

IN THE HIGH COURT OF DELHI AT NEW DELHI

W.P. (C) 4956-57 of 2005

Reserved on: April 28, 2011

Decision on: May 18, 2011

M/S KHUSHI RAM BEHARI LAL Petitioner
Through: Mr. S. K. Bansal with
Mr. Santosh Kumar and
Mr. Vikas Khera, Advocates.

versus

M/S NEW BHARAT RICE MILLS & ANR. Respondents
Through: Mr. Amarjit Singh with
Mr. Gurvinder Singh, Mr. Dhruva Bhagat and
Ms. Anu Sharma, Advocates.

AND

W.P. (C) 4971-72 of 2005

M/S KHUSHI RAM BEHARI LAL & ANR. Petitioners
Through: Mr. S. K. Bansal with
Mr. Santosh Kumar and
Mr. Vikas Khera, Advocates.

versus

M/S NEW BHARAT RICE MILLS & ANR. Respondents
Through: Mr. Amarjit Singh with
Mr. Gurvinder Singh, Mr. Dhruva Bhagat and
Ms. Anu Sharma, Advocates.

CORAM: JUSTICE S. MURALIDHAR

1. Whether Reporters of local papers may be
allowed to see the judgment? No
2. To be referred to the Reporter or not? Yes
3. Whether the judgment should be reported in Digest? Yes

JUDGMENT

18.05.2011

1. The Petitioner, M/s Khushi Ram Behari Lal ('KRBL'), challenges an order dated 3rd December 2004 of the Intellectual Property Appellate Board ('IPAB'), whereby the Petitioner's applications TRA Nos. 128/2004/TM/DEL and 129/2004/TM/DEL

under Sections 46 and 56 read with Section 107 of the Trade and Merchandise Marks Act, 1958 ('TM Act') for rectification of registered trade mark "TAJ MAHAL" label under No. 387177 and trade mark "TAJ MAHAL" (the word, *per se*) under No. 338004, both under Class 30 in favour of Respondent No. 1 M/s New Bharat Rice Mills ('NBRM') was dismissed.

2. The case of the Petitioner is that it was established in the year 1978 and was engaged in the business of processing, manufacturing and trade of basmati rice, including its export from India. The Petitioner claims that it adopted and has been *bona fide* and continuously using the trade mark consisting of the device of TAJ MAHAL in the course of its trade and that it has built up globally valuable trade and goodwill. The Petitioner claims to have established a branch in the name and style of KRBL (export division). It is claimed that the trade mark (TAJ MAHAL) has already become distinctive and associated with the Petitioner and has acquired secondary significance denoting the said goods and business of the Petitioner and is recognized with the Petitioner alone.

3. NBRM on 30th June 1978 applied for registration of TAJ MAHAL (word *per se*) under No. 338004 in Class 30. In the advertisement published in the Trade Mark Journal No. 729 dated 6th October 1979, it was stated by NBRM that the said mark was "proposed to be used" and further that it was in relation to "Basmati Rice". On 3rd March 1982, NBRM filed another application under No. 387177 for registration of trade mark TAJ MAHAL (device) under Class 30. This was advertised in the Trade Mark Journal No. 884, dated 1st April 1987, at page 42 (claiming user since 1st July 1978). It was indicated that this application had to be "associated with Trade Mark No. 338004". Further, it was in respect of "rice of all kinds". Admittedly, KRBL did not oppose either application at that stage.

4. On 19th September 1987, NBRM filed an application for registration of the copyright in TAJ MAHAL label wherein the name of KRBL was mentioned as the sole distributor of Khosla Bros., a sister concern of NBRM.

5. On 27th February 1989, KRBL applied for registration of the device of TAJ MAHAL as trade mark vide application No. 506080 in respect of rice for export only claiming user since 1st January 1978. On 7th July 1989, NBRM filed a criminal

complaint in the Court of Chief Judicial Magistrate ('CJM'), Batala, alleging that KRBL, by seeking to export rice using the label TAJ MAHAL, had committed an offence under the Copyright Act, 1957 ('CR Act'). Meanwhile, caution notices were inserted by NBRM in the newspapers alleging that KRBL was fraudulently exporting goods with NBRM's trade mark. Pursuant to the warrant issued by the learned CJM, Batala on 22nd August 1989, there was a seizure of quantities of rice meant for export belonging to KRBL at the Kandla port on 25th August 1989.

6. On 28th August 1989, KRBL filed two rectification applications in this Court, C.O. Nos. 20 and 21 1989, seeking rectification of both the aforementioned registered marks in favour of the NBRM under No. 338004 in Class 30 (TAJ MAHAL word, *per se*), and No. 387177 in Class 30 (TAJ MAHAL device) in favour of NBRM. The rectification applications were transferred from this Court to the IPAB upon the enactment of the Trade Marks Act, 1999 (TM Act 1999) and re-numbered as TRA Nos. 128 and 129/ 2004/TM/DEL, respectively.

7. Meanwhile on 27th June 1994 NBRM filed Notice of Opposition (numbered later as DEL-8779) against KRBL's trade mark application No. 506080 in Class 30. On 25th March 1997, KRBL secured an order for abandonment of NBRM's opposition under Rule 53 (2) of the Trade and Merchandise Marks Rules 1959 (TM Rules). On a challenge by NBRM, this Court by an order dated 13th February 1998 set aside the said order of abandonment and directed the Registrar to decide NBRM's opposition, DEL 8779, in accordance with law. An SLP filed by KRBL against the said order was dismissed by the Supreme Court on 28th August 1998.

8. On 6th January 2000, the Assistant Registrar of Trade Marks ('AR'), Mr. U.S. Sharma, disallowed opposition DEL 8779 filed by NBRM and ordered the application No. 506080 filed by KRBL to proceed for registration. Against the said order NBRM filed CM (Main) 199 of 2000 in this Court. By an order dated 4th May 2000 this Court stayed the issuance of the certificate of registration of trade mark in favour of KRBL in application No. 506080.

9. On 19th June 1989, NBRM filed application No. 512119 for registration of the trade mark consisting of the TAJ MAHAL word *per se* and the device of TAJ MAHAL in respect of rice of all kinds for export included in Class 30 (claiming

user since 1st April 1978). NBRM stated in its application that the mark applied for was associated with its already registered trade mark Nos. 338004 and 387177. The application was accepted for registration and advertised in the Trade Marks Journal No. 1088, dated 8th October 1994, at page 46. On 2nd January 1995 KRBL filed a notice of opposition (later numbered as DEL 9220). By an order dated 4th April 2000, the AR Mr. U. S. Sharma rejected KRBL's opposition and ordered NBRM's application No. 512119 to proceed for registration. Against the said order KRBL filed CM (Main) No. 403 of 2000 in this Court. By an interim order dated 24th July 2000 this Court stayed the order dated 4th April 2000 of the AR till further orders.

10. Both CM (Main) No.199 of 2000 and CM (Main) No. 403 of 2000 have since been transferred to the IPAB and renumbered as C.O. Nos. 199 and 403 of 2000. They are stated to be pending. There were certain criminal proceedings to which a reference was made by counsel for both parties. However, they are not germane for the purposes of the present petitions.

11. The above narration shows that the IPAB had before it all four cases involving KRBL and NBRM. There were TRA Nos. 128 and 129 of 2004 which were the renumbered rectification applications filed by KRBL that were transferred to the IPAB from this Court. These were in respect of registrations in favour of NRBM for TAJ MAHAL (device) label under No. 387177 and TAJ MAHAL (word, *per se*) under No. 338004. The IPAB also had before it the transferred C.M. (Main) No. 199 of 2000 [against the order dated 6th January 2000 of the AR dismissing NBRM's opposition No. DEL-8779 and ordering KRBL's application No. 506080 in respect of the device TAJ MAHAL for rice for export in Class 30 to proceed for registration] and CM (Main) No. 403 of 2000 [against the order dated 4th April 2000 of the AR rejecting KRBL's opposition No. DEL-9220 and allowing NRBM's application No. 512119 in respect of the trade mark consisting of the TAJ MAHAL word *per se* and device of TAJ MAHAL for rice of all kinds for export in Class 30]. To recall, there were interim orders passed by this Court in the aforementioned CM. (Main) Nos. 199 and 403 of 2000 on 4th May 2000 and 24th July 2000 respectively.

12. Counsel for KRBL sought hearing of the four cases together by the IPAB. However, on 24th September 2004, the Deputy Registrar of the IPAB wrote to him stating that the files of C.O. Nos. 199 and 403 of 2000 [corresponding to CM

(Main) Nos.199 and 403 of 2000] were yet to be transferred from the High Court of Delhi. The IPAB proceeded to hear, and by the impugned order dated 3rd December 2004, dismiss TRA Nos. 128 and 129 of 2004 being KRBL's applications seeking rectification of the trade mark registrations granted to NBRM for TAJ MAHAL label under No. 387177 and TAJ MAHAL device under No. 338004. The summary of the findings of the IPAB in the impugned order dated 3rd December 2004 are as under:

- (i) The trade marks were registered on 30th June 1978 and 3rd March 1982, respectively, in favour of NBRM. As on the date of filing of the rectification petitions i.e., 28th August 1989, a period of seven years had already elapsed. Consequently, Section 32 of the TM Act, 1958 stood attracted and the trade marks could not be challenged except on the grounds mentioned in Sections 32 (a), (b) or (c).
- (ii) There was nothing in the pleadings to substantiate KRBL's allegation of fraud in the grant of registrations in favour of NBRM, or contravention of Section 11 TM Act 1958 and non distinctiveness of the mark.
- (iii) KRBL had already acknowledged that NBRM was using the mark in relation to the trade within India. There was no proof submitted by KRBL to show that it was using the mark since 1st January 1978.
- (iv) In application No. 506080, KRBL had claimed that it had adopted the mark with effect from 1st January 1978. It failed to produce proof of claim of user of the mark prior to 1st January 1978.

13. Aggrieved by the aforementioned order dated 3rd December 2004 of the IPAB, the present two writ petitions have been filed by KRBL. Writ Petition (Civil) No. 4956-57 of 2005 is in respect of the registration in favour of NBRM in application No. 387177 and, Writ Petition (Civil) No. 4971-72 of 2005 is in respect of the registration granted in favour of NBRM in application No. 338004.

14. Mr. S. K. Bansal, learned counsel appearing for the Petitioner KRBL submitted that the IPAB erred in observing that there was nothing in the pleadings and arguments advanced by the counsel for KRBL before the IPAB to substantiate the allegation of fraud, contravention of Section 11 and non distinctiveness of the mark. He referred to the rectification petitions in which such pleas were raised. He next

submitted that the IPAB failed to appreciate that the grounds in Section 32 (a), (b) and (c) were distinct. It was submitted that NBRM, in its application No. 338004, filed on 30th June 1978, stated that the mark was only “proposed to be used”. In application No. 387177, filed on 3rd March 1982 NBRM claimed user since 1st July 1978 although it had not been using the mark since that date. This was clearly a false claim and, therefore, the registration was obtained by fraud. He submitted that the registration was, in any event, of a non-distinctive mark. He stressed the fact that KRBL was seeking registration only for the purpose of export of rice. It was not interested in seeking registration of the mark for trade in India. Since NBRM was a firm dealing in domestic trade in rice, it could easily agree to the use by KRBL of the mark for export purposes.

15. Mr. Bansal submitted that Section 33 TM Act 1958 did not apply to rectification proceedings. In any event, as long as KRBL was able to establish continuous use of the trade mark from a date prior to “use of the registered trade mark in relation to those goods” by NBRM or use from a date prior to the date of registration of the trade mark in favour of NBRM, the AR could not refuse registration of the mark in favour of KRBL. He relied on the decisions in *L. D. Malhotra Industries v. Ropi Industries PTC (Suppl) (2) 564 (Del)*, *Pritam Das v. Anil Food Industries 1995 PTR 233*, *Milment Oftho Industries v. Allergan Inc. 2004 (28) PTC 58* and *Swaran Singh v. Usha Industries 1980 PTC 287*. It is submitted the order dated 4th April 2000 of the AR Mr. U. S. Sharma noted that KRBL had produced invoices to show use by it of the mark for export of rice in 1980, which was prior to date of grant of registration in favour of NBRM. Mr. Bansal submitted that on the date of the commencement of the rectification proceedings, the trade mark in question was not distinctive of the goods of NBRM. Lastly, it was submitted that the IPAB erred in observing that no evidence had been led by KRBL. The documents filed by both parties in the rectification applications in this Court stood transferred to the IPAB. The IPAB ought to have, after receipt of the papers, directed the parties to file their respective affidavits by way of evidence. He referred to an order to that effect passed by the IPAB in another case (TRA No. 11/2005) on 7th November 2007. Mr. Bansal relied on the decisions in *Liberty Footwear Company v. Force Footwear Company 2009 (41) PTC 474 (Del)*, *State of Haryana v. Ram Chander AIR 1976 Punjab and Haryana 381*, *K. L. Shinde v. State of Mysore AIR 1976 SC 1080*, and *Arumugham v. Sundarambal AIR 1999 SC 2210*.

16. Mr. Amarjit Singh, learned counsel appearing for NBRM, submitted that although both the parties had filed their respective documents, no evidence was led by KRBL in support of its rectification applications. He submitted that mere filing of the documents was hardly sufficient. It was incumbent for the party to prove its case by adducing evidence under the TM Act 1958. Unless affidavits by way of evidence were filed, the IPAB was not required to look into those documents. In support of his submission that the IPAB had to proceed on some minimum rules of evidence he relied on the observations in ***Bareilly Electricity Supply Co. Ltd. v. The Workmen & Ors. AIR 1972 SC 330***. He also took exception to KRBL not placing on record in this writ petitions all the documents filed by NBRM, some of which it had filed along with its counter affidavit in the present petitions. The averments in the petitions were a mere reproduction of the wordings of Section 32 TM Act 1958 and were therefore insufficient. Fraud, in terms of Section 32 (a) and (b), had not only to be pleaded in its material particulars, but also proved. KRBL had failed to discharge this burden. Reliance was placed on the decisions in ***Eagle Potteries Pvt. Ltd. v. Eagle Flasks Industries Ltd. AIR 1993 Bom 185***, ***Hardie Trading v. Addison Paint AIR 2003 SC 3377*** and ***American Home Products Corporation v. Mac Laboratories Pvt. Ltd. AIR 1986 SC 137***.

17. Mr. Singh next submitted that the burden was on the party seeking rectification to show that its use of the mark was prior to the use by the registered holder of the same mark or prior to the registration in its favour. In the instant case KRBL had failed to discharge that burden. KRBL could not rely upon the AR's order dated 6th January 2000 rejecting the NBRM's opposition to the registration in favour of KRBL of the trade mark TAJ MAHAL (word and device) in respect of rice for export purposes. KRBL had to lead evidence in these proceedings to show that it was a prior user. In any event, in the writ petition filed by the NBRM challenging the said order, this Court had directed a certificate of registration not be issued by order dated 4th May 2000. The matter was still pending before the IPAB.

18. Mr. Singh submitted that the statutory records of the copyright office showed that KRBL was acting as a distributor of NBRM at least from 1980 and was exporting the goods of NBRM. However, in 1989 when KRBL sought to export rice without disclosure of NBRM's mark, the latter issued a cease and desist notice. It was only then that KRBL applied for the registration of the device of TAJ MAHAL

for export of rice. The cancellation/rectification proceedings were instituted by KRBL to create a false defence in anticipation of criminal proceedings. As regards NBRM's use prior to 1st June 1978, it had come on record that on account of the floods in Punjab several important documents were lost. Therefore this did not mean that NBRM had obtained registration by fraud. Relying on the judgment in **National Bell Co. v. Metal Goods AIR 1971 SC 878**, it was submitted that it was incumbent on KRBL, in order to bring this case under Section 32 (c) of the TM Act, 1958, to prove that the mark used by it had become distinctive in relation to the goods of KRBL as of the date of the commencement of the rectification proceedings. Mr. Singh finally submitted, relying on **P. Purushottam Reddy v. Pratap Steels AIR 2002 SC 771**, that it was too late to seek a remand of the cases to the IPAB for recording of evidence and a fresh decision.

19. As already noticed hereinbefore, there are four strands of litigation between the parties concerning the registration of the trade mark TAJ MAHAL (device) as well as the trade mark TAJ MAHAL (word, *per se*). The two registrations in favour of NBRM were been challenged by KRBL, albeit unsuccessfully, in rectification petitions. Even while the rectification petitions were pending, there were other cases between the parties. KRBL applied for registration of the very same mark for the purposes of export of rice. NBRM too applied for registration of the same mark for the purposes of export of rice. By two separate orders, the AR allowed both applications and those orders have been challenged by NBRM and KRBL by separate petitions which are pending even as of now before the IPAB. In the circumstances, the IPAB could have heard the four cases together. Two of the cases were effectively appeals against the orders dated 6th January 2000 and 4th April 2000 respectively of the AR. They concerned the grant of registration in favour of NBRM and KRBL in respect of identical device marks of TAJ MAHAL for rice for export purposes. One of the issues involved in those matters was prior user. The orders of the AR show that evidence had been led before the AR by both parties in the form of affidavits and documents. Had the four cases been heard together, the parties could have relied upon the same evidence for the purpose of their respective claims of prior user. Alternatively, the IPAB could have, in the rectification petitions of KRBL, given a time bound direction to the parties to file their affidavits of evidence and then proceeded to hear all the four cases together. The IPAB would then have had a holistic view of the issue and could have avoided the possibility of

inconsistent orders.

20. After the rectification petitions filed by KRBL in this Court were transferred to the IPAB, there was apparently no direction issued by the IPAB requiring the parties to file their respective affidavits by way of evidence. A similar situation arose in *Liberty Footwear Co. v. Force Footwear Co.*, with this Court granting the parties in that case a further opportunity to lead evidence before the IPAB. Thereafter the IPAB, by an order dated 7th November 2007, directed the parties in that case to file their affidavits by way of evidence. Although the IPAB is not strictly bound by the technical rules of evidence, it has to ensure that parties before it prove their claims in a manner that is acceptable to law. The Supreme Court in *State of Mysore v. S. S. Makapur AIR 1963 SC 375* held that while Tribunals “were not bound to follow the procedure prescribed for trial of actions in courts nor are they bound by strict rules of evidence”, “the only obligation which the law casts on them is that they should not act on any information which they may receive unless they put it to the party against whom it is to be used and give him a fair opportunity to explain it.” In *Bareilly Electricity Supply Co. Ltd. v. The Workmen & Ors.*, the issue was whether a domestic Tribunal was obliged in law to call for documents of which the employees were given inspection. The Court explained that while the application of the principles of natural justice did not imply that what was not evidence cannot be acted upon (AIR @ 339):

“If a letter or other document is produced to establish some fact which is relevant to the enquiry the writer must be produced or his affidavit in respect thereof be filed and opportunity afforded to the opposite party who challenges this fact. This is both in accord with principles of natural justice as also according to the procedure under Order XIX Civil Procedure Code and the Evidence Act both of which incorporate these general principles. Even if all technicalities of the Evidence Act are not strictly applicable except in so far as Section 11 of the Industrial Disputes Act 1947 and the rules prescribed therein permit it, **it is inconceivable that the Tribunal can act on what is not evidence such as hearsay, nor can it justify the Tribunal in basing its award on copies of documents when the originals which are in existence are not produced and proved by one of the methods either by affidavit or by witnesses who have executed them, if they are alive and can be produced.** Again if a party wants an inspection, it is incumbent on the Tribunal to give inspection in so far as that is relevant to the enquiry. The applicability of these principles are well recognised and admit of no doubt.” (emphasis supplied)

21. There can be no doubt that the above principles would apply to the IPAB as well. Once, in terms of Section 100, TM Act 1999 a case is transferred to the IPAB,

then obviously it has to commence from the stage at which it was in the High Court. If the rectification proceedings in the present case remained in this Court, the next stage would have been to require the parties to lead their respective evidence, by filing affidavits by way of examination in chief. Although the procedure to be adopted by the IPAB need not be as rigid as demanded by the CPC, the documents filed by the parties will have to be 'proved' in some manner known to law. In fact, by way of practice, the IPAB does give an opportunity to the parties to file affidavits of evidence. In the present case too no exception could have been made. The IPAB ought to have logically proceeded to that step after the matters were received by it on transfer from this Court. It was submitted by learned counsel for NBRM that no such request was made by KRBL before the IPAB and therefore, such a plea ought not to be entertained at this stage. This Court is unable to agree. The fact remains that there were documents on record relied upon by the parties in support of their respective pleas. It was necessary for the IPAB to require those documents to be proved in accordance with law by giving an opportunity to the parties by filing their respective affidavits of evidence.

22. Considering that there are two other matters involving the parties pending before the IPAB, no prejudice or inconvenience would be caused if these petitions are remanded to the IPAB to enable parties to file their affidavits of evidence for a fresh order on merits to be passed by the IPAB. These two rectification applications should be heard along with other petitions between the parties involving the same mark which are pending before the IPAB. In view of this conclusion, this Court does not consider it necessary to deal with any of the other contentions of the parties. It is for the IPAB to decide those issues afresh uninfluenced by its impugned order dated 3rd December 2004.

23. Consequently, the following directions are issued:

- (i) The impugned order dated 3rd December 2004 of the IPAB is set aside.
- (ii) The two rectification applications TRA Nos. 128/2004/TM/DEL and 129/2004/TM/DEL are restored to the file of the IPAB and will be listed for directions before it in its first sitting in July 2011.

- (iii) The IPAB will, immediately upon receipt of a certified copy of this order, send notices requiring both parties to file their respective affidavits by way of evidence within a fixed time period which in any event will not exceed two months from the date of such notice. Neither party will be permitted to file any fresh document. They will rely only on the documents already filed and forming part of the record of the two rectification petitions and the other petitions to which they are parties and which are pending before the IPAB.
- (iv) The IPAB will thereafter hear the two rectification applications along with other pending petitions (including C.O. Nos. 199 and 403 of 2000) involving KRBL and NBRM and endeavour to pass a fresh order on merits disposing of the petitions within a period of six months from today.

24. The writ petitions are disposed of with the above directions with no order as to costs.

MAY 18, 2011
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S. MURALIDHAR, J

This print replica of the raw text of the judgment is as appearing on court website (authoritative source)

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