive because the petrol was not sold by it but by an associate company of the plaintiffs. The court found that the conditions or restrictions subject to which 'BP' and 'Shell Mex' are operating the unregistered license were the same conditions as of other trademarks under which 'BP' and 'Shell Mex' were registered as users of the marks and therefore it thought that the mere fact that this agreement was not registered as registered user of the mark, for some time did not make any difference from the point of deceptiveness. There was no discussion of equating the user by an unregistered license, as the proprietors for the purpose of Section 26 (Section 46 of our Act).

18. In (1970 RPC 339) GEC (English company) had moved for rectification of the trade mark 'GE' (American company) on the ground of such trade mark causing confusion. The main discussion in that case was whether the mark 'GE' was likely to lead to the deception or confusion of a very substantial proportion of the public, and therefore it was necessary to order rectification under Section 32 of the Act corresponding to Section 56 of our Act. It will be again seen that the main discussion in the court of appeal case was on the ground whether the mark 'GE' which was a mark of American company would lead to deception or confusion with the mark of 'GEC' of the English company in England. One other point sought to be raised was that because 'GE' had permitted its goods to be sold by its subsidiary it had muddied its mark simply because it was not registered as a registered user

The court found that the American company retained "quality control" over its products and therefore it was held that there was sufficient connection in the course of trade of the American company to satisfy the definition of a trade mark which like our Act means in relation to a registered trade mark or mark used in relation to goods for the purpose of indicating or so as to indicate the connection in the course of trade between the goods and some person having the

right as proprietor to use the mark. That is why Cross L.J. at p. 395 held that the authority given by 'GE' to its subsidiary was not open to objection because the user might fairly be considered as user by 'GE' and because the license of a mark whether registered or unregistered does not deprive it of the character of a trade mark provided that the owner of the trade mark retained a sufficient connection in the course of trade to the relevant goods, which connection can be maintained. The connection in the course of trade was held to include the right to control the standards to be maintained in the manufacture of goods. It will thus be seen that the main reason why the challenge to the rectification of the registration failed was because there was a substantial "quality control" over the goods sold by the person, even though not registered as a registered user. This case therefore, did not lay down that benefit of Section 28 (Section 48 of our Act) is available even in the absence of being a registered user. These cases thus only lay down that the use by a non-registered user does not necessarily mean that the use is deceptive or causes confusion so as to become liable to be removed under Section 46 of our Act. Actually in 'Bostitch' case the Judge himself recognized that permitted use is of value to the registered proprietor as supplementing his own use of the trade mark, if any and thus protecting him against removal of the mark from Register under Section 26 (corresponding to Section 48 of our Act), which would mean that to invoke Section 48 of our Act, the permitted use must be by a registered user. That this was the understanding of 'Bostitch' case ia also clear from the judgment of Cross L.J., at page 394 (25) that it was not necessary.

19. We do not read the English cases cited by Mr. Anoop Singh to lay down that without being registered as a registered user the use by that person can be equated to as the use by the registered proprietor. As admittedly M/s. Cinni Pvt. Ltd. was not registered as a registered user, the admission of Mr. Dheer, partner of appellant firm that for the last 6 to 8 months M/s. Cinni Pvt. Ltd. were permitted to use the trade mark by the respondent would not avail them (the respondent) for the purpose of Sections 46 and 48 of the Act. That of course would not result in removal of the trade mark from the register because the respondents had taken the plea that they were using the trade mark themselves right for all these years and have even taken steps to prevent their trade mark from being infringed right up to 1970 i.e. even a few months before the application was brought by the applicant. That issue, however, requires evidence and that is why the matter will have now to be remitted back to the

learned single Judge. This course is necessary because as no evidence was led and as the parties are at variance on questions of fact and as to the use by the respondents themselves of the trade mark, the only manner of finding out is for the case to go on trial and then alone the finding can be given. The result is that we would therefore allow the appeal, set aside the order of Prakash Narain and remit the case back to the learned single Judge for deciding the same in accordance with law and merits and in the light of opinion expressed by us in this appeal. There will be no order as to costs.

MMM Order accordingly.

Cases Referred.

1. (1980) I SCC 554.

2. AIR 1936 PC 253 at p. 257.

3. (1968 RPC 54 at p. 62)