

Supreme Court of India

State Of U.P vs Ram Nath, Partner M/S. Panna Lal ... on 24 November, 1971

Equivalent citations: 1972 AIR 232, 1972 SCR (2) 572

Author: P J Reddy

Bench: Reddy, P. Jaganmohan

PETITIONER:

STATE OF U.P.

Vs.

RESPONDENT:

RAM NATH, PARTNER M/S. PANNA LAL DURGA PRASAD, KANPUR

DATE OF JUDGMENT 24/11/1971

BENCH:

REDDY, P. JAGANMOHAN

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REDDY, P. JAGANMOHAN

PALEKAR, D.G.

CITATION:

1972 AIR 232

1972 SCR (2) 572

1972 SCC (1) 130

ACT:

Trade and Merchandise Marks Act (43 of 1958), ss. 28, 78, 79 and 89--Offences under ss. 78 and 79--Prosecution if could be initiated by Inspector of trade marks--Discontinuance of trade mark--Use by another--If civil matter.

HEADNOTE:

The Inspector of trade marks wrote a letter to the Magistrate and requested him to take necessary action under law against the respondents on the allegations that the respondents were producing coins and pieces of gold and were applying to them a trade mark which was deceptively similar to the registered trade mark of a bank, and which was in force when the respondents produced the coins. The Magistrate directed the police to register a case under the Trade and Merchandise Marks Act, 1958, and investigate it. On receipt of the police report the Magistrate followed the procedure prescribed by s. 251A of the Criminal Procedure Code, and framed charges under ss. 78 and 79 of the Act on being satisfied that there was a prima facie case. After one of the prosecution witnesses was examined the respondents raised the question that the evidence disclosed that the bank had discontinued the use of the trade mark and a question of abandonment which could be more suitably dealt

with by the civil court, had arisen.

The High Court on reference by the Sessions Court held that : (1) the prosecution could not be initiated by the Inspector of Trade Marks in view of s. 28 of the Act, (2) whether the question of the abandonment of the trade mark amounted to an express or implied consent for use by the respondent was a matter for the civil court and not for a criminal prosecution and (3) the prosecution for offenses under ss. 78 and 79 was not valid because the Bank was declared to be a foreign bank by the Reserve Bank of India in 1960 and hence had no rights as a citizen of India.

Allowing the appeal to this Court,

HELD : (1) Merely because s. 89(1) of the Trade and Merchandise Marks Act refers to the manner of taking cognizance in respect of certain offenses specified therein, it does not preclude the cognizance of other offenses specified in Chapter X of the Trade and Merchandise Marks Act from being taken under the procedure prescribed by the Criminal Procedure Code. The offenses with which the respondents were charged are punishable with imprisonment of two years and hence, being non-cognizable, the procedure followed, in the present case, by the Magistrate, is unexceptionable. Section 28 of the Act which is in Chapter IV relating to the effect of registration has no bearing on the question [578 C-H; 579 A-D]

(2) An offence under ss. 78 and 79 relates to a trade mark whether it is registered or unregistered. The application of a trade mark signifies a particular type of goods and involves deception. Therefore, the fact that the Bank discontinued the use of the trade mark would not absolve the respondents, from criminal liability. Even if the trade mark was abandoned by the Bank it could only furnish a ground for a person to make

573

an application under s. 46 of the Trade and Merchandise Marks Act to have the trade mark removed from the register of trade marks, but it does not entitle anyone to use the trade mark. [577 A; 578 A-C]

(3) The question whether the Bank, being a foreign bank, is not a citizen and had no right in the trade mark is, therefore, irrelevant and does not affect the validity of the proceedings against the accused. [577 A-B]

#### JUDGMENT:

CRIMINAL APPELLATE JURISDICTION: Criminal Appeal No. 41 of 1969, Appeal from the judgment and order dated September 6, 1967, of the Allahabad High Court in Criminal Reference No. 265 of 1965.

O. P. Rana, for the appellant.

Nur--ud-din Ahmed and P. N. Bhardwaj, for the respondent. The Judgment of the Court was delivered by P.Jaganmohan Reddy, J. This Appeal is by Certificate against the order of the High Court of Allahabad quashing the charge framed by the Additional City Magistrate, Kanpur against the accused Respondent for offenses under Sections 78 and 79 of the Trade and Merchandise Marks Act 43 of 1958 (hereinafter referred to as 'the Act'). Respondent 1 to Respondent 4 are the partners of the firm M/s. Pannalal Durga Prasad of Nayaganj, Kanpur which is a firm of bullion merchants who have also been minting gold coins with a trade mark said to be similar to the one which is the registered trade mark of M/s. Habib Bank Ltd., Bombay and which was in force on the day when the alleged offence is said to have been committed. On 24th October 1962 the Inspector of Trade Marks on behalf of the Director of Industries wrote a letter to the Additional City Magistrate I, Kanpur that M/s. Habib Bank Ltd., Bombay which is one of the foremost refiners of gold has been producing coins and pieces of gold of various shapes and sizes for sale commonly known as under a distinct trade mark, the most striking feature of which has always been a device of a lion holding a sword with his forearm against the back ground of a rising sun. This device of lion is with the word 'Habib Bank Ltd.' above it and 'Shuddha Sonu' below it in Gujarati script with a dotted circle along the border on the face of the device of a coin and a wreath 'along the border on the other face with the words 'Habib Bank Ltd., contained in the upper half and 'Pure Gold' in the lower half of the space within it in English script with the description of weight and quality. This trade mark it was stated had acquired distinctiveness in respect of old coins and pieces produced by them on account of long and extensive use, that the people in that part of the country particularly the people in the rural areas have always had a great fancy for the gold pieces and coins of Habib Bank Ltd., on account of their fineness for use in preparing ornaments as also as the safest investment of their savings by purchasing and retaining these coins and pieces, and consequently such gold coins continued to be highly popular among the people in the rural areas as well in the bullion trade, and are distinguished on account of the above noted features and trade mark.

It was alleged that M/s. Pannalal Durga Prasad, Kanpur are producing similar coins and pieces of gold and to them they apply a trade mark which is deceptively similar to the above registered trade mark of M/s. Habib Bank Ltd., the only difference between the two was that instead of Habib Bank Ltd., in Gujarati script on one face and English script on the other face, the words 'Habib quality' are used and the words 'pure gold' in English script is preceded by the letters P & D. It was averred that this trade mark adopted by M/s. Panna Lal Durga Prasad is bound to deceive not only the buyers who are ignorant of English and Gujarati scripts, but even unwary purchasers from urban areas are likely to be deceived. Though by a registered letter the Trade Mark office had drawn the attention of the firm regarding the use of the mark by them and had requested them to indicate the period for which they had been using it and whether the mark had been registered as a trade mark in their name, they had not chosen to reply even though they received the letter. It was further stated that a goldsmith Shri Pyarelal in Nayaganj market is also falsely applying the registered trade mark of M/s. Habib Bank Ltd., and has in his possession dies and other instruments for being used for falsifying the trade mark.

On these allegations the Magistrate was requested to take necessary action under the law against those mentioned in the letter in respect of offenses under Sections 78 and 79 of the Act, by directing the Police to investigate the case. On receipt of this letter on the same day namely 24-10-1962 the

Magistrate directed the Police to register a case and investigate. The Sub Inspector of Police thereupon prepared a search Memo in as much as there was no sufficient time to get the warrant of search issued and also because of the possibility of the removal of goods and effected a search of the premises. The Inspector went to the Silver and Gold factory of Panna Lal Durga Prasad and found that Ram Nath Son of Durga Prasad one of the Respondents was present there. He made an inspection of the factory in his presence and seized the dies for the manufacture of coins and gold bars found near the place of goldsmith Munna son of Lakhpat. The Inspector further in the presence of the witnesses caused a gold coin of one tola and another of half tola to be manufactured by way of specimen out of the gold bar found at the place. These coins were duly seized and preserved, after obtaining the seal of Ram Nath. It is unnecessary to give, all the, details of the recoveries because that is not relevant for the purposes of this case. A police report was accordingly made to the Magistrate who adopted the procedure under Sec. 251-A by examining each of the Respondents after which he framed charges against them. Thereafter he examined Wadia, P.W. 1, a Senior Attorney Clerk of Habib Bank Ltd., Bombay on 1-5-64. On 29-5-64 before other witnesses could be examined the Respondents filed an application stating that from the evidence of Wadia, P.W. 1, Habib Bank had stopped dealing in gold and does not now manufacture gold coins, that it had also destroyed the dies And since 1954 this trade mark of Habib Bank has become ineffective and is thrown open to the public, as such it was prayed that the case be stayed and the complainant directed to seek remedy in the civil court so that the accused persons may not be unnecessarily harassed. The Magistrate rejected this contention because it appeared from the evidence that the registration of the trade mark of Habib Bank was current upto 1967 and that since the Respondents have been charged under Sections 78 and 79 of the Act the contention of the accused that in view of Sec. 46 of the said Act where a trade mark is abandoned for more than years, the Respondents cannot be said to have committed an offence, is not tenable. By a well considered order the Magistrate dismissed the application and directed the production of the entire evidence on the next date, without fail. Against this a revision was filed before the Sessions Judge of Kanpur. The Sessions Judge made a reference to the High Court recommending the quashing of the charge on the ground that "The principle of abandonment is given legal recognition in Sec. 46 Trade & Merchandise Marks Act which provides that a registered trade mark may be taken off the register if it was not used for continuous period of five years or longer." The High Court held that on the statement of Wadia it is clearly established that Habib Bank- Ltd., had stopped dealing in gold and coins since 1954 and there could therefore be no question of the Respondents committing any offence under Sections 78 and 79 of the Act. On this reference the High Court by its Judgment dated 6-9-67 thought that Sec. 46 had no application inasmuch as, that Section provided that unless the registration had been rectified the proprietary rights of the Bank could not be said to have ended only because the trade mark had not been used for a period of more than 5 years. It observed that there may be cases where the non-

user of the trade mark may have been occasioned on account of special reasons and such non-user was explainable; that clause (iii) of Sec. 47 makes it clear that it is open to the owner to contest the application for rectification of the register, by the plea, that the non-user of the trade mark was due to special circumstances in the trade and not due to any intention on his part to abandon or not to use the trade mark in relation to the goods to which the application relates. Accordingly the learned Judge expressed the view that the proceedings are not vitiated on the ground that the trade mark in question has ceased to be the property of M/s. Habib Bank Ltd. It appears that a contention was

urged before the High Court that since Habib Bank Ltd., was declared to be a foreign Bank in the year 1960 by the Reserve Bank of India as it had become a citizen of Pakistan, it was not a citizen under the Constitution of India and therefore had no proprietary rights in this Country. The High Court said that this submission of the Respondent's Advocate had some force as the question raised was a substantial question of law involving the interpretation of the Articles of the Constitution, that could properly be decided in a civil action rather than by a Magistrate in a Criminal case. For this proposition reliance was placed on a decision of that Court in *Karan Singh v. Mohan Lal*(1), which following a Full Bench decision of the Calcutta High Court in *Ashutosh Das v. Keshav Chandra Ghosh*(2) held that a controversy between- the parties relating to a complicated question of abandonment of the user and relating to the express or implied consent of the registered holder of the trade mark are questions which should be decided in a civil court rather than by a Criminal Court. It was also held by the High Court that Since the complaint in the particular case had not been made by a Proprietor of the trade mark, the prosecution of the accused on the complaint of the Trade Marks Inspector and a subsequent investigation by the Police were not tenable under Sections 78 and 79 of the Act in view of the provisions of Sec. 28 of that Act. An objection seems to have, been taken before the learned Judge that the High Court was not competent to quash the proceedings pending before the Trial Magistrate in that case because no revision petition had been filed against the order of the Magistrate by which the charge was framed against him but it was only after one of the witnesses had been examined that a Revision had been filed which is not competent. The High Court rejected this contention and held that it had power to exercise revisional powers under Sec. 561-A and accordingly accepted the reference made by the Sessions Judge and quashed the proceedings against the accused for offences under Sections 78 & 79 of the Act.

(1) 1964 ALJ 653.

(2) A.T.R. 1936 Cal. 488.

It appears to us that the High Court had misdirected itself in considering that the submissions which found favour with it, were relevant for the purpose of deciding whether the proceedings for prosecution for offences under Sections 78 and 79 of the Act were not valid either because, the Habib Bank Ltd., being a foreign Bank was not a citizen and as such had no rights or that the prosecution cannot be initiated by the Inspector of Trade Marks or that the, question of the abandonment of trade mark amounted to an express or implied consent was a matter for civil court and cannot be made the subject of a criminal prosecution. Sections 78 and 79 are contained in Chapter X of the Act. Section 78 provides that any person who falsifies any trade mark, falsely applies to goods any trade mark; or makes, disposes of, or has in his possession any die, block, machine, plate or other instrument for the purpose of falsifying, or of being used for falsifying a trade mark, applies any false trade description to goods etc. etc. etc. shall unless he proves that he acted without intent to defraud, be punishable with imprisonment for a term which may extend to two years, or with fine, or with both, while Section 79 makes a person liable to similar punishment if he sells goods or exposes them falsely or for having them in his possession for sale or for any purpose of trade or manufacture any goods or things to which any false trade description is applied. Trade mark has been defined in Sec. 2 (1) (v) to mean

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

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

It is apparent from this definition that for the purposes of Chapter X of the Act which deals with criminal offenses, a trade mark includes a registered as well as unregistered trade mark. An offence under Sections 78 or 79 therefore relate to a trade mark whether it is registered or unregistered. The contention that the registered trade mark of the Habib Bank Ltd., has been abandoned since the said Bank- had discontinued its use from 1954 will not absolve the respondents from Criminal liability because even if it was abandoned it can only furnish a ground for a person to make an application under sec. 46 to have the trade mark removed from the registers. It does not however entitle him to use a trade mark whether it is current or has been removed from the register, or has been abandoned or even if it has never been initially registered but has acquired the currency of a trade mark. The offenses under Sections 78 and 79 consists in the deception and application of a trade mark which is in use and which signifies a particular type of goods containing that mark. There is, therefore, no validity in the contention that the infringement of the trade mark of Habib Bank Ltd., merely gives rise to a civil action, in respect of which no prosecution will lie. The provisions contained in Chapter IV in which is contained Sec. 28 relate to the effect of registration and have no bearing on the question before us. It was neatly urged that the Trade Marks Inspector had no right to make a complaint under Sections 78 and 79 and therefore the prosecution was invalid. This contention also in our view is misconceived. A perusal of sub-s. (2) of Sec. 89 would show that no Court inferior to that of a Sessions Judge, Presidency Magistrate or Magistrate of the 1st Class shall try an offence under this Act; while sub-s. (1) provides that no Court shall take cognizance of an offence under Sec. 81, Sec. 82 or Sec. 83 except on complaint in writing made by the Registrar or any officer authorised by him in writing. Merely because sub-s. (1) of Sec. 89 refers to manner of taking cognizance in respect of offence under the Section specified therein, it does not preclude cognizance of other offenses specified in Chapter X from being taken under the procedure prescribed by the Criminal Procedure Code. It is apparent that offenses under Sections 78 and 79 are punishable with imprisonment of two years or with three years if they fall under the respective provisos to the said Sections. In cases where an offence is punishable with imprisonment of one year and upwards but less than 3 years, under Chapter XXIII of Schedule 11 it is non-cognizable and is a summons case, triable as already stated under Sec. 89(2) by the Sessions Judge, Presidency Magistrate or a Magistrate of the 1st Class. In such cases under Sec. 155 of the Criminal Procedure Code when an information is given to an officer incharge of the Police Station of the commission of a non-cognizable offence, he has to enter the substance of the information in a book to be kept for the purpose and refer 'the informant to the Magistrate but he cannot under sub-s. (2) investigate such a case without the order of a Magistrate. On receiving such an order any Police officer may exercise the same powers in respect of the investigation (except the power to arrest without warrant) as an

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

V.P.S.

Appeal allowed.