

Supreme Court of India

American Home Products ... vs Mac Laboratories Private Limited ... on 30 September, 1985

Equivalent citations: 1986 AIR 137, 1985 SCR Supl. (3) 264

Author: D Madon

Bench: Madon, D.P.

PETITIONER:

AMERICAN HOME PRODUCTS CORPORATION

Vs.

RESPONDENT:

MAC LABORATORIES PRIVATE LIMITED AND ANR.

DATE OF JUDGMENT 30/09/1985

BENCH:

MADON, D.P.

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MADON, D.P.

SEN, AMARENDRA NATH (J)

CITATION:

1986 AIR 137	1985 SCR Supl. (3) 264
1986 SCC (1) 465	1985 SCALE (2) 933

ACT:

Trade Marks Act, 1940 (5 of 1940), ss.14(1) and 39(2) and Trade and Merchandise Marks Act, 1958 (43 of 1958), ss. 18, 46(1)(a)(b) and 48 - "Trade Mark" - What is - Registration of Valuable right on the proprietor whether conferred - Infringement of rights - Remedies - What are.

Trade Marks Act, 1940 - s.14(1) - Trade mark 'Dristan' Registration of.

Trade and Merchandise Marks Act, 1958 - S.46(1)(a)(b) "Trade Mark" - Removal of from Register of Trade Marks - Two conditions precedent under cl.(a) must be cumulatively satisfied - Burden of proving applicability of s.46(1)(a)(b) - On person seeking removal of trade mark - Distinction between cls. (a) and (b) - What is - S.46(1) - Object of - Trafficking in trade mark What is - Ascertainment of bonafide intention to use trade mark Whether dependant on the facts and circumstances of each case Whether continuous chain of events even subsequent to the application for registration to be considered - Intention to use trade mark sought to be registered - Must be genuine and real at the date of application for registration - Whether the words "proposed to be used by him" in s.18 mean "proposed to be used by the proprietor, his agents and servants" - Effect of sub-s.(2) of s.48 on sub-s. (1) of s.18 - What is.

Trafficking in Trade Marks - What is.

Interpretation OF Statutes:

Deeming provision - Full effect to be given.

Construction leading to manifest absurdity, injustice, inconvenience or anomaly to be avoided.

Precedents: Doctrine of

English decisions - Can be referred to, but applicability would depend upon context of Indian laws, legal procedure and practical realities of litigation in India.

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HEADNOTE:

The appellant-American Home Products Corporation, is a Corporation incorporated in the United States of America. One of its activities is, the manufacture and marketing of pharmaceutical products and drugs carried on through its division "Whitehall Laboratories". The appellant was dealing with the Indian Company - Geoffery Manners & Co. Ltd. through its subsidiary - Home Products International Ltd. Some time prior to 1956 it acquired 40% shareholding in the Indian Company. In 1956 it introduced an anti-hystamin drug in the American market under the trade-mark 'Dristan'. It got the trade mark 'Dristan' registered as a distinctive trade mark in the Trade Marks Register in the United States and subsequently in several foreign countries.

The appellant entered into a technical collaboration agreement with the Indian Company effective from Nov. 1, 1957. Under this agreement the Indian Company received the formulae, manufacturing technology, and other assistance essential for the efficient manufacture in India of various products of the appellant. The appellant granted to the Indian Company, for the duration of the agreement an exclusive and non-transferable licence to make and sell the "Licensed Products" in India under the name or marks of the appellant. The agreement inter alia further provided that rights of registered user will be extended to the Indian Company in respect of each "Licensed Product" by the appellant - proprietor of such trade mark.

Pursuant to the collaboration agreement the Indian Company manufactured and marketed the products covered thereunder and got itself registered as the registered user in respect of the trade marks relating to the goods of which the appellant was the registered proprietor. On and from December 1957 it was decided that the Indian Company should introduce in the Indian market nine new drugs of the appellant including 'Dristan' tablets. On August 18, 1958, the appellant filed an application under 8.14(1) of the Trade Marks Act 1940, in Form TM-I for registration of the trade mark 'Dristan' in class 5 claiming to be its proprietor and that the same was proposed to be used by it. The application was advertised as required by the Trade Marks Rules 1942. No Notice of opposition to the

registration of the trade mark was filed by any one and the trade mark 'Dristan' was registered on June 8, 1959 by the Registrar of Trade Marks as trade mark No. 186511 in class 5. Thereafter, the Indian Company obtained a licence for the purchase of a machine for manufacturing of 'Dristan' tablets and installed the same.

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On May 31, 1960, the first respondent - Mac Laboratories Private Ltd. - applied for registration of the trade mark 'Tristine' in class 5. On January 18, 1961, the appellant filed a notice of opposition to the registration of the mark 'Tristine' on the ground that it was deceptively similar to its trade mark 'Dristan'. The appellant's opposition was not accepted by the Assistant Registrar of Trade Marks and by his order dt. March 27, 1962, he ordered the trade mark 'Tristine' to be registered in Part A of the Register of Trade Marks. The appellant thereupon filed an appeal in the Bombay High Court which was allowed by a Single Judge on Feb. 5, 1963. The appeal filed by the first respondent before a division Bench was allowed with the directions that the respondent's application be amended so as to read the trade mark 'Tristine' as 'Tristine'.

During the pendency of the application of the first respondent for registration of the trade mark 'Tristine' the Indian Company on Sept. 23, 1960 applied to the Central Govt. under s.11 of the Industries . (Development and regulation) Act 1951 for a licence to manufacture the tablet 'Dristan' which was granted on January 19, 1961 for the manufacture of 'Distran' tablets to the extent of 5 lakhs tablets per month with the conditions that "no royalty would be payable" and that the products will be marketed with the trade mark already in use or without any trade mark. It also applied for an import licence for import of materials for manufacture of 'Dristan' tablets, and got approval for manufacture of 'Dristan' tablets.

On October 18, 1961 another agreement was entered into between the appellant and the Indian Soprano for granting to the latter the non-exclusive right to use the trade mark 'Dristan' upon or in relation to the goods in respect of which the said trade mark was registered during the unexpired residue of the term of the registration of the said trade mark. Under this agreement the Indian Company agreed to become the registered user of the trade mark 'Dristan' and further agreed that the rights granted to it under the agreement would not be deemed to entitle it to use the trade mark otherwise than as the registered user thereof.

On October 22, 1961, the 'Dristan' tablets were first marketed in India by the Indian Company. On March 6, 1962, a joint application in Form TM-28 was filed by the appellant and the Indian Company for registering the Indian Company as a registered user of the trade mark 'Dristan' in respect of the goods for

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which it was registered subject to certain conditions or restrictions. The application stated that the proposed permitted use was without limit of period subject to the right of the appellant registered proprietor to apply for cancellation of the registered user forthwith after notice in writing to the Indian Company.

The first respondent on April 10, 1961 filed with the Registrar of the Trade Marks an application under 88.46 and 56 of the 1958 Act for rectifying the register of Trade Marks by removing therefrom the appellant's trade mark 'Dristan' on the grounds:

(i) That the trade mark 'Dristan' is deceptively and confusingly similar to the trade mark 'Bistan' already registered in class 5 and which has been used and is being used.

(ii) That the trade mark 'Dristan' is deceptively similar to the trade mark 'Tristine' which the Applicants have lawfully been using since October 1960 in respect of their medicinal preparation.

(iii) That there has been no bona fide use of trade mark 'Dristan' in India in relation to the goods for which it is registered by proprietor thereof for the time being upto date one month before the date of this application."

On May 5, 1961, the first respondent applied for amendment of the Rectification Application by substituting the submissions in support of the grounds taken earlier. The submissions so substituted were :

"(1) That the trade mark 'Dristan' was not distinctive mark and/or was not registerable trade mark under s.6 of Trade Marks Act, 1940 (corresponding to s.9 of Act No.40 of 1958), except upon evidence of its distinctiveness and no such evidence was submitted to the registrar before registration.

(ii) That the said trade mark was registered in contravention of s.8 of Trade Marks Act, 1940 (corresponding to s.11 of Act of 1958).

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(iii) That the said trade mark offends against the provisions of 6.11 of the Act.

(iv) That the trade mark 'Distran' is not distinctive of the goods of the registered proprietors.

(v) That the trade mark 'Dristan' was registered without any bona fide intention on the part of the Applicants that it would be used in relation to their medicinal preparation for symptomatic treatment of respiratory ailments by them and that there has, in fact, been no bona fide use in India of the said trade mark 'Dristan' in relation to

the said goods by the said proprietors upto a date one month before the date of this application."

On December 7, 1964, the Registrar of Trade marks dismissed the Rectification Application of the first Respondent holding that the Whitehall Laboratories was a division of the appellant and not a separate legal entity and, therefore, the mark could not be registered in its name but only in the name of the appellant and accordingly ordered the entry in the Register relating to the Trade mark 'Dristan' to be varied by amending the registered proprietor's name to read as "American Home Products Corporation trading as Whitehall Laboratories." The appeal filed by the first respondent was allowed by the Single Judge holding (1) that at the date of the making of the application for registration the appellant did not have a bona fide intention to use the trade mark 'Dristan' by itself, (2) that the appellant had not at any time used the said trade mark in relation to the goods in respect of which it was registered, (3) that the legal fiction created by 8.48(2) of the 1958 Act came into play only after a trade mark was registered and that an intention to use the trade mark through someone who would subsequently get himself registered as a registered user did not amount to an intention on the part of the applicant for registration to use the trade mark himself; and (4) that to accept the appellant's contention would amount to permitting trafficking in trade marks. In view of these conclusions the Single Judge did not decide the question whether trade mark 'Dristan' was deceptively and confusingly similar to the trade mark 'Bistan'.

In the appeal filed by the appellant the Division Bench held that trade mark 'Dristan' was not deceptively and confusingly similar to the trade mark 'Bistan'. Dismissing the appeal it,

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however, agreed with the view taken by the Single Judge in respect of the construction which he had placed upon ss.18 and 48 of the 1958 Act to come to the conclusion that the appellant had no bona fide intention to use itself the trade mark 'Dristan' and that the appellant had not at any time made use of the said trade mark.

In the appeal to this Court on behalf of the appellant it was contended:

(1) the legal fiction created by sub-s.(2) of 8.48 18, as expressly stated in that sub-section, for the purposes of s.46 or for any other purpose for which such use is material under the 1958 Act or any other law. To confine this fiction to a case of an actual use of a trade mark by a registered user is to confine it only to use for the purposes of clause(b) of 8.46(1) which is contrary to the purpose for which the fiction was created and, therefore, when 8.18(1) of the 1958 Act

(corresponding to 8.14(1) of the 1940 Act) uses the words "proposed to be used, these words must be read as "proposed to be used by a proposed registered user".

(2) To register a trade mark which is proposed to be used by a registered user does not per se amount to trafficking in trade marks and whether it does so or not must depend upon the facts and circumstances of each case.

(3) The reliance placed by the High Court - both by the Single Judge and the Division Bench - upon the 'PUSSY GALORE' Trade marks Case [1967] R.P.C. 265, was unjustified and unwarranted inasmuch as the provisions of the ~~English~~ Trade Marks Act, 1938, are radically different from those of the 1938 Act as also the 1940 Act and, therefore, that case has no relevance so far as the construction of 8.18(1) read with 8.48(2) of the 1958 Act is concerned.

(4) The reliance placed by the High Court (both by the Single Judge and the Division Bench) upon the Shavaksha Committee Report and the Ayyanagar Report was equally misplaced as Parliament did not accept the recommendation with respect to registered users.

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(5) The facts and circumstances of the case show that the appellant had, at the date of the making of the application for registration, a bona fide intention to use the trade mark 'Dristan' through a registered user.

(6) In any event, the appellant itself had made bona fide use of the trade mark 'Dristan' up to a date one month before the date of the First Respondent's Application for Rectification.

On behalf of the First Respondent following contentions were made.

(1) The words "proposed to be used" in 8.18(1) of the 1958 Act 8.14(1) of the 1940 Act mean "proposed to be used by the applicant for registration, his servants and agents" and not by any person who is proposed to be got registered as a registered user and, therefore, the legal fiction enacted in 8.48(2) cannot be imported into 8.18(1).

(2) A registered user can only come into being after a trade mark is registered. Therefore, as at the date of an application for registration of a trade mark, there cannot be any person in existence who is a registered user. The words "proposed to be used" cannot therefore possibly mean "proposed to be used by a proposed registered user"

(3) To permit a trade mark to be registered when the applicant himself does not propose to use it but proposes to use it through someone else who would subsequently be registered as a registered user would be to permit trafficking in trade marks which is contrary to the policy underlying the Trade Marks laws.

(4) The only case which the 1958 Act permits the registration of a trade mark when the applicant for registration does not intend to use it himself but intends to use it through another is the one set out in 8.45, namely, where the registrar is satisfied that a company is about to be formed and registered under the Companies Act, 1956, and the applicant intends to assign the trade mark to that company with a view to the use thereof by the company.

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(5) The 1958 Act is, as the 1940 Act was, based upon the English Trade Marks Act, 1938, and the decision in the 'PUSSY GALORE' Trade mark case (supra) concludes this point against the appellant.

(6) The Shavaksha Committee Report and the Ayyangar Report show the legislative intent not to allow a proposed use by a proposed registered user to be equated with a proposed use by the applicant for registration.

(7) The appellant had not at any relevant time made use of the trade mark 'Dristan'.

(8) The appellant had fraudulently obtained registration of the trade mark 'Dristan' by stating in the application for registration that it proposed to use the said trade mark itself and by not disclosing the fact that it proposed to use it through a proposed registered user.

(9) The trade mark 'Dristan' was deceptively and confusingly similar to the trade mark 'Bistan' and, therefore, it cannot be allowed to remain on the Register of Trade Marks.

(10) To allow the trade mark 'Dristan' to remain on the Register of Trade Mark would be contrary to the policy of the Government of India.

Allowing the appeal,

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HELD : (1) The Judgment of the Division Bench of the Calcutta High Court appealed against is reversed and the order passed by it is set aside. Appeal No.165 of 1968 filed by the appellant before the division Bench is allowed with costs and the judgment and order of the Single Judge of the High Court are reversed and set aside. As a result, Appeal No. 61 of 1965 filed by the First Respondent before the Single Judge of the High Court is dismissed with costs and

the order of the Registrar of Trade Marks, Calcutta, dismissing the First Respondent's Application for Rectification, No.CAL-17 is confirmed. 1341 B-C]

2. Before a person can make an application under 8.46(1) to take off a trade mark from the Register he has to be a "person

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aggrieved". Undisputedly, the first Respondent was a "person aggrieved" within the meaning of 8.46(1). Section 46(1) provides for two cases in which a registered trade mark may be taken off the Registrar in respect of any of the goods in respect of which it is registered. The first case is set out in cl.(a) of 8.46(1) and the second in cl.(b) of that subsection. Before cl.(a) can become applicable two conditions are to be satisfied, namely, (1) 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, and (2) that there has, in fact, been no bona fide use of that trade mark in relation to those goods by any proprietor thereof for the time being up to a date one month before the date of the application under 8.46(1). The only exception to the first condition is of a case to which the provisions of 8.45 apply. Both the conditions in cl.(a) are cumulative and not disjunctive. Clause (a), therefore, will not apply where even though there has been no bona fide intention on the part of the applicant for registration to use the trade mark but, in fact, there has been a bona fide use of the trade mark in relation to those goods by any proprietor thereof for the time being up to a date one month before the date of the application under 8.46(1). Similarly, cl.(a) will not apply where, though there had been a bona fide intention on the part of the applicant for registration to use the trade mark, in fact, there has been no bona fide use of the trade mark in relation to those goods by any proprietor thereof for the time being up to a date one month before the date of the application under 8.46(1). [311 G-H; 312 A-E]

3. Clause (b) of s.46(1) applies where for a continuous period of five years or longer from the date of the registration of the trade mark, there has been no bona fide use thereof in relation to those goods in respect of which it is registered by any proprietor thereof for the time being. An exception to cl.(b) is created by s.46(3). Under 8.46(3), the non-use of a trade mark, which is shown to have been due to special circumstances in the trade and not to any intention to abandon or not to use the trade mark in relation to the goods to which the application . under s.46(1) relates, will not amount to non-use for the purpose of cl.(b). [312 P-H]

4. The distinction between cl.(a) and cl.(b) is that if the period specified in cl.(b) has elapsed and during that period there has been no bona fide use of the trade mark, the fact that the registered proprietor had a bona fide

intention to use the

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trade mark at the date of the application for registration becomes immaterial and the trade mark is liable to be removed from the Register unless his case falls under 8.46(3), while under cl.(a) where there had been a bona fide intention to use the trade mark in respect of which registration was sought, merely because the trade mark had not been used for a period shorter than five years from the date of its registration will not entitle any person to have that trade mark taken off the Register. [313 A-B]

(5) Under both these clauses the burden of proving that the facts which bring into play cl.(a) or cl.(b), as the case may be, exist is on the person who seeks to have the trade mark removed from the Register. Thus, where there has been a non-User of the trade mark for a continuous period of five years and the application for taking Off the trade mark from the Register has been filed one month after the expire of such period, the person seeking to have the trade mark removed from the Register has only to prove such continuous non-user and has not to prove the lack of a bona fide intention on the part of the registered proprietor to use the trade mark at the date of the application for registration. Where, however, the non-user is for a period of less than five years, the person seeking to remove the trade mark from the Register has not only to prove non-user for the requisite period but has also to prove that the applicant for registration of the trade mark had no bona fide intention to use the trade mark when the application for registration was made. [313 C-E]

(6) The definition of "trade mark" contained in cl.(v) of 8.2(1) shows that a trade mark is 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 to use the mark. It is, therefore, not necessary for the purpose of registering a trade mark that those goods should be in existence at the date of the application for registration. If the position were that the mere non-user of a trade mark for the period mentioned in cl.(a) of 8.46(1) would make a trade mark liable to be taken off the Register, it would result in great hardship and cause a large number of trade marks to be removed from the Register, because the c one month has elapsed, after the registration of a trade mark had been ordered, a trade rival can make an application on the ground set out in cl.(a) of 8.46(1) claiming that there has been no bona fide use of the trade mark up to a date one month before the date of his application. It is in order to prevent such harassment and absurd result that the two conditions specified in cl.(a) have been made cumulative. [313 F-H; 314 A-C]

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(7) The object underlying 8.46(1) is to prevent

trafficking in trade marks. This is, in fact, the object underling all trade mark Laws. A trade mark is meant to distinguish the goods made by one person from those made by another. A trade mark, therefore, cannot exist in vacuo. It can only exist in connection with the goods in relation to which it is used or intended to be used. Its object is to indicate a connection in the course of trade between the goods and some person having the right to use the mark either with or without any indication of the identity of that person. When a person gets his trade mark registered, he acquires valuable rights by reason of such registration. Registration of his trade mark gives him the exclusive right to the use of the trade mark in connection with the goods in respect of which it is registered and if there is any invasion of this right by any other person using a mark which is the same or deceptively similar to his trade mark, he can protect his trade mark by an action for infringement in which he can obtain injunction, damages or an account of profits made by other person. In such an action the registration of a trade mark is prima facie evidence of its validity. After the expiry of seven years from the date of the registration, a trade mark is to be valid in all respects except in the three cases set out in 8.32. The proprietor of an unregistered trade mark whose mark is unauthorisedly used by another cannot, however, sue for the infringement of such trade mark. His only remedy lies in bringing a passing-off action, an inconvenient remedy as compared to an infringement action. [314 C-H; 315 A-B]

7(i) In a passing-off action the plaintiff will have to prove that his mark has by use acquired such reputation as to become distinctive of the plaintiff's goods so that if it is used in relation to any goods of the kind dealt with by the plaintiff, it will be understood by the trade and public as meaning that the goods are the plaintiff's goods. [315 B-C]

7(ii) In an infringement action, the plaintiff is not required to prove the reputation of his mark. Further, under 8.37 a registered mark is assignable and transmissible either with or without goodwill of the business concerned while under 8.38, an unregistered trade mark is not assignable or transmissible except in the three cases set out in 8.38(2). [315 C-D]

(8) As the registration of a trade mark confers valuable rights upon the registered proprietor thereof, a person cannot be permitted to register a trade mark when he has not used it in relation to the goods in respect of which it sought to be registered or does not intend to use in relation to such goods. [315 D-1]

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Batt's case, (1898) 2 Ch-D 432, 436; s.c. 15 R.P.C. 262, 266, (1898) 2 Ch. D. 432 at pages 439-442, sub nomine Johan Batt & Co. v. Dunnett and another, (1899) A.C. 420; s.c. 16 R.P.C. 411 relied upon.

(9) To get a trade mark registered without any intention to use it in relation to any goods but merely to make money out of it by selling to others the right to use it would be trafficking in that trade mark. If there is no real trade connection between the proprietor of the mark and the licensee or his goods, there is room for the conclusion that the grant of the licence is a trafficking in the mark. It is a question of fact and degree in every case whether a sufficient trade connection exists. [316 A-B; 317 A-B]

Re American Greetings Corp.'s Application, [1983] 2 All E.R. 609 & 619 [1984] 1 All E.R. 426, 433 relied upon.

(10) The intention to use a trade mark sought to be registered must be genuine and real and the fact that the mark was thought to be something which some day might be useful would not amount to any definite and precise intention at the time of registration to use that trade mark. The intention to use the mark must exist at the date of the application for registration. Section 46(1)(a) expressly speaks of "bona fide intention on the part of the applicant for registration, which would mean "at the date when such applicant makes his application for registration." [317 C-E]

In re Ducker's Trade mark (1928) Ch.1 405, 409 referred to.

(11) Intention is a state of mind. No person can make out the state of mind or any other person- None the less courts are often called upon for various purposes to determine the state of a person's mind. The court can only do so by deducting the existence of a particular state of mind from the facts of a case. [317 B; 318 A]

(12) In the instant case, in order to ascertain the intention of the appellant at the date of filing of application for registration the facts could be summarised with reference to three periods: (1) events which took place up to the date of the application for registration, namely, August 18, 1958, (2) events which happened between that date and the date of Application for Rectification, namely April 10, 1961 and (3) events which happened subsequently to April 10, 1961. [320 D-E]

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12(1) Prior to 1956, the appellant had acquired a substantial shareholding to the extent of 40 percent the Indian Company. In 1956 the appellant introduced 'Dristan' tablets in the American market and got the trade mark 'Dristan' registered in the United States of America and in several other countries. Technical collaboration between the Appellant and the Indian Company commenced from Nov. 1, 1957, and an agreement in that behalf was signed on May 16, 1958. In pursuance of the said collaboration agreement the Indian Company manufactured and marketed several products of the appellant. The appellant got registered its trade marks in respect of such products and the Indian Company was registered as the registered owner in respect of such trade

marks. As early as December 1957, it was decided that the Indian Company should introduced in the Indian market nine new products of the appellant including 'Dristan' tablets. On August 18, 1958, the appellant filed an application for registration of the trade mark 'Dristan' and the said trade mark was duly registered on June 8, 1959. [320 F-H; 321 A]

12(ii) During the period between August 18, 1958, and the date of the First Respondent's Application for Rectification, that is April 10, 1961 the Indian Company applied for and obtained a licence for the purchase of a Stokes Triple Layer Machine for manufacturing 'Dristan' tablets and when the said machine was received installed it at its Ghatkoper factory. It also obtained from the appellant three units of 'Dristan' tablets as samples and the manufacturing manual for the tablets. Further, it applied to the Central Government under 8.11 of the Industries (Development and regulation) Act, 1951, for a licence to manufacture 'Dristan' tablets which was granted to it. It also applied for and obtained a licence to import certain ingredients used in the manufacture of 'Dristan' tablets and imported such ingredients. It further applied for and obtained from the Director, Drugs Control Administration State of Maharashtra, permission to manufacture 'Dristan' tablets. The appellant also filed a notice of opposition to the First Respondent's Application for registration of their mark 'Tristine'. [321 H; 322A-C]

12(iii) During the period subsequent to the First respondent's Application for Rectification, that is subsequent to April 10, 1961, on October 18 1961, the registered user agreement was entered into between the appellant and the Indian Company. On October 22, 1961 the 'Dristan' tablets were first marketed in India by the Indian Company. On March 6, 1962, the appellant and the Indian Company jointly made an application to register the Indian Company as a registered user of the trade mark 'Dristan'. [322 C-E]

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12(iv) The facts set out above clearly show that each of them is an integral link in a chain and that they cannot be divided into three separate periods. This continuous chain of events establishes beyond doubt that the appellant had an intention that the trade mark 'Dristan' should be used in relation to the tablets in question by the manufacture and sale of these tablets in India. [322 E-F]

(13) The appellant's application for registration of the trade mark 'Dristan' was made under 8.14(1) of the 1940 Act and was registered under the Act. Under 8.14(1) only a person claiming to be the proprietor of a trade mark used or proposed to be used by him could apply for registration of that trade mark. The provisions of 8.18(1) of the 1958 Act are identical. [323 F-G]

(14) If the 1940 Act did not contain a legal fiction similar to that enacted in s.48(2) of the 1958 Act, the

appellant's case would fall to the ground because then at the date of its application for registration of the said trade mark, its intention would be not to use it itself but to use it through another. The 1940 Act, however, also made provisions with respect to registered users and created a similar legal fiction in 8.39(2) of that Act. [325 A-B]

(15) The only difference between 5.39(2) of the 1940 Act and s.48(2) of the 1958 Act is that while under 8.39(2) the legal fiction created by it applies "for any purpose for which such use is material under this Act or any other laws, under s.48(2) the legal fiction applies "for the purposes of s.48 or for any other purpose for which such use is material under this Act or any other laws. The addition of the words "for the purposes of 8.46" in 8.48(2) does not make any difference but clarifies the scope of the said legal fiction. Clause (a) of s.48(1) refers both to bona fide intention on the part of the applicant for registration that the trade mark should be used in relation to those goods by him as also to bona fide use of the trade mark in relation to those goods by any proprietor thereof for the time being. It cannot possibly be that when 8.48(2) expressly provides that the permitted user of a trade mark by a registered user is to be deemed to be user by the proprietor of the trade mark for the purposes of s.48, the fiction is intended only to apply to the use of the trade mark referred to in the second condition of cl.(a) of 8.46(1) and not to the use of that trade mark referred to in the first condition of cl.(a). Under 8.18(1), on application for registration of a trade mark can only be made

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by a person who claims to be the proprietor of that trade mark. Therefore, the words "applicant for registration" in cl.(a) of s.48(1) would mean "the person claiming to be the proprietor of the trade mark who is the applicant for registration of that trade mark". The first condition of cl.(a) would, therefore, read "that the trade mark was registered without any bona fide intention on the part of the person claiming to be the proprietor of that trade mark who has made the application for registration that it should be used in relation to those goods by him." So read, there can be no difficulty in reading the words "by him" also as "by a registered user". Similarly, the legal fiction in s.48(2) can also be applied to 8.18(1). S.18(1) in the light of the legal fiction would read as "any person claiming to be the proprietor of a trade mark used or proposed to be used by him or by a registered user". By reason of the provisions of 8.39(2) of the 1940 Act, 8.14 of that Act should also be read in the same way. [325 B-U; 326 A-D]

East End Dwellings Co. Ltd. v. Finsbury Borough Council, (1952) A.C.109 & state of Bombay v. Pandurang Vinayak Chaphalkar and Or., [1953] S.C.K. 773 relied upon.

(16) The purposes for which the fiction has been enacted are set out in 8.48(2). These purposes are the

purposes of 8.46 or for any other purposes for which such use is material under the 1958 Act or any other law. To confine the purpose only to a part of 8.46 would be to substantially cut down the operation of the legal fiction. The purpose for which the legal fiction is to be resorted to is to deem the permitted use of a trade mark, which in the use of the trade mark by a registered user thereof, to be the use by the proprietor of that trade mark. [327 A-B]

(17) Section 17(1) of the English Trade Marks Act, 1938 (1 & 2 Geo. 6, c.22) sets out who can apply for registration of a trade mark and is in pari materia with 8.18(1) of the 1958 Act. Under s.17(4), the refusal by a Registrar to register the trade mark is subject to appeal to the Board of Trade or to the Court at the option of the applicant. If the appeal is to the Court, there can be further appeal to the Court of Appeal and from there to the House of Lords. Section 26 provides for removal of a trade mark from the Register and is in pari materia with 8.46 of the 1958 Act. Section 32 deals with rectifying the entries in the Register and is analogous to 8.56 of the 1958 Act. [327 E-F]

(18) Under 8.87 of the Patents, Designs and Trade Marks Act, 1883 (46 & 47 Vict. c.57), any registered proprietor could grant licences to use the mark subject to any equity. The 1883 Act in

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so far as it related to Trade marks was repealed by the Trade marks Act, 1905 (5 Edw. 7 c.15). The 1905 Act did not, however, contain any power in the registered proprietor to grant licences. The English Act of 1938, however, introduced a system of official approval for licences to use a trade mark particularly by providing for registering a person other than the proprietor of the trade mark as the registered user of the trade mark. [327 G-H; 328 A]

(19) The High Court was unduly impressed by *Pussy Galore Trade mark case* and unnecessarily attached great importance to it. The High Court was justified in relying upon that case by referring to the case of *Ashok Chander Rakhit Ltd.*, [1955] 2 S.C.R. 252 but the High Court overlooked that in *Ashok Chander 'Rakhit's'* case the section of the 1940 Act which fell for interpretation was not in pari materia with the corresponding section of the English Act of 1938 which had been judicially interpreted by the courts in England. [332 E-E]

The Registrar of Trade mark v. Ashok Chandra LTD., [1955] 2 S.C.R. 252 referred to.

(20) In the absence of any binding authority of an Indian Court on a particular point of law, English decisions in which judgments were delivered by judges held in high repute can be referred to as they are decisions of courts of a country from which Indian Jurisprudence and a large part of Indian Law is derived, for they are authorities of high persuasive value to which the court may legitimately turn for assistance; but whether the rule laid down in any of

these case can be applied by Indian courts but, however, be judged in the context of Indian laws and legal procedure and the practical realities of litigation in India. [332 H; 333 A-B]

Forasol v. Oil and Natural Gas Commission, [1984] 1 S.C.R. 526, 549, 567; S.C. [1984] Supp. S.C.C. 263, 280, 295 referred to.

(21) The relevant provisions relating to registered users in the English Act and in the 1958 Act are materially different. The English Act creates two legal fictions. The first is contained in s.28(2) which relates to the permitted use of a trade mark. That fiction is for the purpose of s.26 (Which corresponds to section 46 of the 1958 Act) and for any other purpose for which such use is material under the English Act or at common law. The second is contained in s.29(2) and relates to

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intention on the part of an applicant for registration that a trade mark should be used by him. The second fiction is for the purposes of paragraph(a) of s.26(1) which corresponds to cl.(a) of s.46(1) of the 1958 Act. The 1958 Act, however, contains only one fiction. It is in s.48(2), which is in pari materia with s.28(2) of the English Act. The omission from the 1958 Act of a provision similar to that contained in s.29(2) of the English Act does not make any difference if one were to see s.29(2) in its proper setting and context. The English Act does not prescribe, just as the 1958 Act does not, any period of time from the date of registration of a trade mark within which an application for registering a person as a registered user of that trade mark should be made. Section 29(1) of the English Act, however, provides that an application for registration of a trade mark can be accompanied by an application for the registration of a person as a registered user of that trade mark, if the tribunal is satisfied that the proprietor of the trade mark intends it to be used by that person in relation to those goods and is also satisfied that person will be registered as a registered user thereof after the registration of the trade mark, it will not refuse to register the trade mark. The effect of s.29(1), therefore, is that an application for registering a person as a registered user can be made simultaneously with the application for registering the trade mark and if both are found to be satisfactory, the application for registration would be granted and immediately thereafter the registration of the registered user would be allowed. In such a case, the intention on the part of the applicant for registration that the trade mark should be used by the registered user thereof is to be deemed to be an intention to use that trade mark by the applicant for registration. This is a special provision applicable to a special case. The fiction created by s.29(2) is also made applicable to the case of a corporation above

to be constituted to which the applicant intends to assign the trade mark. There is no such fiction relating to intention expertly provided in the 1958 Act, nor is there any provision for simultaneously making an application for registration of a trade mark and an application for registering a person as the registered user of that trade mark. The purpose for which the fiction was created by 8.29(2) the respect to a registered user was to eliminate all possibility of trafficking in a trade mark by a person getting himself registered as the proprietor of a trade mark and there after going in search of so the person who will use it as the registered user thereof. If the existence of the special fiction created by 5.29(2) cuts down the full operation of the general fiction enacted in s. 28(2), it
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does not follow that the absence of such special fiction in the 1958 Act will also cut down the operation of the fiction in s.48(2) in the same way by limiting it to the actual use of a trade mark only. In the 1958 Act wherever the phrase "used by him" occurs the fiction will apply. In other words, the permitted use of a trade mark is, by the fiction enacted in s.48(2), equated with use by the registered proprietor. Consequently wherever the word "use" occurs with all its permutations and commutations, as for instance in phrases such as "proposed to be used by him" or "intended to be used by him", the fiction will apply. Form No.TM-2, which is the form prescribed for an application for registration of a trade mark prescribed by the English Trade Marks Rules, 1938, was substituted in 1982 and under the substituted Form a new column is provided which requires details of an application under s.29(1) to be given. The old Form No.TM-2 did not contain this requirement nor does Form TM-1 appended to the Trade and Merchandise Mark rules, 1959 [333 B-H; 334 A-G]

(22) Under the 1958 Act an application for registration of a trade mark and also an application for registering a registered user are to be made to the Registrar and it is the Registrar who has to grant both of them. The Registrar would refuse the application if it appears to him that the grant thereof would tend to facilitate trafficking in a trade mark. This question is to be considered by the Registrar himself. Provisions of the 1940 Act were the same but the provisions of the 1958 Act are radically different. Under the 1958 Act, though both the application for registration of a trade mark and the application for registration of registered user are to be made to the Registrar, the Registrar has the power to grant the application for registration of the trade mark only. So far as the application for registering a person as a registered user is concerned, he has to forward it together with his report to the Central Government and it for the Central Government to decide whether to permit such application to be granted or not. In order to decide this, the Central Government or to take into account the matters set out in

subs-s.(3) of .49 and on rule 85 of the Trade Marks Rules 1959. The matter to be considered by the Central Government include not only whether the permitted use, if allowed, would about to trafficking in trade mark but also the interested of the general public and the development of any industry, trade or commerce in India. After the Central Government has taken its decision the Registrar is to dispose of the application in accordance with the directions issued by the Central Government. Thus while under the English Act the authority to decide an
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application for registering a registered user is the same as the authority for registering a trade mark, under the 1958 Act they are different and 80 are the considerations which are to be taken into account. [334 h; 335 A-E]

(23) Under the 1958 Act an application for registering a registered user can only be made after a trade mark is registered. If an intended use by a person who will be registered as a registered user is not to be included in the legal fiction created by section 48(2), it would make that fiction operate within a very narrow compass and almost render the provision relating to registered users meaningless. It is in very rare circumstances that a person will get a trade mark registered as proposed to be used by himself, use it in relation to the concerned goods, and thereafter permit it to be used by another as a registered user. It is also not open to everyone who wants to register a trade mark to for a company to which after the trade mark is registered and the proposed company is incorporated, the trade mark will be assigned. These things are not practical realities and Parliament could not have intended such absurd results. 1335 F-H]

(24) It is not necessary that the appellant should have got the trade mark registered with the intention that it will itself use the trade mark and in order to effectuate that intention the appellant should have set up a factory and manufactured and marketed the tablets 'DRISTAN' and then either assigned the trade mark to the Indian Company or to get the Indian Company registered as the registered user of that trade mark. By reason of foreign exchange and industrial policies in India it is not possible for a foreign company to establish its own industry in India. It can only do so by entering into a collaboration with Indian entrepreneurs in which the foreign company would not be permitted to have more than 40 per cent shareholding and would be subject to other restriction. Even if a foreign proprietor of a trade mark were to establish an industry of his own in India, it would be absurd to imagine that it would thereafter cease manufacturing the goods and allow someone else to do so. It is equally illogical that the appellant and the Indian Company should have jointly applied for registration of the trade mark 'DRISTAN'. The appellant was already in collaboration with the Indian Company. There

was no need for it to seek other collaborators to establish a new company. To assign the trade mark to the Indian Company or to make jointly with the Indian Company an application for registration of the trade mark 'DRISTAN' would be to destroy the appellant's proprietorship in that trade mark. [336 A-D]

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(25) It is a well-known principle of interpretation of statutes that a construction should not be put upon a statutory provision which would lead to manifest absurdity of futility, palpable injustice, or absurd inconvenience or anomaly. While placing construction on 6.48(2), the High Court did not apply this principle and failed to give to the legal fiction enacted by 8.48(2) its full force and effect. [336 E-F]

'BOSTITCH' Trade Mark (1963) R.P.C. 183 and 'PUSSY GALOK' Trade Mark, 119671 R.P.C. 265 inapplicable.

(see: - Beneath and Ore. v. Muddala Veeramallappa and Ck.) [1961] 2 S.C.R. 295, 303 referred to.

Aston v. Harlee Manufacturing company, (1959-60) 103 C.L.R. 391 relied upon.

(26) The Parliament did not accept the recommendation made in Shavakasha Committee Report and Ayyanagar Report. These Reports, therefore, cannot be referred to for ascertaining the intention of Parliament when enacting the relevant provisions of 1958 Act. [337 G]

(27) In the instant case, the facts on the record show that only when it was decided to introduce 'DRISTAN' tablets in the Indian market through the Indian Company that the appellant made its application to register the trade mark 'DRISTAN'. There was a close connection in the course of trade between the appellant and the Indian Company. The appellant owned 40 per cent of the shareholding in the Indian Company. It had entered into a technical collaboration agreement with the Indian Company which provided for strict quality control and for formulae and services to be provided by the appellant. The manufacture, marketing and advertising of all products under the agreement were to be under the control of the appellant. There was no royalty payable by the Indian Company to the appellant in respect of the use of the trade mark 'DRISTAN'. In the event of the collaboration agreement being terminated by reason of the happening of any of the events mentioned in the agreement, amongst which events was the shareholding of the appellant becoming less than 40 per cent, the Indian Company was to cease to be entitled to manufacture the tablets 'DRISTAN'. There was here, therefore, no question of any trafficking in a trade mark. In these circumstances, the intention of the appellant to use the trade mark 'DRISTAN' through the Indian Company which was subsequently to get itself registered as the registered user of the said trade mark cannot but be characterised as bona fide. [338 Lr; 339 A]

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(28) The two conditions of cl-(d) of 8-46(1) are cumulative and since the first condition has not been satisfied in this case, it is unnecessary to consider the question whether the appellant had in addition to having a bona fide intention to use the trade mark 'Dristan' had also used it within a period of one month before the date of Application for Rectification. 339 A-C]

JUDGMENT :

CIVIL APPELLATE JURISDICTION : Civil Appeal No. 2159 of From the Judgment and Decree dated 16.12.69 of the Calcutta High Court in Appeal No. 165 of 1968.

F.S. Nariman, J.I. Mehta, Michal Fysh, T.M. Ansari, V. Tulzapurkar, C.M. Maniar, Ashok Sagar, Aditia Narayan, Alok Vidyalkar and D.N. Misra for the Appellant.

Dr.V. Gouri Shankar, K.L. Hathi, Manoj Arora, Narendrabhai Zaveri, Ms. Malati Jhaveri and Vijay F. Shah for Respondent No.1.

Ex-parte for Respondent No. 2.

T.U. Mehta and V. Dave for Intervener.

The Judgment of the Court was delivered by MADON, J. This Appeal has been filed pursuant to a certificate granted by the Calcutta High Court against its judgment and order dated December 16, 1969, in Appeal . 165 of 1968. The certificate has been given by the High Court under sub-clause (a) and (c) of clause (1) of Article 133 prior to the substitution of that clause by a new clause (1) by the Constitution (Thirtieth Amendment) Act, 1972. The grounds on which the certificate has been given are (i) that the value of the subjectmatter in dispute in the court of the first instance and still in dispute on appeal was and is not less than Rs.20,000 and that as the judgment in appeal was one of affirmance, the appeal involves a substantial question of law, and (ii) that the case was a fit one for appeal to the Supreme Court. The High Court observed:

The appeal raises a question of great importance in Trade Marks Law, that is to say whether a proprietor of a trade mark who intends to use it solely by a registered- user is entitled to registration of his trade mark, under Sec. 18 of the Trade Mark Act, or to put it differently, do the words 'proposed to be used by him' in Sec. 18 mean 'proposed to be used by the proprietor, his agents and servant' only.... The case also involves the question of construction of sub- section (2) of Sec. 48 and consideration of the effect of that sub-section on sub-section (1) of sec. 18 of the Trade and Merchandise marks Act, 1958.

The questions so posed by the High Court resolve themselves into the following two questions :

(1) Whether a proprietor of a trade mark who intends to use it solely by a registered user is entitled to registration of high trade mark under section 18 of the Trade and Merchandise Marks Act, 1958 ?

(2) Whether by reason of the provisions of sub- section (2) of section 48 of the Trade and Merchandise marks Act, 1958, the words proposed to be used by him in sub-section (1) of section 18 of the said Act mean proposed to be used by the proprietor, his agents and servants only or do they also include a proposed user by someone who will get himself registered under section 48(1) of the said Act as a registered user?

The High Court further observed :

The matter is of considerable importance to foreign proprietors of trade marks, to registered users of trade marks in general and to the Industry and Commerce at large.

Before embarking on a discussion of the above questions it will be convenient to relate first the facts which have given rise to this Appeal.

The Appellant, American Home Products Corporation, is a multi-national corporation incorporated under the laws of the State of Delaware in the United States of America. One of the activities of the appellant is the manufacture and marketing of pharmaceutical products and drugs. The division of the Appellant which at all relevant times carried on and still carries on this activity is called the Whitehall Laboratories . Geoffrey Manners & Co. Ltd. (hereinafter referred to as the Indian Company) is a company registered as a public limited company under the Indian Companies Act, 1913, and is a public company within the meaning of the Companies Act, 1956. Home Products International Limited is a wholly owned subsidiary of the Appellant and at all material times represented the Appellant in its dealings with foreign distributors, licences and subsidiaries. In the present case the said Home Products International Limited had carried or correspondence on behalf of the Appellant with the Indian Company. International Chemical Company Limited is another wholly owned subsidiary of the Appellant. Some time prior to 1956, the Appellant acquired a substantial shareholding to the extent of 40 per cent in the Indian Company. In 1956 the Appellant introduced an anti-hystamin drug in the American market under the trade mark 'DRISTAN' for the treatment of respiratory ailments in the form of a decongestant tablet for symptomatic relief for cold and congestion. The Appellant got the trade mark 'DRISTAN' registered as a distinctive trade mark in the Trade Marks Register in the United States and subsequently thereto between 1957 to 1961 in about 39 other foreign countries. These countries included Great Britain, Ireland, Belgium, Denmark, France, Holland and other countries in the Continent of Europe, Canada, Mexico, and several countries in south America, Asia and Africa.

By an agreement signed on May 16, 1958, effective from November 1, 1957, the Appellant entered into a technical collaboration agreement with the Indian Company. The recitals of the said agreement are material and may be reproduced. They read as follows :

WHEREAS, American Home Products Corporation directly or through its wholly owned subsidiaries is one of the leading American manufacturers of drugs, pharmaceuticals, biologicals, vaccines, antibiotics, nutritionals and medicinal preparations and conducts continuously active research in its various Laboratories for the discovery of new and improvement of existing therapeutic products, and WHEREAS, American Home Products Corporation prepared to provide Geoffrey Manners on the terms and conditions of this Agreement the formulae and manufacturing technology and other assistance essential for the efficient manufacture in India of various American home Products Corporation products, and WHEREAS, Geoffrey Manners has access to and use of lands and buildings and has the experience, facilities, equipment and personnel needed or desired for successful production, sale and distribution of the aforementioned products in India.

The said agreement related to two classes of products, namely, Whitehall Products and Whet Products. We are concerned in this Appeal with Whitehall Products. The term 'Whitehall Products' was defined in the said agreement as meaning all formulations owned by or whose sales are promoted under the direction of Whitehall Laboratories Division of American Home Products Corporation or International Chemical Company Limited which are manufactured and sold under the name or trade marks of Whitehall Laboratories Division of American Home Products Corporation or International Chemical Company Limited and packaged in form for sale and distribution by the trade to the ultimate customer. The term 'Licensed' Products was defined in the said agreement as meaning those Whitehall Products whose import, manufacture, sale or distribution in India by Geoffrey Manners are licensed under and pursuant to the terms of this Agreement. These shall include those identified in Schedule A annexed hereto and made a part hereof. Schedule A to the said agreement set out four products, namely, 'Anacin', 'Kolyon' Dental Cream, 'Bismag', and 'Anne French' Cleansing Milk. 'DRISTAN' was thus not mentioned in the said Schedule A. Under the said agreement, the Appellant agreed to furnish or cause to be furnished to the Indian Company the manufacturing technology and other assistance essential for the efficient manufacture by the Indian Company of inter alia the Licensed Products and further agreed that qualified employees of the Indian Company may visit the laboratories, PLANTS and facilities of the Appellant to observe and learn for the period required to obtain the necessary working knowledge, the methods and equipment for the production of the Licensed Products and that qualified members of the appellant would be assigned to discuss such method and equipment with such qualified employees of the Indian Company during the period of their visits. The Indian company likewise agreed that qualified employees of the appellant may visit the laboratories, plants and facilities of the Indian Company in order to observe and examine the methods being employed and the equipment being used for the Licensed Products. The Appellant further agreed to supply to the Indian company a written description of each process utilized for the production of Licensed Products including flowsheets of processes, necessary test methods and basic specifications for apparatus and equipment unitized in production and that thereafter the Appellant and the Indian Company should furnish each other with all significant information which either of them developed and was free to disclose concerning improvements in the processes and in the equipment, raw materials and intermediates used therein. It was further agreed that before making any offer to a third party or contracting any commitment with a third party for the purpose of manufacture and

sale in India of any Whitehall Products, the Appellant would offer to the Indian Company, upon the thermic and conditions set out in the said agreement, the right to manufacture, sell and/or distribute such products in India. In the event of such offer being accepted by the Indian Company in respect of any Whitehall products such product would be deemed a Licensed Product for the purposes of the said agreement. During the period of the said agreements the Indian Company agreed not to manufacture, distribute or sell any new products whose production or sale would compete with the production and sale of the Licensed Products except with the prior consent thereto in writer obtained from the Appellant, and the Appellant granted to the Indian Company for the duration of the said agreement an exclusive and non-transferable license to make and sell the Licensed Products in India under the name or marks which for these purposes the Appellant would design or cause to be designed for such products. Clause (a) of Article IV of the said agreement inter alia provided that Rights of registered user will be extended to Geoffrey Markers in respect of each Licensed Product by the proprietor of such trade mark. Further under the said agreement the Appellant was to furnish to the Indian Company the manufacturing technology applicable to each Licensed Product and to provide reasonable engineering and technical assistance and instructions to those representatives of the Indian Company who were to direct or supervise the manufacture of such products and who would visit the Appellant's plants for such assistance and instructions. The advertising expenditures, plans and budgets for each fiscal year with respect to each Licensed Product was to be determined annually and approved by the Appellant and the selection, appointment of all advertising agencies by the Indian Company for promoting the sale and distribution of the Licensed Products was to have the previous agreement in writing of the Appellant. The said agreement also set out in detail the various services which were to be rendered by the Appellant to the Indian Company. The said agreement was to continue in force for an indefinite period of time subject to its sooner termination in the event of any of the eventualities set out in the said agreement taking place, one of them being that of the Appellant ceasing to be the owner of at least 40 per cent of the issued and outstanding share capital of the Indian Company. The said agreement contained a secrecy clause and upon the termination of the said agreement, the Indian Company had to return to the Appellant all manufacturing technology received by it from the Appellant and not to make any use of it thereafter.

In pursuance of the said collaboration agreement the Indian Company manufactured and marketed the products covered thereunder and got itself registered as the registered user in respect of the trade marks relating to the said goods of which the Appellant was the registered proprietor. The correspondence on the record shows that on and from December 1957 it was decided that the Indian Company should introduce in the Indian market nine new products of the Appellant including 'DRISTAN' tablets. On August 18, 1958, the Appellant filed an application under section 14(1) of the Trade Marks Act, 1940 (Act No. V of 1940) in the prescribed form T-I for registration of the trade mark 'DRISTAN' in class 5 (which includes pharmaceutical substances) as a medicinal preparation for treatment of respiratory ailments claiming to be the proprietor of the said mark by whom the said mark was proposed to be used. The said application was advertised as required by the Trade Marks Rules, 1942. No notice of opposition to the registration of the said trade mark was filed by anyone and the trade mark 'DRISTAN' was registered by the Registrar of Trade Marks, Bombay, as Trade Mark No 186511 in class 5 on June 8, 1959. With effect from November 25, 1959, the Trade marks Act, 1940, was repealed and replaced by the Trade and Merchandise Marks Act, 1958 (Act No.

43 of 1958).

Thereafter the Indian Company applied for and obtained a licence for the purchase of a Stokes Triple Layer Machine which could produce two-layered tablets, the intention being to use this machine for the purpose of manufacturing 'DRISTAN' tablets. The Indian Company intimated this fact to the Appellant asking it to supply urgently the manufacturing manual for 'DRISTAN' tablets. The Indian Company also wrote to the Appellant asking it to supply free of cost three units (comprising twenty four tablets in all) of 'DRISTAN' tablets as samples. The MANUFACTURING manual as also the samples were duly sent by the Appellant to the Indian Company.

On May 31, 1960, Mac Laboratories Private Limited, the First Respondent in this Appeal, applied for registration of the trade mark 'TRISTINE' in class 5 in respect of its medicinal preparation for symptomatic treatment of respiratory ailments. On January 1, 1961, the Appellant filed a notice of opposition to the registration of the said mark 'TRISTINE' on the ground that it was deceptively similar to its trade mark 'DRISTAN'. The Appellant's opposition was not accepted by the Assistant Registrar of Trade Marks, Bombay, and by his order dated March 27, 1962, he ordered the trade mark 'TRISTINE' to be registered in Part A of the Register of Trade Marks. The Appellant thereupon filed an appeal in the Bombay High Court which was allowed by a learned Single Judge of that High Court on February 5, 1963. The First Respondent thereupon filed an appeal before a Division Bench of the said High Court and the Division Bench on April 1, 1968, allowed the said appeal but directed that the Respondent application be amended so as to read the trade MARK 'TRISTIN' as 'TRISTINA'.

In the meantime, while the First Respondent's application for registration of the trade mark 'TRISTINE' was pending, the Indian Company applied on September 23, 1960, to the Central Government under section 11 of the Industries (Development and Regulation) Act, 1951, for a licence to manufacture the tablets 'DRISTAN'. In the said applications the Indian Company stated :

No Royalty payment is involved. This new product will be marketed under the trade mark 'DRISTAN' which belongs to American Home Products Corporation, New York who own 40% of the Company's capital and whose products are manufactured and distributed by us in India.

The Indian Company installed the said Stokes machine at its Ghatkopar factory on October 5, 1960 and also informed the appellant that as the said machine was installed, the Indian Company would be working on experimental batches of 'DRISTAN' tablets after completing a few formalities which the Government has to do. It also wrote to the said Home Products International Limited requesting it for a sample of 200 gms of Phenindamine Tartarate U.S.P., one of the ingredients used in the manufacture of 'DRISTAN' tablets. The Indian Company also applied for an import licence for import of Phenylphrine Hydrochloride and Phenindamine Tartarate to the value of Rs. 6,000 and Rs. 12,000 c.i.f. Bombay respectively for the purpose of initial production of 'DRISTAN' tablets. The licence under the Industries (Development and Regulation) Act, 1951 was granted to the Indian Company on January 19, 1961, for the manufacture of 'DRISTAN' tablets to the extent of five lakh tablets per month. Two of the conditions of the said licence were that no royalty would be payable

and that the product will be marketed with the trade mark already in use or without any trade mark . A further condition was that no special concession in regard to the import of basic raw materials and ingredients would be sought in relaxation of the general policy in force from time to time. On January 23, 1961, the Indian Company applied to the Director, Drugs control Administration, State of Maharashtra, for permission to manufacture 'DRISTAN' tablets. The said application was approved by the Drugs Controller on February 10, 1961. Meanwhile, on January 18, 1961, the Appellant had filed a notice of opposition to the application for registration of the mark 'TRISTINE'. As a counterblast to the said notice of opposition, the First Respondent on April 10, 1961, filed with the Registrar of Trade Marks, Calcutta, an application, being Application No. Cal-17, for rectifying the Register of Trade Marks by removing therefrom the Appellant's trade mark 'DRISTAN'. On May 5, 1961, the first Respondent applied for amendment of the said Rectification Application by substituting the paragraph containing the submissions in support of the grounds taken therein by a new paragraph. This application for amendment was allowed.

On October 18, 1961, an agreement was entered into between the Appellant and the Indian Company for granting to the Indian Company the non-exclusive right to use the trade mark 'DRISTAN' upon or in relation to the goods in respect of which the said trade mark was registered during the unexpired residue of the term of the registration of the said trade mark and during all extensions of the same subject to the determination of the said agreement as provided therein. By the said agreement, the Indian Company agreed to become the registered user of the said trade mark 'DRISTAN' and further agreed that the rights granted to it under the said agreement would not be deemed to entitle it to use the said trade mark otherwise than as the registered user thereof. Clauses 3, 4, 5, 6 and 7 of the said agreement provided as follows :

"3. The Indian Company shall follow the formulae and specifications prescribed and supplied by the American Company. The Indian Company will conform to the technical advice tendered, will use the quality control methods prescribed by or on behalf of the American Company in the course of manufacture of the goods and will not place upon the market any goods which do not attain to the standard of quality fixed by the American Company.

4. To ensure maintenance of standards, the Indian Company will submit to the American Company or to laboratories designated by the American Company for test purposes batch samples of the goods manufactured and also permit duly authorised representatives of the American Company to examine and inspect the Indian Company's installations and manufacturing processes and control methods used in the manufacture of the said goods on the premises of the Indian Company at any time.

5. The Indian Company covenants that it will not use the said Trade mark in any manner whatsoever which may jeopardize the significance, distinctiveness or validity of the said Trade Mark and the Indian Company will take all steps within its power to protect and defend or assist in protecting defending the right of the American Company in and to the said Trade Mark.

6. All use of the said Trade mark by the Indian Company shall clearly show its ownership by the American Company and its ownership by the Indian Company only by permission of the American Company. The Indian Company therefore will apply and use the said Trade mark only in such form and manner as the American Company may from time to time direct and all labels, containers, packing, pamphlets, advertising and the like shall show the said Trade mark in manner, design and use as the American Company so directs and with the prior approval in writing of the American Company.

7. There is no royalty or other remuneration payable by the Indian Company to the American Company for the proposed permitted use of the said trade mark.

The said agreement provided that in the event of any breach or default by the Indian Company of any of the conditions contained in the said agreement, the appellant would have the right to prohibit forthwith further use by the Indian Company of the trade mark 'DRISTAN'. The said agreement was to remain in force until determined by either party by ninety days' notice in writing and in the event of such termination the Indian Company was to discontinue all further use of the said trade mark and to deliver to the Appellant the manufacturing technology relating to the said tablets 'DRISTAN' including formulae, raw materials, finishing materials and packing materials supplied by or on behalf of the Appellant and to hold at the disposition of the Appellant or its authorized representative all stocks of finished goods ready for transfer to any party or parties to whom the Appellant or its authorized representative may direct delivery against payment of any accrued or unpaid manufacturing charges with respect to the same.

On October 22, 1961, the 'DRISTAN' tablets were first marketed in India by Indian Company. On March 6, 1962, a joint application in Form TM-28 was made by the Appellant and the Indian Company for registering the Indian Company as a registered user of the trade mark 'DRISTAN' in respect of the goods for which it was registered subject to the following conditions or restrictions set out in the said application :-

The Trade Mark is to be used by the registered user in relation to the goods only so long as the goods are manufactured in accordance with the formulae and specifications prescribed and supplied by the registered proprietor, only so long as the registered user conforms to the technical advice tendered and uses the quality control methods prescribed by or on behalf of the registered proprietor in the course of manufacture of the goods and only so long as the registered proprietor has a right to inspect, on the premises of the registered user, the goods, the installations, manufacturing processes and control methods used in the manufacture of the goods and is supplied on request with samples of the goods.

In the said application it was stated that the proposed permitted use was without limit of period subject to the right of the registered proprietor, namely the Appellant, to apply for cancellation of the registered user forthwith after giving ninety days notice in writing to the Indian Company. The said application was accompanied by an affidavit of Kenneth A. Bonham, the executive Vice

President of the Appellant, affirmed on October 18, 1961, that the trade mark 'DRISTAN' was not till then used in India. In view of the said rectification proceedings, the said application for registering the Indian Company as registered user of the trade mark 'DRISTAN' was not processed but kept pending until the final decision of the Rectification Application made by the First Respondent.

On December 7, 1964, the Registrar of Trade Marks, Calcutta, dismissed with costs the First Respondent's Rectification Application. The First Respondent thereupon filed an appeal in the Calcutta high Court, being Appeal No.61 of 1965, making the Second Respondent before us the Registrar of Trade Marks, Calcutta, the Second Respondent thereto. A learned single Judge of the said high Court by his judgment delivered on May 10, 13 and 14, 1968, reported as Mac Laboratories private Ltd. v. American home Products Corporation and Anr. A.I.R. 1969 Cal. 342, allowed the said appeal with costs and set aside the order of the Registrar of Trade marks. Thereupon, the Appellant filed a further appeal, being Appeal No. 165 of 1968. A Division Bench of the said High Court by its judgment and order dated December 1, 1969, reported as American home products Corpn. v. Mac Laboratories Private Ltd. and Anr. (1970-71) 75 C.W.N. 118, S.C., L194 Fleet Street Reports 215, dismissed the said appeal with no order as to costs. It is against this judgment and order that the present Appeal by certificate has been filed .

In order to appreciate what was held by the Registrar of Trade Marks and the learned Single Judge and the Division Bench of the Calcutta high Court and to test the correctness of the rival submissions advanced before us, it is now necessary to refer to the relevant statutory provisions.

The first legislation in India relating to trade marks was the Trade Marks Act, 1940 (Amt No. V of 1940), hereinafter referred to as the 1940 Act . The 1940 Act was repealed and replaced with effect from November 25, 1959, by the Trade and Merchandise Marks Act, 1958 (Act No. 43 of 1958), hereinafter referred to as the 1958 Act . Section 2 of the 1958 Act is the definition section. Clause (v) of section 2(1) defines the expression trade mark inter alia as meaning 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 identity of that person . The definition of the expression trade mark contained in clause (1) of section 2 of the 194 Act was the same as the portion of clause (v) of section 2(1), of the 1958 Act reproduced above. Under clause lb) of section 22) any reference to the use of a mark in relation to the goods is to be construed as a reference to the use of the mark upon, or in any physical or in any other relation whatsoever, to such goods .

Clauses

(q), (r) and (s) of section 2(1 define the expressions registered proprietor , registered trade mark and registered user . They read as follows :

"(q) 'registered proprietor', in relation to a trade mark, means the person for the time being entered in the register as proprietor of the trade mark;

'registered trade mark' means a trade mark which is actually on the register;

(s) 'registered user' means a person who is for the time being registered as such under section 49 .

Clause (x) of section 2(1) defines the expression tribunal as meaning the Registrar or, as the case may be, the High Court, before which the proceeding concerned is pending .

The other definition which is relevant for our purpose is that of the expression permitted use contained in clause

(m) of section 2(1). That definition is as follows :

(m) 'permitted use', in relation to a registered trade mark, means the use of a trade mark -

(i) by a registered user of the trade mark in relation to goods

(a) with which he is connected in the course of trade; and

(b) in respect of which the trade mark remains registered for the time being; and

(c) for which he is registered as registered user; and

(ii) which complies with any conditions or restrictions to which the registration of the trade mark is subject .

Section 6 provides for the maintenance of a record called the Register of Trade Marks in which all registered trade marks are to be entered. Under section 71), the Register is to be divided into two parts called respectively Part A and Part . Under section 72), the register or Trade Marks existing at the commencement of the 1958 Act is to be incorporated with and to form part of Part A of the Register. The Appellant's trade mark 'DISTAN' having been registered under the 194 Act, it became part of Part A of the Register of Trade Marks under the 1958 Act. Under section 136(2), a registration made under the 1940 Act is, if in force at the commencement of the 1958 Act, to continue in force and have effect as if made under the corresponding provision of the 1958 Act. Sub-section (1) of section 9 of the 1958 Act, which corresponds to sub-section (1) of section 6 of the 1940 Act sets out the requisites for registration of a trade mark. Under it a trade mark is not to be registered in Part A of the Register unless it contains or consists of at least one of the essential particulars set out in that sub-section. One of the essential particulars set out in section 9(1) is one or more invented words .

Sub-section (1) and (4) of section 1 provide as follows :

1. Application for Registration. - (1) Any person claiming to be the proprietor of a trade mark used or proposed to be used by him, who is desirous of registering it, shall apply in writing to the Registrar' in the prescribed manner for the registration of his

trade mark either in Part A or in Part of the Register.

x x x x x (4) Subject to the provisions of this Act, the Registrar may refuse the application or may accept it absolutely or subject to such amendments, modifications, conditions or limitations, if any as he may think fit.

The Appellant' application for registration of the trade mark 'DRISTAN' was made under section 14(1) of the 1940 Act which provided as follows :

"14. application for registration.-

(1) Any person claiming to be the proprietor of a trade mark used or proposed to be used by him who is desirous of registering it shall apply in writing to the Registrar in the prescribed manner, and subject to the provisions of this Act, the Registrar may refuse the application or may accept it absolutely or subject to such amendments, modifications, conditions or limitations, if any, as he may think fit-

It is pertinent to note that both under section 14(1) of the 1940 Act and section 18(1) of the 1958 Act, an application for registration must be made by a person claiming to be the proprietor of a trade mark used or proposed to be used by him. Therefore, unless it is the case of an applicant for registration that he is the proprietor of a trade mark which has been used by him or which is proposed to be used by him, he is not entitled to registration. Admittedly, in this case the trade mark 'DRISTAN' was not at any time used by the Appellant in India at the date when it made its application for registration on August 18, 1958, nor did it claim in its application that the said trade mark had been so used by it. That was stated in the said application as that the said trade mark was proposed to be used by it. Once an application for registration is made and accepted by the Registrar, the Registrar has to cause the application to be advertised and within three months from the date of the advertisement, any person may lodge with the Registrar a notice of opposition in writing to the registration of such mark. A copy of such notice of opposition is to be served upon the applicant. These provisions made in sections 20 and 21 of the 1958 Act correspond to section 15 of the 1940 Act. Under section 23(1), if the application has not been opposed and the time for giving the notice of opposition has expired or if the application has been opposed and the opposition has been decided in favour of the applicant, the Registrar is "unless the Central Government otherwise directs to register the said trade mark in Part A or Part of the Register, as the case may be. The trade mark when registered is to be registered as of the date of the making of the application for registration and such date is to be deemed to be the date of registration. A similar provision existed in section 16 of the 1940 Act. No notice of opposition to the registration of the trade mark 'DRISTAN' was ever lodged by anyone, and accordingly it was ordered to be registered by the Registrar of Trade marks. In view of the provisions of section 16 of the 1940 Act, the said trade mark 'DRISTAN' was to be deemed for the purposes of the 1940 Act to be registered from the date of the application for its registration namely, from August 18, 1958 and even after the coming into force of the 1958 Act to be deemed to be registered from the same date for the purposes of the 1958 Act. Under section 25 of the 1958 Act, which corresponds to section 1 of the 1940 Act, the registration of a trade mark is to be for a period of seven years, but can be renewed from time to time on application made by the registered proprietor of the

trade mark in the prescribed manner and within the prescribed period and subject to the payment of the prescribed fee. The renewal of the registration of a trade mark is to be for a period of seven years from the date of expiration of the original registration or the last renewal of registration, as the case may be.

The registration of a trade mark confers very valuable rights upon the registered proprietor of that trade mark. Under section 27(1) of the 1958 Act, no person can institute any proceeding to prevent, or to recover damages for, the infringement of an unregistered trade mark. However, his right of action against any person for passing off goods as the goods of another person or the remedies in respect thereof is not affected by reason of the fact that his trade mark is an unregistered one. Under section 28(1) of the 1958 Act, subject to other provisions of the Act, the registration of a trade mark, if valid, gives to the registered proprietor of the trade mark the exclusive right to the use of the trade mark in relation to the goods in respect of which the trade mark is registered and to obtain relief in respect of that a company is about to be formed and registered under the Companies Act, 1956, and that the applicant intends to assign the trade mark to- that company with a view to the use thereof in relation to those goods by the company.

(2) The tribunal may, in a case to which sub-section (1) applies, require the applicant to give security for the costs of any proceedings relative to any opposition or appeal, and in default of such security being duly given may treat the application as abandoned.

(3) Where in a case to which sub-section (1) applies, a trade mark in respect of any goods is registered in the name of an applicant who relies on intention to assign the trade mark to a company, then, unless within such period as may be prescribed, or within such further period not exceeding six months as the Registrar may, on application being made to him in the prescribed manner, allow, the company has been registered as the proprietor of the trade marks in respect of those goods, the registration shall cease to have effect in respect thereof at the expiration of that period, and the Registrar shall amend the register accordingly.

An important section for the purpose of the present Appeal is section 46 which provides for removal of a registered trade mark from the Register. The infringement of the trade mark in the manner provided by the 1958 Act. A similar provision was to be found in section 21(1) of the 1940 Act. Section 29 of the 1958 Act defines what constitutes infringement of a trade mark while section 30 sets out the acts which do not constitute an infringement of the right to the use of a registered trade mark. Under section 36, a registered proprietor of a trade mark has the power to assign the trade mark. Under section 37, a trade mark is assignable and transmissible whether with or without the goodwill of the business concerned and that in respect either of all the goods in respect of which the trade mark is registered or of some only of those goods. Under section 38, an unregistered trade mark is not assignable or transmissible except in the cases set out in sub-section (2) of that section.

Section 45 provides as follows :

"45 Proposed use of trade mark by company to be formed.-

(1) No application for the registration of a trade mark in respect of any goods shall be refused, nor shall permission for such registration be withheld, on the ground only that it appears that the applicant does not use or propose to use the trade mark, if the Registrar is satisfied material provisions of section 46 are as follows :

46. Removal from register and imposition of limitations on ground of no-use.

(1) Subject to the provisions of section 47, a registered trade mark may be taken off the register in respect of any of the goods in respect of which it is registered on application made in the prescribed manner to a High Court or to the Registrar by any person aggrieved on the ground either

(a) that the trade mark was registered without any bonafide intention on the part of the applicant for registration that it should be used in relation to those goods by him or, in a case to which the provisions of section 45 apply, by the company concerned, and that there ha, in fact, been no bona fide use of the trade mark in relation to those goods by any proprietor thereof for the time being up to a date one month before the date of the application; or

(b) that up to a date one month before the date of the application, a continuous period of five years or longer had elapsed during which the trade mark was registered and during which there was no bona fide use thereof in relation to those goods by any proprietor thereof for the time being:

Provided that, except where the applicant has been permitted under sub-section (3) of section 12 to register an identical or nearly resembling trade mark in respect of the goods in question or where the tribunal is of opinion that he might properly be permitted so to register such a trade mark, the tribunal may refuse an application under clause

(a) or clause (b) in relation to any goods, if it is shown that there has been, before the relevant date or during the relevant period, at the case may be, bona fide use of the trade mark by any proprietor thereof for the time being in relation to goods of the same description, being goods in respect of which the trade mark is registered.

x x x x (3) An application shall not be entitled to rely for the purpose of clause (b) of sub-section (1) or for the purposes of sub-section (2) on any non- use of a trade mark which is shown to have been due to special circumstances in the trade and not to any intention to abandon or not to use the trade mark in relation to the goods to which the application relates."

The First Respondent's said application for rectification was made both under section 46 and 56 of the 1958 Act. Under section 56(2), any person aggrieved by any entry made in the Register of Trade Marks without sufficient cause or by any entry wrongly remaining on the Register may apply in the prescribed manner to a High Court or to the Registrar, and the tribunal may make such order for making, expunging or varying the entry as it A may think fit. Under section 56(4), this power can also be exercised by the High Court or the Registrar of its own motion after giving notice to the parties concerned and after giving them an opportunity of being heard. This power includes the power to cancel or vary the registration of a trade mark. Against such an order made by the

Registrar rectifying, cancelling or removing a trade mark from the Register of Trade Marks, an appeal lies under section 109 to a Single Judge of the High Court and against an order made by the Single Judge of the High Court, a further appeal lies to a Bench of the High Court.

What is now required to be set out is section 48 of the 1958 Act, the interpretation of which is crucial for the purpose of deciding this Appeal, for that section provides for registration of a registered user and the effect of such registration.

Section 48 provides as follows :

48. Registered users.-

(1) Subject to the provisions of section 49, a person other than the registered proprietor of a trade mark may be registered as the registered user thereof in respect of any or all of the goods in respect of which the trade mark is registered otherwise than as a defensive trade mark; but the Central Government may, by rules made in this behalf, provide that no application for registration as such shall be entertained unless the agreement between the parties complies with the conditions laid down in the rules for preventing trafficking in trade marks.

(2) The permitted use of a trade mark shall be deemed to be use by the proprietor thereof, and shall be deemed not to be use by a person other than the proprietor, for the purposes of section 46 or for any other purpose for which such use is material under this Act or any other law.

Section 49 prescribes the procedure for registration of a registered user and is in the following terms :

49. Application for registration as registered user.-

(1) Where it is proposed that a person should be registered as a registered user of a trade mark, the registered proprietor and the proposed registered user shall jointly apply in writing to the Registrar in the prescribed manner, and every such application shall be accompanied by -

(i) the agreement in writing or a duly authenticated copy thereof, entered into between the registered proprietor and the proposed registered user with respect to the permitted use of the trade mark; and

(ii) an affidavit made by the registered proprietor or by some person authorised to the satisfaction of the Registrar to act on his behalf,-

(a) giving particulars of the relationship, existing or proposed, between the proprietor and the proposed registered user, including particulars showing the degree of control by the proprietor over the permitted use which their relationship will confer and whether it is a term of their relationship that the proposed registered user shall be the

sole registered user or that there shall be any other restriction as to persons for whose registration as registered users application may be made;

(b) stating the goods in respect of which registration is proposed;

(c) stating the conditions or restrictions, if any, proposed with respect to the characteristics of the GOODS to the mode or place of permitted use, or to any another matter;

(d) stating whether the permitted use is to be for a period or without limit of period, and, if for a period, the duration thereof; and

(iii) such further documents or other evidence as may be required by the Registrar or as may be prescribed.

(2) When the requirements of sub-section (1) have been complied with to his satisfaction, the Registrar shall forward the application together with his report and all the relevant documents to the Central Government.

(3) On receipt of an application under sub-section (2), The Central Government, having regard to all the circumstances of the case and to the interests of the general public, and the development of any industry, trade or commerce in India, may direct the Registrar

(a) to refuse the application; or

(b) to accept application either absolutely or subject to any conditions, restrictions or limitations which the Central Government may think proper to impose;

Provided that no direction for refusing the application or for its acceptance conditionally shall be made unless the applicant has been given an opportunity of being heard.

(4) The Registrar shall dispose of the application in accordance with the directions issued by the Central Government sub-section (3). (5) The Central Government and the Registrar shall, if so requested by the applicant, take steps for securing that information given for the purpose of an application under this section (other than matters entered in the register) is not disclosed to rivals in trade.

(6) The Registrar shall issue notice in the prescribed manner of the registration of a person as a registered user, to ocher registered users of the trade mark, if any.

As we have seen, before a person can be registered as a registered user of a registered trade mark, the registered user's agreement between the parties is to comply with the conditions laid down in

the Rules for preventing trafficking in trade marks. section 133 confers upon the Central Government, by notification published in THE Official Gazette and subject to the condition of previous publication" the power to make rules to carry out the purposes of the 1958 At. Under section 134, all rules so made are to be laid for not less than thirty days before each house of Parliament as soon as may be after they are made and are to be subject to such modification as Parliament may make in the session in which they are so laid or the session immediately following. In exercise of this power the Central Government has made the Trade and Merchandise Marks Rules, 1959. Chapter V of these Rules consisting of Rules 82 to 93 relates to registered users. Under Rule 82, an application for registering a person as a registered user is to be made in Form TM-28 jointly by the proposed registered user and the registered proprietor of the trade mark and is to be accompanied inter alia by the agreement in writing or a duly authenticated copy thereof entered into between the registered proprietor and the proposed registered user with respect to the permitted use of the trade mark. Rule 85 is in the following terms :

85. Consideration by the Central Government.- The Central Government, on receipt of an application for registration as registered user forwarded to it by the Registrar under sub-section (2) of section 49, shall, if satisfied that the application and the accompanying documents comply with the provisions of the Act and the rules, consider whether the APPLICATION should be allowed having regard to the matters specified in sub-section (3) of that section, and in doing so may take into account all or any of the following matters :-

(1) whether the permitted use if allowed would contravene the policy of the Act which is to prevent trafficking in trade marks; (2) whether the registered proprietor has registered the trade mark without any bona fide intention to use it in relation to his goods in the course of trade or solely or mainly for the purpose of permitting others to use it under agreements for registered user; and (3) whether the registered proprietor has acquired title to the trade mark by assignment without any bona fide intention to use it in relation to his goods in the course of trade or solely or mainly for the purpose of permitting others to use it under agreements for registered user.

Explanation I. - For considering the bona fides of the registration of the trade mark under clause (2) regard shall be had inter alia to -

(a) whether the goods for which the trade mark is registered are similar to or are different from the goods in which the registered proprietor has been trading or dealing before the registration of the mark;

(b) whether the registered proprietor has ever used the mark in question in relation to his goods in the course of trade before the date of the agreement for registered user, and if so, the amount and duration of such user;

(c) whether the terms as to royalty and other remuneration payable by the proposed registered user and reasonable taking into account the expenses which the registered

proprietor is likely to incur i exercising over the permitted use.

Explanation II. - For Considering the bona fides of the I acquisition of title under clause (3) regard shall be had, besides the matters SEL out in Explanation I to the following further matter, namely, whether the registered proprietor has obtained assignment of other registered trade mark and if o, whether he ha dealt with such other marks by way of assignment or registered user.

Three grounds were taken in the First Respondents Application for Rectification. It will facilitate an understanding of the controversy between the parties if we were to reproduce these grounds. They are :

(i) 'That the said trade mark 'DRISTAN' is deceptively and confusingly similarity the mark 'BISTAN' Registered under No 122391 in class 5 (advertised in T.M. Journal No. 47) in the name of Messrs Prof. Gajjar's Standard Chemical Works Ltd., of Bombay. The said trade mark 'BISTAN' has been used and is being used by its said proprietors in respect of their medicinal preparation since several years pat.

(ii) That the Registered Proprietor on the said trade mark 'DRISTAN' alleged in the said opposition No. Bom. 76 that the said trade mark 'DRUSTAN' is deceptively similarity the said trade mark 'TRISTINE' which the Applicants have lawfully been using since October 1960 in respect of their medicinal preparation.

(iii) That there has been no bonafide use of the said trade mark 'DRISTAN' in India in relation to the goods for which it is registered by any proprietor thereof for the time being upto date one month before the date of this application.

The second ground mentioned above was taken in order make out that the First Respondent was a person aggrieved for the purposes of section 46 and 56(2) of the 195 Act. The Appellant had contested this position but this particular controversy does not survive for it is no more in dispute that the First Respondent was person aggrieved.

The submission set out in the said Application for Rectification in support of the above three grounds were substituted by fresh submissions by an amendment as mentioned earlier. These submissions define the scope of the controversy between the parties. The submissions so substituted were

(i) That the said trade mark 'DRISTAN' was not distinctive mark and nor was not regenerable trade mark under Sec.6 of the Trade marks Act, 1940 (corresponding to Section 9 of Act No. 40 of 1958), except upon evidence of its distinctiveness and no such evidence was submitted to the Registrar before registration.

(ii) That the said trade mark was registered in contravention of Section 8 of the Trade Marks Act, 1940 (corresponding to Section 11 of the present Act, of 1958).

- (iii) That the said trade mark offends against the provisions of Section 11 of the Act.
- (iv) That the said trade mark 'DRISTAN' is not distinctive of the goods of the registered proprietors.
- (v) That the said trade mark 'DRISTAN' was registered without any bonafide intention on the part of the Applicants for registration that it should be used in relation to their medicinal preparation for symptomatic treatment of respiratory ailments by them and that there has, in fact, been no bona fide use in India of the said trade mark 'DRISTAN' in relation to the said goods by the said proprietors upto a date one month before the date of this application.

All the above submissions were rejected by the Registrar. In coming to the conclusion that the Appellant had the bona fide intention to use the trade mark 'DRISTAN' the Registrar relied upon the decision of Lloyd-Jacob, J., in the case of 'BOSTITCH' Trade Mark, (1963) R.P.C. 183. Accordingly, the Registrar dismissed the said Rectification Application. During the course of the proceedings, a carton of 'DRISTAN' tablets was filed along with an affidavit made on behalf of the First Respondent. The legend upon the said carton read as follows :

MADE IN INDIA BY ; GEOFFREY MANNERS & CO. LIMITED, Magnet House,
Doughall Road, Bombay for the Proprietors Whitehall Laboratories, New York, N.Y.,
U.S.A."

The Registrar held that Whitehall Laboratories was not a separate legal entity and, therefore, the mark could not be registered in its name but only in the name of the Appellant of which it formed a part and accordingly the Registrar ordered the entry in the Register relating to the Trade Mark 'DRISTAN' to be varied by amending the registered proprietor's name to read as 'American Home Products Corporation (a corporation organised under the laws of the State of Delaware, United States of America) trading as Whitehall Laboratories . In the appeal filed by the First Respondent against the order of the Registrar the learned single Judge held that at the date of the making of the application for registration the Appellant did not have a bona fide intention to use the trade mark 'DRISTAN', by itself. In coming to this conclusion the learned Single Judge relied upon the decision of the word of Trade in England in the case of 'PUSSY GALORE' Trade Mark, (1967) R.P.C. 265, 1954 (hereinafter referred to as the Shavaksha Committee Report), and the Report of Mr. Justice Rajagopala Ayyangar on Trade Marks Law Revision, 1955 (hereinafter referred to as the Ayyangar Report). The learned Single Judge further held that the Appellant had not at any time used the said trade mark in relation to the goods in respect of which it was registered. According to the learned Single Judge, the legal fiction created by section 48(2) of the 1958 Act came into play only after a trade mark was registered and that an intention to use a trade mark through someone who would subsequently get himself registered as a registered user did not amount to an intention on the part of the applicant for registration to use the trade mark himself. The learned Single Judge held that to accept the Appellant's said contention would amount to permitting traffic hang in trade marks. In view of the conclusion he had reached, the learned Single Judge did not decide the question whether trade mark 'DRISTAN' was deceptively and confusingly similar to the trade mark 'BISTAN'. The learned Single Judge accordingly allowed the said appeal. In further appeal the Division Bench rejected the contention that the trade mark 'DRISTAN' was deceptively and confusingly similar to

the trade mark 'BISTAN'. It, however, confirmed the judgment of the learned Single Judge in respect of the construction which he had placed upon section 18 and 48 of the 195 Act in order to come to the conclusion that the Appellant had no bona fide intention to use itself the trade mark 'DRISTAN' and that the Appellant had not at any time made use of the said trade mark. It accordingly dismissed the Appellant's further appeal. The main judgment of the division bench was delivered by S.K. Mukherjee, J., with whom A.K. Mukherjee, J., agreed and at the conclusion of his judgment S.K. Mukherjee, J., pointed out the hardship which the construction placed by the Division Bench upon section 18 and 48 of the 1958 Act would lead to. These observations are (at page 143) :

"It is neither good sense nor good policy to be plus royaliste que le roi, to be more of a royalist than the king himself. A legal situation which permits use of a registered trade mark by a registered user but disqualifies the proprietor from registering his mark if he intends to use it only through a registered user even when a user is available who is ready and willing to be registered on terms which are unexceptionable, is a situation fraught with three-quarters irony and the rest unconscious humour.

It is not for the Courts of Law to provide relief where relief should be provided by the legislature by ignoring a conscious departure the statute has made, strain its construction and assume powers which are properly belong to the legislature."

(Emphasis supplied.) proper construction of the relevant sections of the 1958 Act shows that there is neither any cause for sardonic merriment nor any need to shed tears.

The submissions made at the hearing of this Appeal by Mr. F.S. Nariman, learned counsel for the Appellant, may be thus summarized :

1. The legal fiction created by sub-section (2) of section 48 is, as expressly stated in that sub-section, for the purposes of section 46 or for any other purpose for which such use is material under the 195 Act or any other law. To confine this fiction to a case of an actual use of a trade mark by a registered user is to confine it only to use for the purposes of clause (b) of section 46(1) which is contrary to the purpose for which the said fiction was created and, therefore, when section 1(1) of the 195 Act (corresponding to section 14(1) of the 1940 Act) uses the words "proposed to be used", these words must be read as proposed to be used by a proposed registered user.

2. To register a trade mark which is proposed to be used by a registered user does not per se amount to trafficking in trade marks and whether it does so or not must depend upon the facts and circumstances of each case.

3. The reliance placed by the High Court, both by the learned single Judge and Division Bench upon the 'PUSSY GALORE' Trade Mark Case was unjustified and unwarranted inasmuch as the provisions of the English Act, namely, the Trade Marks Act, 1938, are radically different from those

of the 1958 Act as also the 194 Act an, therefore, that case has no relevance so far as the construction of section 18(1) read with section 48(2) of the 1958 Act is concerned.

4. The reliance placed by the High Court (both by the learned single Judge and the Division Bench upon the Shavaksha Committee Report and the Ayyangar Report was equally misplaced as Parliament did not accept the recommendations with respect to registered users made in either of these reports.

5. The facts and circumstances of the case show that the appellant had at the date of the making of the application for registration a bona fide intention to use the trade mark 'DRISTAN' through a registered user.

6. In any event, the Appellant itself had made bona fide use of the said trade mark up to a date one month before the date of the First Respondent's Application for Rectification.

The submissions made by Dr. Gauri Shankar, learned Counsel for the First Respondent, were as follows :

1. The words proposed to be used" in section 18(1) of the 1958 Act and section 14(1) of the 1940 Act mean proposed to be used by the applicant for registration, his servants and agents and not by any person who is proposed to be got registered as a registered user and, therefore, the legal fiction enacted in section 48(2) cannot be imported into section 18(1).

2. A registered user can only come into being after a trade mark is registered. Therefore, as at the date of an application for registration of a trade mark, there cannot be any person in existence who is a registered user, the words "proposed to be used" cannot possibly mean proposed to be used by a proposed registered user

3. To permit a trade mark to be registered when the applicant himself does not propose to use it but proposes to use it through someone else who would subsequently be registered as a registered user would be to permit trafficking in trade marks which is contrary to the policy underlying the Trade Marks laws.

4. The only case in which the 1958 Act permits the registration of a trade mark when the applicant for registration does not intend to use it himself but intends to use in through another is the one set out in section 45, namely, where the Registrar is satisfied that a company is about to be formed and registered under the Companies Act, 1956, and the applicant intends to assign the trade mark to that company with a view to the use thereof by the Company.

5. The 1958 Act is, as the 1940 Act was, based upon the English Trade Marks Act , 1938, and the decision in the 'PUSSY GALORE' Trade Mark Case concludes this point against the Appellant.

6. The Shavaksha Committee Report and the Ayyangar Report show the legislative intent not to allow a proposed use by a proposed registered user to be equated with a proposed use by the u

applicant for registration.

7. The Appellant had not at any relevant time made use of the trade mark 'DRISTAN'

8. The Appellant had fraudulently obtained registration of the trade mark 'DRISTAN' by stating in the application for registration that it proposed to use the said trade mark itself and by not disclosing the fact that it proposed to use it through a proposed registered user.

9. The trade mark 'DRISTAN' was deceptively and confusingly similar to the trade mark 'BISTAN' and, therefore, it cannot be allowed to remain on the Register of Trade Marks.

10. To allow the trade mark 'DRISTAN' to remain on the Register of Trade Marks would be contrary to the policy of the Government of India.

We will not test the correctness of these rival submissions.

The first Respondent's Application for Rectification was stated to be made under section 46 and 56 of the 1958 Act and Rule 94 of the Trade and Merchandise Marks Rules, 1959. Rule 94 is irrelevant because it merely prescribes in which form an application for rectification of or for varying or expunging any entry in the Register of Trade Marks is to be made and by what documents such an application is to be accompanied. Under section 56 an entry wrongly remaining on the Register of Trade Marks is liable to be expunged therefrom. An entry relating to a mark the use of which would be likely to deceive or cause confusion, would be an entry wrongly remaining on the Register and, therefore, liable to be expunged therefrom.

The principal challenge of the First Respondent to the trade mark 'DRISTAN' remaining on the Register was under clause (a) of section 46(1). The main question before us, therefore, is whether the entry in the Register relating to the said trade mark falls within the mischief of the said clause (a); for if it does, it is liable to be taken off the Register. The relevant provisions of section 46 have already been set out above. Before a person can make an application under section 46(1) to take off a trade mark from the Register he has to be a "person aggrieved". It is now no more disputed that the First Respondent was a "person aggrieved" within the meaning of section 46(1). Section 46(1) provides for two cases in which a registered trade mark may be taken off the Register in respect of any of the goods in respect of which it is registered. The first case is set out in clause (a) of section 46(1) and the second in clause (b) of that sub-section. There are two conditions to be satisfied before clause (a) can become applicable. These conditions are

1. that the trade mark was registered without any bona fide intention on the applicant for registration that it should be used in relation to those goods by him, and

2. that there has, in fact, been no bona fide use of that trade mark in relation to those goods by any proprietor thereof or the time being to a date one month before the date of the application under section 46(1). The only exception to the first condition set out above is of a case to which the provisions of section 45 apply, that is, if the trade mark of which registration is sought is proposed to

be used by a company which is about to be formed and registered under the Companies Act, 1956, and to which the applicant intends to assign the trade mark. Both the conditions set out in clause (a) are cumulative and not disjunctive. Clause (a), therefore, will not apply where even though there had been no bona fide intention on the part of the applicant for registration to use the trade mark but, in fact, there has been a bona fide use of the trade mark in relation to those goods by any proprietor thereof for the time being up to a date one month before the date of the application under section 46(1). Similarly, clause (a) will not apply where, though there had been a bona fide intention on the part of the applicant for registration to use the trade mark, in fact, there has been no bona fide use of the trade mark in relation to those goods by any proprietor thereof for the time being up to a date one month before the date of the application under section 46(1).

Clause (b) of section 46(1) applies where for a continuous period of five years or longer from the date of the registration of the trade mark, there has been no bona fide use thereof in relation to those goods in respect of which it is registered by any proprietor thereof for the time being. An exception to clause (b) is created by section 46(3). Under section 46(3), the non-use of a trade mark, which is shown to have been due to special circumstances in the trade and not to any intention to abandon or not to use the trade mark in relation to the goods to which the application under section 46(1) relates, will not amount to non-use for the purpose of clause (b).

The distinction between clause (a) and clause (b) is that if the period specified in clause (b) has elapsed and during that period there has been no bona fide use of the trade mark, the fact that the registered proprietor had a bona fide intention to use the trade mark at the date of the application for registration becomes immaterial and the trade mark is liable to be removed from the Register unless his case falls under section 46(3), while under clause (a) where there had been a bona fide intention to use the trade mark in respect of which registration was sought, merely because the trade mark had not been used for a period shorter than five years from the date of its registration will not entitle any person to have that trade mark taken off the Register-

Under both these clauses the burden of proving that the facts which bring into play clause (a) or clause (b), as the case may be, exists is on the person who seeks to have the trade mark removed from the Register. Thus, where there has been a non-user of the trade mark for a continuous period of five years and the application for taking off the trade mark from the Register has been filed one month after the expiry of such period, the person seeking to have the trade mark removed from the Register has only to prove such continuous non-user and has not to prove the lack of a bona fide intention on the part of the registered proprietor to use the trade mark at the date of the application for registration. Where, however, the non-user is for a period of less than five years, the person seeking to remove the trade mark from the Register has not only to prove non-user for the requisite period but has also to prove that the applicant for registration of the trade mark had no bona fide intention to use the trade mark when the application for registration was made.

The reason why the two conditions specified in clause

(a) are made cumulative is obvious. As the definition of trade mark" contained in clause (v) of section 2(1) shows, a trade mark is 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 to use the mark. It is, therefore, not necessary for the purpose of registering a trade mark that those goods should be in existence at the date of the application for registration. A person who intends to manufacture goods or has made preparations for the manufacture of goods but the manufacture has not commenced and, therefore, goods have not been marketed is none the less entitled to get the trade mark which he proposes to use in relation to those goods registered. In the present day world of commerce and industry, a manufacturing industry can neither be commenced nor established overnight. There are innumerable preparatory steps required to be taken and formalities to be complied with before the manufacture of goods can start and the manufactured goods marketed. The processes must of necessity take time. If the position were that the mere non-user of a trade mark for the period mentioned in clause (a) of section 46(1) would make a trade mark liable to be taken off the Register it would result in great hardship and cause a large number of trade marks to be removed from the Register, because the moment one month has elapsed after the registration of a trade mark has been ordered, a trade rival can make an application on the ground set out in clause (a) of section 46(1) claiming that there has been no bona fide use of the trade mark up to a date one month before the date of his application. It is in order to prevent such harassment and absurd result that the two conditions specified in clause (a) have been made cumulative.

The object underlying section 46(1) is to prevent trafficking in trade marks. This is, in fact, the object underlying all trade mark laws. A trade mark is meant to distinguish the goods made by one person from those made by another. A trade mark, therefore, cannot exist in vacuo. It can only exist in connection with the goods in relation to which it is used or intended to be used. Its object is to indicate a connection in the course of trade between the goods and some person having the right to use the mark either with or without any indication of the identity of that person. Clause (v) of section 2(1) which defines the expression 'trade mark' makes this abundantly clear. Trade marks became important after the Industrial Revolution to distinguish goods made by one person from those made by another; and soon the need was felt to protect traders against those who were unauthorizedly using their marks and accordingly registration of trade marks was introduced in England by the Trade Marks Registration Act, 1875, which was soon replaced by more detailed and advanced legislation. When a person gets his trade mark registered, he acquires valuable rights by reason of such registration. Registration of his trade mark gives him the exclusive right to the use of the trade mark in connection with the goods in respect of which it is registered and if there is any invasion of this right by any other person using a mark which is the same or deceptively similar to his trade mark, he can protect his trade mark by an action for infringement in which he can obtain injunction, damages or an account of profits made by the other person. In such an action, the registration of a trade mark is prima facie evidence of its validity. After the expiry of seven years from the date of the registration a trade mark is to be valid in all respects except in the three cases set out in section 3. The proprietor of an unregistered trade mark whose mark is unauthorizedly used by another cannot, however, sue for the infringement of such trade mark. His only remedy lies in bringing a passing-off action, an inconvenient remedy as compared to an infringement action. In a passing-off action the plaintiff will have to prove that his mark has by user acquired such reputation as to become distinctive of the plaintiff's goods so that if it is used in relation to any goods of the kind dealt with by the plaintiff, it will be understood by the trade and public as meaning

that the goods are the plaintiff's goods. In an infringement action, the plaintiff is not required to prove the reputation of his mark. Further, under section 37 a registered mark is assignable and transmissible either with or without goodwill of the business concerned while under section 38 an unregistered trade mark is not assignable or transmissible except in the three cases set out in section 3(2).

As the registration of a trade mark confers such valuable rights upon the registered proprietor thereof, a person cannot be permitted to register a trade mark when he has not used it in relation to the goods in respect of which it is sought to be registered or does not intend to use it in relation to such goods. The reason for not permitting such trade marks to be registered was thus stated by Romer, J., in *In re the Registered Trade-Marks of John Batt Co.* and *In re Carter's Application for a Trade-Mark*; (1898) 2 Ch. D. 432, 436, S.C. 15 R.P.C. 262, 266.

"...one cannot help seeing the evils that may result from allowing trade-marks to be registered broadcast, if I may use the expression, there being no real intention of using them, or only an intention possibly of using them in respect of a few articles. The inconvenience it occasions, the cost it occasions, is very large, and beyond that I cannot help seeing that it would lead in of cases to absolute oppression, and to persons using the position they have obtained as registered owners of trade marks (which are not really bona fide trade marks) for the purpose of trafficking in then and using the as a weapon to obtain money from subsequent persons who may want to use bona fide trade marks in respect of some classes in respect of which they find those bogus trade-marks registered.

(Emphasis supplied) The judgment of Romer, J., in *Batts* case was confirmed by the Court of Appeal, (1898) 2 Ch.D.432 at pages 439-442, and by the house of Lords sub nomine John Batt & co.v. dunnett and Anr. (1986) A.C.420; S.C. 16 R.P.C. 411.

To get a trade mark registered Without any intention to use it in relation to any Goods but merely to make money out of it by selling to others the right to use it would be trafficking in that trade mark. In *Re American Greetings Cor Application*, [1983] 2 ALLEY. ALL E.K. 609, 619, Dillon, L. J., said in the Court of Appeal :

"Trafficking in a trade mark has from the outset been one of the cardinal sins of trade mark law. but there is no statutory definition of trafficking, and one may suspect that, as with usury in the middle Ages, though it is known to be a deadly sin, it has become less and less clear, as economic circumstances have developed, what the sin actually comprehends. Trafficking must involve trading in or dealing with the trade mark for money's worth, but it is not all dealing with a trade mark or money that is objectionable,, since it has always been accepted that it is permissible to sell trade mark together with the goodwill of the business in the course of which the trade Mark has been used.

(Emphasise supplied.) In the same case, Lord Brightman in the house of Lords, [1984] 1 All E.K.. 426,433, summed up the position in law thus:

" My Lords, although as a matter of ordinary English, trafficking in trade marks might mean the buying and selling of trade marks, it seems obvious that it is to have a more specialised meaning in a trade mark context. I have no quarrel with the definitions suggested by the assistant registrar and by Sir Denys Buckley, but perhaps one further attempt on y part may not be out of place. The courts have to grope for some means of delineating the forbidden territory, and h different modes of expression may help to indicate boundaries which are not and cannot be marked out with absolute precision. To my mind, trafficking in a trade mark context conveys the notion dealing in a trade mark primarily as, commodity in its won right and not primarily for the purpose of indentifying or promoting merchandise in which the proprietor of the nark is interested. if tiler is no real trade connection between the proprietor of the mark and the licensee or his goods, there is room for the conclusion that the grant of the licence is a trafficking in the ark. It is a question of fact and degree in ever case whether a sufficient trade connection exists.

We have no hesitation in accepting the meaning given to the expression trafficking in a trade Dillon, LJ., and Lord Brightman.

The intention to use a trade mark sought to be registered must be, therefore, genuine and real and as pointed out by J Tomlin, J., in In re ducker's Trade mark (1928) Ch. L 405, 409, the fact that the mark was as thought to be something which some day might be useful would not amount to any definite and precise intention at the time of registration to use that mark. The intention to use the mark must exist at the date of the application for registration and such intention must be genuine and bona fide. In fact, section 46(1)(a) expressly speaks of "bona fide intention on the part of the application for registration which would mean "at the date when such applicant makes his application for registration We will now address ourselves to the question whether the facts which bring into play clause (a) of section 46(1) exist in the present case. What is first required to be ascertained for this purpose is whether the Appellant had an intention that the trade mark 'DRISTAN' should be used in India in relation to the concerned goods. Assuming the Appellant had such an intention, the next question which will fall to be determined is whether this intention was an intention on the part of the Appellant to use the said trade mark itself or to use it through a registered user and if he intention was to use it through a registered user, whether clause (a) of section 46(1) would be attracted. The third question will be whether such intention on the part of the Appellant was a bona fide one.

Intention is a state of mind. No person can make out the state of mind of another person. None the less courts are often called upon for various purposes to determine the state of a person's mind. The Courts can only do so by deducting the existence of a particular state of mind from the facts of a case section 14 of the Indian Evidence Act, 187, provides as follows:

"14. Facts Showing existence of state of mind, or of body or bodily feeling.-

Facts showing the existence of any state of mind, such as intention, knowledge, good faith, negligence, rashness, ill-will or good-will towards any particular person, or showing the existence of any state of body or bodily feeling, are relevant, when the existence of any such state of mind or body or bodily feeling is in issue or relevant.

Explanation 1. A fact relevant as showing the existence of a relevant state of mind must show that the state of mind exists, not generally, but in reference to the particular matter in question.

x x x x The second Explanation to that section is not material for our purpose .

It was submitted by Dr. Gauri Shankar, learned Counsel for the First Respondent, that in order to ascertain what the Appellant's intention was, the Court can only look at events previous to the relevant date, namely, the date of the application for registration made by the Appellant, that is, August 18, 1958, and not to any events subsequent thereto. Whether subsequent events are relevant or not would depend upon the facts and circumstances of each case and the question at issue therein. In *Srinivas Mall Barioliya and Anr. v. Emperor*, A.I. 1947 P.C. 135, Appellant No. 1, a Salt Agent for the District Magistrate, was inter alia charged with having abetted Appellant No.2, who had been appointed by him, in selling salt to licensed retail dealers to whom allocations of specific quantities of salt had been made by the Central Government, on three specified dates at a price exceeding the maximum price which had been fixed by the District Magistrate. Appellant No.1 was convicted and sentenced to imprisonment under Rule 81(4) of the Defence of India Rules, 1939, relating to the control of prices. In addition to the evidence of the three dealers to whom the salt was sold, nine other dealers who had bought salt from Appellant No.1 and had to deal with Appellant No.2 and had obtained salt from him at a price exceeding the fixed maximum price, were also called in evidence as prosecution witnesses. The transactions with the other nine dealers took place not only during and shortly before the dates on which the offences were committed but also after the period covered by the dates of the offences. The Judicial Committee of the Privy Council held (at page 139 :

"... The evidence was relevant to the charge of abetting, because it showed an intention to aid the commission of the offence and an intentional omission to put a stop to an illegal practice, which, it need hardly be added, was an 'illegal omission'. The evidence was thus admissible to prove intention under s. 14 Evidence Act.' (Emphasis supplied.) Dr. Gauri Shankar then submitted that in any event facts subsequent to the date of the First Respondent's Application for Rectification, namely, April 1, 1961, could not be looked at by the Court. We are equally unable to agree. As we have pointed out earlier, where a trade mark has been registered on the ground that the applicant for registration proposes to use such trade mark, a trade rival in order to cause vexation and harassment to the registered proprietor can file his application immediately after the expiry of one month from the date of the order registering the trade mark. As pointed out by us, where a trade mark is proposed to be used, the manufacture and marketing of goods in relation to which such trade mark is proposed to be used is of necessity a case of time; and not to look at events subsequent to

the date of the Application for Rectification would result in great injustice. It was next submitted by Dr. Gauri Shankar that for the purpose of ascertaining the intention of the Appellant, the Court cannot look at the technical collaboration agreement and the registered user agreement inasmuch as neither these agreements nor copies thereof were produced before the High Court but copies were produced for the first time during the course of the hearing or this Appeal. His argument also cannot be accepted. Both these agreements have been referred to in the two affidavits filed before the Registrar and the High Court and also dealt with by the Registrar, the learned Single Judge and the Division Bench in their respective judgments. In this connection, it will not be out of place to set out here the circumstances in which copies of these agreements came not to be produced before this Court. During the course of the hearing of the appeal, we called upon learned Counsel for the Appellant to file before us copies of the application for registration of the trade mark 'DRISTAN' and the application for registering the Indian Company as the registered user of the said trade mark. The original file relating to the trade mark 'DRISTAN' was before the Registrar when he heard the First Respondent's Application for Rectification and also before the High Court when the matter was heard by the learned Single Judge and the Division Bench. Copies, however, of the said two applications were not on the record, and we wanted to ascertain for ourselves what was stated in those applications. At that time learned Counsel for the first Respondent got up and requested us that the Appellant should also be asked to produce copies of the said two agreements and accordingly we directed the Appellant to file copies of those two agreements also, which it did.

It is because the intention of the Appellant at the date of filing the application for registration is to be ascertained from the facts existing in this case that we have related them at some length in the earlier part of our judgment. We will now summarize these facts with reference to three periods: (1) events which took place up to the date of the application for registration, namely, August 18, 1958, (2) events which happened between that date and the date of the Application for Rectification, namely, April 10, 1961 and (3) events which happened subsequent to April 10, 1961.

So far as the period up to August 18, 1958 concerned, prior to 1956, the Appellant had acquired a substantial shareholding to the extent of 40 per cent in the Indian Company. In 1956 the Appellant introduced 'DRISTAN' TABLETS in the American market and got the trade mark 'DRISTAN REGISTERED' in the United States of America and in several other countries. Technical collaboration between the Appellant and the Indian Company commenced from November 1, 1957, and an agreement in that behalf was signed on May 16, 1958. In pursuance of the said collaboration agreement the Indian Company manufactured and marketed several products of the Appellant. The Appellant got registered its trade marks in respect of such products and the Indian Company was registered as the registered user in respect of such trade marks. As early as December 1957, it was decided that the Indian Company should introduce in the Indian market nine new products of the Appellant including 'DRISTAN' tablets. On August 18, 1958, the Appellant filed an application for registration of the trade mark 'DRISTAN' and the said trade mark was duly registered on June 8, 1959.

Dr. Gauri shankar, however, submitted that the collaboration agreement was irrelevant because 'DRISTAN' tablets were not mentioned in Schedule A to the said agreement, and, therefore, the intention to introduce 'DRISTAN' tablets in the Indian market and the facts relating thereto did not have anything to do with the said collaboration agreement. In this behalf, Dr. Gauri Shankar relied upon the definition of 'Licensed Products' given in the said agreement. This submission is wholly without foundation. That definition related to Whitehall Products in respect of whose marketing, manufacture, sale or distribution in India, the Indian Company was to be licensed under and pursuant to the terms of the said collaboration agreement and it further stated that "these shall include those identified in Schedule Annexed hereto and made a part hereto". It is true that Schedule A to the said agreement does not mention 'DRISTAN' tablets but the products set out in schedule A are not exhaustive of the Licensed Products to which the said collaboration agreement related and this is made clear by the rule of the word "include" with reference to the products identified in Schedule A. There is no dispute that 'DRISTAN' tablets are Whitehall Products. The division of the Appellant, which at all relevant times carried on and still carries on the activity of manufacturing and marketing pharmaceutical products, is called the Whitehall laboratories and it was for this reason that the Registrar ordered the entry relating to the trade mark 'DRISTAN' to be amended so as to show the Appellant trading as 'Whitehall Laboratories. The definition of "Licensed Products" in the said collaboration agreement comprehended not only the Whitehall Products set out in Schedule A to the collaboration agreement but also other products in respect of which the Indian Company would be licensed for import, manufacture, sale or distribution in India under the terms of the said agreement. The correspondence between the parties leaves no doubt that the manufacture and of the 'DRISTAN' tablets by the Indian Company in India was to be under the said collaboration agreement.

So far as the second period is concerned, namely, that . between August 18, 1958, and the date of the first Respondent's Application for Rectification, that is, April 10, 1961, during that period the Indian Company applied for and obtained a licence for the purchase of a Stokes Triple Layer Machine for manufacturing 'DRISTAN' tablets and when the said machine was received installed it at its Ghatkopar factory. It also obtained from the Appellant three units of 'DRISTAN' tablets as samples and the manufacturing manual for the said tablets. Further, it applied to the Central Government under section 11 of the Industries (Development and Regulation) Act, 1951, for a licence to manufacture 'DRISTAN' tablets which was granted to it. It also applied for and obtained a licence to import certain ingredients used in the manufacture of 'DRISTAN' tablets and imported such ingredients. It further applied for and obtained from the Director, Drugs Control Administration, State of Maharashtra, permission to manufacture 'DRISTAN' tablets. The Appellant also filed a notice of opposition to the First Respondent's Application for registration of their mark 'TRISTINE'.

During the third period, namely, the period subsequent to the First Respondent's Application for Rectification, that is, subsequent to April 10, 1961, on October 18, 1961, the said registered user agreement was entered into between the Appellant and the Indian Company. On October 22, 1961, the 'DRISTAN' tablets were first marketed in India by the Indian Company. On March 6, 1962, the Appellant and the Indian Company jointly made an application to register the Indian Company as a registered user of the trade mark 'DRISTAN'.

The facts set out above clearly show that each of the is an integral link in a chain and that they cannot be divided into three separate periods as contended by Dr. Gauri Shankar. This continuous chain of events establishes beyond doubt that the Appellant had an intention that the trade mark 'DRISTAN' should be used in relation to the tablets in question by the manufacture and sale of these tablets in India.

This brings us to the question whether the intention of the Appellant to market and manufacture 'DRISTAN' tablets in India was to do so itself or to do so through a registered user. Mr. Nariman, learned Counsel for the Appellant submitted that as the intention of the Appellant was to market 'DRISTAN' tablets in India, it could translate that intention into action either by getting it manufactured and marketed by a registered user in India or as exporting the tablets to India and if the import policy did not permit this to be done, it could export the tablets to India when the import policy was relaxed. This argument is contrary to the facts on the record and must be rejected. A person's intention is shown by the facts of a case and not by statements made at the Bar. The facts of this case clearly establish that the Appellant's intention in applying for registration of the trade mark 'DRISTAN' was to use it in relation to goods to be manufactured and marketed by the Indian Company and that for this purpose the Indian Company would get itself registered as the registered user of the said trade mark. Further, in the affidavit sworn on April 13, 1962, by S. Waldron, Vice-President of the Appellant, it is categorically stated as follows :

"It was intended that the product bearing the 'DRISTAN' trade mark be introduced in India through Geoffrey Manners & Co. Ltd. should be registered as registered user in India of the trade mark 'DRISTAN'. For this reason all applications to Government authorities and Drug Control authorities were made by Geoffrey Manners & Co. Ltd. In implementation of the intention to appoint Geoffrey Manners & Co. Ltd. as registered users of the trade mark 'DRISTAN', preparations were undertaken to appoint Geoffrey Manners & Co. Ltd. as registered users and these culminated into execution of registered user agreement between the Registered Proprietors and Geoffrey Manners & Co. Ltd. which has been dated the 18th October, 1961".

In view of this sworn statement made on behalf of the Appellant it is not open to Counsel to submit that the proposed use by the Appellant could also have been by exporting 'DRISTAN' tablets to India.

The Appellant's application for registration of the trade mark 'DRISTAN' was made under section 14(1) of the 1940 Act and was registered under that Act. Under the said section 14(1), only a person claiming to be the proprietor of a trade mark "use or proposed to be used by him" could apply for registration of that trade mark. The provisions of section 18(1) of the 1958 Act are identical. This brings us to the crucial question whether the words "proposed to be used by him" would include "proposed to be used through a registered proprietor". In other words, the question is whether a proposed user by a registered user of a trade mark can be equated with a proposed user by the proprietor of the trade mark.

On behalf of the Appellant it was submitted by Mr. Nariman that the two phrases "proposed to be used by him" and "proposed to be used by a registered user" must be equated by reason of the statutory legal fiction created by section 48(2) of the 1958 Act which corresponds to section 39(2) of the 1940 Act. According to Mr. Nariman, unless the legal fiction enacted in section 48(2) applied also to the provisions of section 18(1), it would have a very limited operation and can apply only so far as the second condition of clause (a) of section 46(1) and clause (b) of that sub-section are concerned, which, according to him, would render nugatory the words "or for any other purpose for which such use is material under this Act or any other law" occurring in section 48(2).

Dr. Gauri Shankar on behalf of the First Respondent, however submitted that both under the 1940 Act and the 1958 Act a registered user is not the same person as the proprietor of a registered trade mark for a registered user can only be some person other than the proprietor of the trade mark and that no registered user can come into being unless and until a trade mark has been registered and thereafter an application for registration as the registered user thereof has been made and granted. He also submitted that the legal fiction enacted in section 48(2) of the 1958 Act and section 39(2) of the 1940 Act cannot for this reason apply to the provisions of section 18(1) or to the first condition of clause (a) of section 46(1) of the 1958 Act and, therefore, the Appellant was not entitled to seek the protection of the said legal fiction. According to Dr. Gauri Shankar, if the proprietor of a trade mark intended to use it through another, he could only do it by having resort to section 45 of the 1958 Act, which corresponds to section 36 of the 1940 Act, by getting it registered for the purpose of assigning it to a company to be formed and registered under the Companies Act, 1956. In Dr. Gauri Shankar's submission the only three ways in which, therefore, the trade mark 'DRISTAN' could have been used in India were for the Appellant to have resort to section 45 by floating a company to which, when incorporated, the trade mark would be assigned or by manufacturing the tablets 'DRISTAN' itself in India and thereafter by assigning it to the Indian Company or by Jointly applying along with the Indian Company to have the Indian company registered as the registered user of the said trade mark.

The Appellant's application for registration of the trade mark 'DRISTAN' was made under the 1940 Act and its registration was also ordered under that Act. The application for registering the Indian company as the registered user was, however, made under the 1958 Act. If the 1940 Act did not contain a legal fiction similar to that enacted in section 48(2) of the 1958 Act, the Appellant's case would fall to the ground because then at the date of its application for registration of the said trade mark, its intention would be not to use it itself but to use it through another. The 1940 Act, however, also made provisions with respect to registered users and created a similar legal fiction in section 39(2) of the Act. Section 39 of the 1940 Act provided as follows :

"39. Registered users.-

(1) A person other than the proprietor of a trade mark may be registered as a registered user thereof in respect of all or any of the goods in respect of which it is registered (otherwise than as a defensive trade mark) and either with or without conditions or restrictions.

(2) The permitted use of a trade mark shall be deemed to be use by the proprietor thereof, and shall be deemed not to be use by a person other than the proprietor, for any purpose for which such use is material under this Act or any other law. "The only difference between section 39(2) of the 1940 Act and section 48(2) of the 1958 Act is that while under section 39(2) the legal fiction created by it applies "for any purpose for which such use is material under this Act or any other law", under section 48(2) the legal fiction applies "for the purposes of section 46 or for any other purpose for which such use is material under this Act or any other law". The addition of the words "for the purposes of section 46" in section 48(2) not only does not make any difference but clarifies the scope of the said legal fiction. As we have seen, clause (a) of section 46(1) refers both to "bona fide intention on the part of the applicant for registration that it (that is, the trade mark) should be used in relation to those goods by him" as also to "bona fide use of the trade mark in relation to those goods do any proprietor thereof for the time being." It cannot possibly be that when section 48(2) expressly provides that the permitted user of a trade mark by a registered user is to be deemed to be user by the proprietor of the trade mark for the purposes of section 46, the fiction is intended only to apply to the use of the trade mark referred to in the second condition of clause (a) of section 46(1) and not to the use of that trade mark referred to in the first condition of the said clause (a). Under section 18(1), an application for registration of a trade mark can only be made by a person who claims to be the proprietor of that trade mark. Therefore, the words "applicant for registration" in clause (a) Of section 46(1) would mean 'the person claiming to be the proprietor of the trade mark who is the applicant for registration of that trade mark'. The first condition of clause (a) would, therefore, read "that the trade mark was registered with out any bona fide intention on the part of the person claiming to be the proprietor of that trade mark who has made the application for registration that it should be used in relation to those goods by him". So read, there can be no difficulty in reading the words "by him." also as "by a registered user". Similarly, we see no difficulty in applying the legal fiction in section 48(2) to section 18(1). Section 1b(1) in the light of the said legal fiction would read Is any person claiming to be the proprietor of a trade mark used or proposed to be used by him or by a registered user". By reason of the provisions of section 39(2) of the 194C Act, section 14(1) of that Act should also be read in the same way.

In celebrated passage Lord Asquith of Bishopstone in *East End Dwellings Co. Ltd. v. Finsbury Borough Council* (1952) A.C. 109, said (at page 132) :

" If you are bidden to treat an imaginary state of affairs as real, you must surely, unless prohibited from, doing so, also imagine as real the consequences and incidents which, if the putative state of affairs had in fact existed, must inevitably have flowed from or accompanied it.

In *the State of Bombay v. Pandurang Vinayak Chaphalkar and Others* [1953] S.C.R.773, this Court held (at page 132) while approving the above passage of Lord-Asquith :

"When a statute enacts that something shall be deemed to have been done, which in fact and truth was not done, the court is entitled and bound to ascertain for what purposes and between what persons the statutory fiction is to be resorted to and full effect must be given to the statutory fiction and it should be carried to its logic

conclusion."

The purposes for which the said fiction has been enacted are set out in section 48(2). These purposes are the purposes of section 46 or for any other purpose for which such use is material under the 1958 Act or any other law. To confine the purpose only to a part of section 46 would be to substantially cut down the operation of the legal fiction. The purpose for which the legal fiction is to be resorted to is to deem the permitted use of a trade mark, which means the use of the trade mark by a registered user thereof, to be the use by the proprietor of that trade mark. Having regard to the purposes for which the fiction in section 48(2) was created and the persons between whom it is to be resorted to, namely, the proprietor of the trade mark and the registered user thereof, and giving to such fiction its full effect and carrying it to its logical conclusion, no other interpretation can be placed upon the relevant portions of section 18(1) and of clause (a) of section 46(1) than the one which we have given.

In reaching the conclusion which they did, the learned Single Judge and the Division Bench of the High court relied heavily upon the PUSSY GALORE' Trade Mark Case. In order to understand what was held in that case it is necessary first to refer to some of the provisions of the English Trade Marks Act, 1938 (1 & 2 Geo. 6, c. 22), as the 1958 Act is based largely upon the provisions of the English Act though with certain important differences. Section 17(1) of the English Act sets out who can apply for registration of a trade mark and is in pari materia with section 18(1) of the 1958 Act. Under section 11(4), the refusal by a Registrar to register the trade mark is subject to appeal to the Board of Trade or to the court at the option of the applicant. If the appeal is to the court, there can be further appeal to the Court of Appeal and from there to the House of Lords, Section 2h provides for removal of a trade mark from the Register and is in pari materia with section 46 of the 1958 act. Section 32 deals with rectifying the entries in the Register and is analogous to section 56 of the 1958 Act.

Under section 87 of the Patents, Designs and Trade Marks Act, 1883 (46 & 47 Vict. c. 57), any registered proprietor could grant licences to use the mark subject to any equity. The 1883 Act in so far as it related to trade marks was repealed by the Trade marks Act, 1905 (5 Edw. 7 c.

15). The 1905 Act did not, however, contain any power in the registered proprietor to grant licences. The English Act of 1938, however, introduced a system of official approval for licences to use a trade mark Particularly by providing for registering a Person other than the proprietor of the trade mark as the registered user of the trade mark. It will be useful to set out the provisions of the English Act of 1938 relating to registered users in order to Focus our attention on the differences between the English Act and the 1958 Act with respect to registered users.

Sub-sections (1), (2) and (4) to (2) of section 28 provide as follows :

"28. "Registered users.-

(1) Subject to the provisions of this section, a person other than the proprietor of a trade mark may be registered as a registered user thereof in respect of all or any

of the goods in respect of which it is registered (otherwise than as a defensive trade mark) and either with or without conditions or restrictions. The use of a trade mark by a registered user thereof in relation to goods with which he is connected in the course of trade and in respect of which for the time being the trade mark remains registered and he is registered as a registered user, being use such as to comply with any conditions or restrictions to which his registration is subject, is in this Act referred to as the 'permitted use' thereof.

(2) The permitted use of a trade mark shall be deemed to be use by the proprietor thereof, and shall be deemed not to be use by a person other than the proprietor, for the purpose of section twenty six of this Act and for any other purposes for which such use is material under this Act or at common law.

(4) Where it is proposed that a person should be registered as a registered user of a trade mark, the proprietor and the proposed registered user must apply in writing to the Registrar in the prescribed manner and must furnish him with a statutory declaration made by the proprietor, or by some person authorised to act on his behalf and approved by the Registrar-

(a) giving particulars of the relationship, existing or proposed, between the proprietor and the proposed registered user, including particulars showing the degree of control by the proprietor over the permitted use which their relationship will confer and whether it is a term of their relationship that the proposed registered user shall be the sole registered user or that there shall be any other restriction as to persons for whose registration as registered users application may be made;

(b) stating the goods in respect of which registration is proposed;

(c) stating any conditions or restrictions proposed with respect to the characteristics of the goods, to the mode or place of permitted use, or to any other matter, and

(d) stating whether the permitted use is to be for a period or without limit of period, and if for a period, the duration thereof; and with such further documents, information or evidence as may be required under the rules or by the Registrar. (5) When the requirements of the last foregoing subsection have been complied with, if the Registrar, after considering the information furnished to him under that sub-section, is satisfied that in all the circumstances the use of the trade mark in relation to the proposed goods or any of them by the proposed registered user subject to any conditions or restrictions which the Registrar thinks proper would not be contrary to the public interest, the Registrar may register the proposed registered user as a registered user in respect of the goods as to which he is so satisfied subject as aforesaid.

(6) The Registrar shall refuse an application under the foregoing provisions of his section if it appears to him that the grant thereof would tend to facilitate trafficking in a trade mark.

Sub-section (1) and (2) of section 29 provide as follows :

"29. Proposed use of trade mark by corporation to be constituted. etc. (1) No application for the registration of a trade mark in respect of any goods shall be refused, nor shall permission for such registration be withheld, on the ground only that it appears that the applicant does not use or propose to use the trade mark,

(a) if the tribunal is satisfied that a body corporate is about to be constituted, and that the applicant intends to assign the trade mark to the corporation with a view to the use thereof in relation to those goods by the corporation; or

(b) if the application is accompanied by an application for the registration of a person as a registered user of the trade mark, and the tribunal is satisfied that the proprietor intends it to be used by that person in relation to those goods and the tribunal is also satisfied that person will be registered as a registered user thereof immediately after the registration of the trade mark.

(2) The provisions of section twenty-six of this Act shall have effect, in relation to a trade mark registered under the power conferred by the foregoing sub-section, as if for the reference, in paragraph (a) t. of sub-section (1) of that section, to intention on the part of an applicant for registration that a trade mark should be used by him there were substituted a reference to intention on his part that it should be used by the corporation or registered user concerned."

In the 'PUSSY GALORE' Trade mark Case a company filed forty-six applications for registering different trade marks in respect of goods falling under seventeen different classes. official objection was raised that, owing to the very large and diverse range of goods covered by the several applications, the Registrar was not satisfied that the applicant company had itself the necessary intention to use the marks applied For. All the marks sought to be registered related to novels written by the late Ian Fleming. Thirty- nine of the said applications related to marks 'James Bond Secret Agent' and '007 Secret Agent', James Bond being the hero of those novels and '007' being his official code number. The remaining seven applications were in respect of the mark 'PUSSY GALORE'. Pussy Galore was a character featuring in Ian Fleming's novel 'Goldfinger', being a female with Jew' unorthodox morals and a name which would appear to be an obscene pun in very questionable taste. The Registrar heard one of the said applications which related to the trade mark 'PUSSY GALORE'. The other relevant facts appear in the decision of the Registrar. The relevant passage is as follows (at page 266) :

" The mark in suit and the others to which I have referred all contain references either directly or indirectly to the well-known fictional character James Bond and Mr.

Bevan explained that the applicant company were closely connected with the deviser of that character, the late Mr. Ian Fleming and that his widow has some interest in the company. Mr. Bevan further explained that at the time the various applications were filed the applicants did not propose to use the mark themselves but were filed of the intention to seek others who would put the mark to use either as registered users or as licensees. The application was not however accompanied by application to register users as specified in section 29(1)(b). Mr. Bevan stated that it was a convenient commercial practice to operate through registered users but the latter might not be agreeable so to act until the mark was registered. He submitted that the requirements of the Act as to intention to use are satisfied in these conditions."

The Registrar took the view that the English Act of 1938 required that, to qualify as an applicant, the proprietor of the mark must either possess the intention to use the mark himself at the time of application or have applied under the conditions of clause (a) or clause (b) of section 25(1). The Registrar accordingly refused the application. The applicant appealed to the Board of Trade and the appeal was heard by G.W. Tookey, Esq., Q.C., who dismissed the appeal'. The relevant passages from the judgment of the Board of Trade are as follows (at pages 269 and 27C) :

" Having carefully considered the relevant sections of the Act, I conclude that the Registrar's decision is right. In My view, section 17 has the limited meaning attributed to it by the Registrar. There is no difficulty about the case of servants and agents, because although various executive acts may be performed by them on behalf of their principal who is the applicant for the mark, the use of the mark vis-a-vis the public is by the applicant and no one else. As regards registered users, when section 17 was framed by the legislature, the effect of the introduction into trade mark law for the first time of registered user provisions must have been borne in mind. It would be obvious from the provisions of section 28, and also from the definition of 'trade mark' in section 68, that actual use of a trade mark might be exclusively by a registered user and not by the proprietor at all I agree with the Registrar that section 28 is dealing with matters which arise after registration, and has no such bearing upon the interpretation of section 17 and 29 as the applicants have contended. As above indicated, my view is that section 29 state the only case in which an intended use, ex hypothesi not a use by the applicant, can be regarded as justifying dispensation from the requirements of section 17. What happens after registration calls for different consideration both as regards the use of marks in accordance with the provision of the Act and as regards the consequences of use otherwise than in accordance with the provision of that Act."

In our opinion, the High Court was unduly impressed by this case and unnecessarily attached great importance to it. The High Court justified its reliance upon that case by referring to the following passage from the judgment of this Court in *The Registrar of Trade Marks v. Ashok chandra Rakhit Ltd.* [1955] 2 S.C.R. 252. (at pages 259-60) :

"As the law of Trade Marks adopted in our Act merely reproduces the English Law with only slight modifications, a reference to the judicial decisions on the corresponding section of the English Act is apposite and must be helpful."

What the High Court overlooked was that in *Ashok Chandra Rakhit's Case* the section of the 1940 Act which fell for interpretation was in *Pari materia* with the corresponding section of the English Act of 1938 which has been judicially interpreted by the court in England. As pointed out by this Court in *Forasal v. Oil d Natural Gas Commission* [1984] 1 S.C.R. 526, 549, 567; s.c. (1984) Supp. S.C.C. 263, 280, 295, in the absence of any binding authority of an Indian Court on a particular point of law, English decisions in which judgments were delivered by judges held in high repute can be referred to as they are decisions of courts of a country from which Indian Jurisprudence and a large part of our law is derived, for they are authorities of high persuasive value to which the court may legitimately turn. for assistance; but whether the rule laid down in any of these cases can be applied by our courts must, however, be judged in the context of our own laws and legal procedure and the practical realities of litigation in our country.

The relevant provisions relating to registered users in the English Act and in the 1958 Act are materially different. The English Act creates two legal fictions. The first is contained in section 28(2) which relates to the permitted use of a trade mark. That fiction is for the purpose of section 26 (which corresponds to section 46 of the 1958 Act) and for any other purpose for which such use is material under the English Act or at common law. The second is contained in section 29(2) and relates to intention on the part of an applicant for registration that a trade mark should be used by him. The second fiction is for the purposes of paragraph (a) of section 26(1) which corresponds to clause (a) of section 46(1) of the 1958 Act. The 1958 Act, however, contains only one fiction. It is in section 48(2), which is in *pari materia* with section 28(2) of the English Act. In our opinion, the omission from the 1958 Act of a provision similar to that contained in section 29(2) of the English Act does not make any difference if one were to see the said section 29(2) in its proper setting and context. The English Act does not prescribe, just as the 1958 Act does not, any period of time from the date of registration of a trade mark within which an application for registering a person as a registered user of that trade mark should be made. Section 29(1) of the English Act, however, provides that an application for registration of a trade mark can be accompanied by an application for the registration of a person as a registered user of that trade mark, and if the tribunal is satisfied that the proprietor of the trade mark intends it to be used by that person in relation to those goods and is also satisfied that person will be registered as a registered user thereof after the registration of the trade mark, it will not refuse to register the trade mark. The effect of section 29(1), therefore, is that an application for registering a person as a registered user can be made simultaneously with the application for registering the trade mark and if both are found to be satisfactory, the application for registration would be granted and immediately thereafter the registration of the registered user would be allowed. In such a case, the intention on the part of the applicant for registration that the trade mark should be used by the registered user thereof is to be deemed to be an intention to use that trade mark by the application for registration. This is a special provision applicable to a special case. The fiction created by section 29(2) is also made applicable to the case of a corporation about to be constituted to which the applicant intends to assign the trade mark. There is no such fiction relating to intention expressly provided in the 1958 Act, or is there any provision for simultaneously

making an application for registration of a trade mark and an application for registering a person as the registered user of the trade mark. It appears to us that the purpose for which fiction was created by section 29(2) with respect to a registered user was to eliminate all possibility of trafficking in a trade mark by a person getting himself registered as the proprietor of a trade mark and thereafter going in search of some person who will use it as the registered user thereof. Assuming that the existence of the special fiction created by section 29(2) cuts down the full operation of the general fiction enacted in section 28(2), it does not follow that the absence of such special fiction in the 1958 Act will also cut down the operation of the fiction in section 48(2) in the same way by limiting it to the actual use of a trade mark only. As pointed out earlier, in the 1958 Act wherever the phrase "used by him" occurs the fiction will apply. In other words, the permitted use of a trade mark is, by the fiction enacted in section 48(2), equated with "use by the registered proprietor". Consequently wherever the word "use" occurs with all its permutations and commutations as for instance in phrases such as "proposed to be used by him" or "intended to be used by him", the fiction will apply. At this stage, it is pertinent to note that form No. TM-2, which is the form prescribed for an application for registration of a trade mark prescribed by the English Trade Marks Rules, 1938, was substituted in 1982 and under the substituted Form a new column is provided which requires details of an application under section 29(1) to be given. The old Form No. TM-2 did not contain this requirement nor does form TM-1 appended to the Trade and Merchandise Marks Rules, 1959.

There is another vital point of distinction between the provisions of the English Act and those of the 1958 Act relating to registered users. Under the 1958 Act, an application for registration of a trade mark as also an application for registering a registered user are to be made to the Registrar and it is the Registrar who has to grant both of them. The Registrar would refuse the application if it appears to him that the grant thereof would tend to facilitate trafficking in a trade mark. This question is to be considered by the Registrar himself. The provisions of the 1958 Act were the same but the provisions of the 1958 Act are radically different. Under the 1958 Act, though both the application for registration of a trade mark and the application for registration of a registered user are to be made to the Registrar, the Registrar has the power to grant the application for registration of the trade mark only. So far as the application for registering a person as a registered user is concerned, he has to forward it together with his report to the Central Government and it is for the Central Government to decide whether to permit such application to be granted or not. In order to decide this, the Central Government has to take into account the matters set out in sub-section (3) of section 49 and in rule 85 of the Trade Marks Rules, 1959. The matters to be considered by the Central Government include not only whether the permitted use, if allowed, would amount to trafficking in trade marks but also the interests of the general public and the development of any industry, trade or commerce in India. After the Central Government has taken its decision, the Registrar is to dispose of the application in accordance with the directions issued by the Central Government. Thus, while under the English Act the authority to decide an application for registering a registered user is the same as the authority for registering a trade mark, under the 1958 Act they are different and so are the considerations which are to be taken into account-

Under the 1958 Act an application for registering a registered user can only be made after a trade mark is registered. If an intended use by a person who will be registered user is not to be included in the legal fiction created by section 48(2) it would make that fiction operate within a very narrow

compass and almost render the provisions relating to registered users meaningless. It is in very rare circumstances that a person will get a trade mark registered as proposed to be used By himself, use to no relation to the concerned goods, and thereafter permit it to be used by another as a registered user. It is also not open to everyone who want to register a trade mark to form a company to which after the trade mark is registered and the proposed company is incorporated, the trade mark will be assigned. These things are not practical realities and Parliament could not have intended such absurd results. The argument of Dr. Gauri Shankar that the Appellant should have got the trade mark registered with the intention that it will itself use the trade mark and in order to effectuate that intention the Appellant should have set up a factory and manufactured and marketed the tablets 'DRISTAN' and then either assigned the trade mark to the Indian Company or to get the Indian Company registered as the registered user of that trade mark is illogical. By reason of our foreign exchange and industrial policies it is not possible for a foreign company to establish its own industry in India. It can only do so by entering into a collaboration with Indian entrepreneurs in which the foreign company would not be permitted to have more than 40 per cent shareholding and would be subject to other restrictions. Even assuming that a foreign proprietor of a trade mark were to be established an industry of his own in India, it would be absurd to imagine that it would thereafter cease manufacturing the goods and allow someone else to do so. Equally illogical is the argument of Dr. Dr. Gauri Shankar that the Appellant and the Indian Company should have jointly applied for registration of the trade mark 'DRISTAN'. The Appellant was already in collaboration with the Indian Company. There was no need for it to seek other collaborators to establish a new company. To assign the trade mark to the Indian Company or to make jointly with the Indian Company an application for registration of the trade mark 'DRISTAN' would be to destroy the appellant's proprietorship in that trade mark. It is well-known principle of interpretation of statutes that a construction should not be put upon a statutory provision which would lead to manifest absurdity or futility, palpable injustice, or absurd inconvenience or anomaly. (see: *M. Pentiah and Ors. v. Muddala Veeramallappa and Ors.* [1961] S.C.R. 295, 303. The Division Bench of the Calcutta High Court saw the absurdity, inconvenience and hardship resulting from the construction which was placed by it upon section 48(2), as is shown by the passages from its judgment reproduced earlier. It, however, forgot the above principle of construction and failed to give to the legal fiction enacted by section 48(2) its full force and effect.

The 'PUSSY GALORE' Trade Mark Case was a decision of the Board of Trade and not of any English Court. As against that case, we have the decision of the High Court of Australia in *Aston v. Harlee Manufacturing Company*, (1959-

60) 103 C.L.R. 391, on which Fullagar, J., held (at pages 402-3) :

"I would only add that the 'registered user' provisions of the Trade Marks Act were introduced in 1948, and an intention to take advantage of those provisions would, in my opinion, be a sufficient 'intention to use'."

So far as the 'BOSTITCH' Trade Mark Case relied upon by the Registrar is concerned, it has no relevance to the question which we have to decide. It turned upon its own facts and what was held in that case was that the provisions of section 28 of the English Act are not mandatory but permissive.

The high Court also took the assistance of the Shavaksha Committee Report and the Ayyangar Report to enable it to place the construction which it did upon section 48(2). When it was intended to revise the 1940 Act, the Government of India set up in 1953 that Trade Marks enquiry Committee under the Chairmanship of Mr. K.S. Shavaksha, the then, Registrar of Trade Marks. The Report of the Shavaksha Committee was made in 1954. The Government thereafter appointed Mr. Alagiriswami, who had acted as the Secretary of the Committee, as Special Officer to consider the Shavaksha Committee Report, and he made his own recommendations. The Government, therefore, felt that the Shavaksha Committee Report and the recommendations made by the Special Officer should be further examined by a judicial authority and it accordingly appointed Mr. Justice Rajagopala Ayyangar to examine the matter. Both the learned Single Judge and the Division Bench were of the opinion that the recommendation made in the Ayyangar Report were accepted by the Government. This is, however, not correct. The Shavaksha Committee had recommended the insertion of a provision similar to clause (b) of section 29(1) of the English Act in section 36 of the 1940 Act which corresponds to section 45 of the 1958 Act. The Ayyangar Report did not accept this recommendation but had recommended the addition of a provision to the effect that a registered proprietor should not be entitled to permit use by registered user unless such proprietor had used the mark in relation to goods in the course of trade for a period of at least two years before the date of the application for registration of a registered user. Parliament did not accept the recommendation made in either of these Reports. These Reports, therefore, cannot be referred to for ascertaining the intention of Parliament when enacting the relevant provisions of the 1958 Act.

From what we have said above, we must not be understood to mean that a person, who does not intend to use a trade mark himself can get it registered and when faced with an application under clause (a) of section 46(1) to have that trade mark removed, turn round and say that he intended to use it through some person who was proposed to be got registered as a registered user. This would clearly amount to trafficking in a trade mark. 'PUSSY GALORE' Trade Mark Case could easily have been decided on the ground that the applications for registration made therein, if granted, would amount to trafficking in trade marks. This has been pointed out in Halsbury's Laws of England, Fourth Edition, Volume 48, in footnote 6 to paragraph 30 at page 25.

In our opinion, to enable the proprietor of a trade mark who has got it registered on the ground that he intends to use the trade mark to avail himself of the fiction created by section 48(2), he must have had in mind at the date of his application for registration some person to whom he intends to allow the use of the trade mark as a registered user. This would eliminate all chances of trafficking in a trade mark. If an applicant for registration did not have at the date of his application for registration a particular registered user in view, he cannot be said to have had a bona fide intention to use the trade mark and in such an event he cannot resist an application made under clause (a) of section 46(1) of the 1958 Act.

Turning now to the present Appeal, the facts on the record show that only when it was decided to introduce 'DRISTAN' tablets in the Indian market through the Indian Company that the Appellant made its application to register the trade mark 'DRISTAN'. There was a close connection in the course of trade between the Appellant and the Indian Company. The Appellant owned 40 per cent of the shareholding in the Indian Company. It had entered into a technical collaboration agreement

with the Indian Company which provided for strict quality control and for formulae and services to be provided by the Appellant. The manufacture, marketing and advertising of all products under the said agreement were to be under the control of the Appellant. There was no royalty payable by the Indian Company to the Appellant in respect of the use of the trade mark 'DRISTAN'. In the event of the collaboration agreement being terminated by reason of the happening of any of the events mentioned in the said agreement, amongst which events was the shareholding of the Appellant becoming less than 40 per cent, the Indian Company was to cease to be entitled to manufacture the tablets 'DRISTAN' or to use its formula or to use the trade mark 'DRISTAN'. There was here, therefore, no question of any trafficking in a trade mark. In these circumstances, the intention of the Appellant to use the trade mark 'DRISTAN' through the Indian Company which was subsequently to get itself registered as the registered user of the said trade mark cannot but be characterized as bona fide.

Mr. Nariman, learned Counsel for the Appellant, also urged that in addition to having a bona fide intention to use the trade mark 'DRISTAN', the Appellant had also used it within a period of one month before the date of the Application for Rectification. For this purpose, learned Counsel relied upon the samples sent by the Appellant to the Indian Company. In the view which we have taken that the two conditions of clause (a) of section 46(1) are cumulative and that the first condition has not been satisfied in this case, we find it unnecessary to consider this point.

It was also submitted by Dr. Gauri Shankar, learned Counsel for the First Respondent that the Appellant was not entitled to retain the trade mark 'DRISTAN' on the register because it had obtained its registration by making a false statement in its application for registration inasmuch as it had not stated in the said application that the said trade mark was proposed to be used by a registered user but instead stated that it was to be used by the Appellant who claimed to be the proprietor thereof. This point was not raised at any time before the Registrar or the High Court and it is not open to the First Respondent to take this E point for the first time in this Appeal by certificate. Apart from that, there is no substance in this point. Form TM-1 appended to the Trade and Merchandise Marks Rules, 1959, does not contain any column similar to the column in the new Form No. TM-2 appended to the English Trade Marks Rules, 1938. The relevant portion of Form TM-1 is as follows :

" Application is hereby made for registration in Part A(a)/B of the register of the accompanying trade mark in class (b) in respect of (c) in the name(s) of (d)..... whose address is

(e) who claim(s) to be the proprietor(s) thereof (and by whom the said mark is proposed to be used) (f) or (and by whom and his (their) predecessor(s) in title (g) the said mark has been continuously used since 19.....) in respect of the said goods(h)."

The Appellant, therefore, cannot be said to have practised any deception in stating in its application that it intended to use the trade mark itself. In our opinion, it would be better if the Central Government were to amend Form TM-1 to require the applicant to state whether he proposes to use

the trade mark himself or through a registered proprietor and if so, to state the particulars of the proposed registered user.

It was next sought to be argued by Dr. Gauri Shankar that the trade mark 'DRISTAN' was deceptively and confusingly similar to the trade mark 'BISTAN' of which the registered proprietor is M/s. Prof. Gajjar's Standard Chemical Works Ltd. This is not one of the questions upon which the certificate was granted by the High Court and it is not open to the First Respondent to take this point in this Appeal. In any event, this point too is without any substance. It was rejected by the Registrar. The learned single Judge did not deal with it. Though the Division Bench was of the opinion that it was not necessary to decide that question, it recorded the facts relating thereto which would justify the rejection of that contention. These facts are that though the proprietor of the said trade mark 'BISTAN' had made an affidavit supporting the First Respondent in the proceedings for rectification of the Register it had not either opposed the registration of the trade mark 'DRISTAN' nor had it at any time alleged, apart from the said affidavits that there would be any confusion or deception by the use of the trade mark 'DRISTAN'.

In the written submissions filed by the First Respondent after the hearing before us was concluded it was contended that the Court's discretion should be exercised against the trade mark 'DRISTAN' remaining on the Register inasmuch as to allow it so to continue would be contrary to the policy of the Central Government with respect to brand names belonging to foreign companies and also because two of the ingredients used in the formula for the manufacture of 'DRISTAN' tablets were banned by the authorities. In support of this contention copies of some circulars and notifications were filed along with the written submissions. This point was not at any time taken before the Registrar or the High Court nor does the certificate granted by the High court cover it. It is not fair to produce copies of any circular or notification along with written submissions after oral arguments have closed because the other side has no opportunity to meet this case. For ought we know, after some ingredients in the composition of the 'DRISTAN' tablets were banned, the manufacturers may have changed the formula. We are not concerned in this Appeal with this question. The application for registering the Indian Company as the registered user of the said trade mark is still pending and when the Central Government comes to consider that application, it will decide the matter for itself. After all, the best guardian of the policy of the Central Government is the Central Government itself and not a private limited company, namely, Mac Laboratories Private Limited, the First Respondent before us, which has a vital interest in having the trade mark 'DRISTAN' removed from the Register.

For the reasons given above, this Appeal must succeed and is allowed and the judgment of the Division Bench of the Calcutta High court appealed against is reversed and the order passed by it is set aside. Consequently, Appeal No. 165 of 1968 filed by the Appellant before the Division Bench of the Calcutta High Court is allowed with costs and the judgment of the learned Single Judge of that High Court and the order passed by him are reversed and set aside. As a result Appeal No. 61 of 1965 filed by the First Respondent before the learned Single Judge of the Calcutta High Court is dismissed with costs and the order of the Registrar of Trade Marks, Calcutta, dismissing the First Respondent's Application for Rectification No. CAL-17 with costs is confirmed.

The First Respondent will pay to the Appellant the costs of this Appeal.

A.P.J.

Appeal allowed.