

REPORTABLE

*** IN THE HIGH COURT OF DELHI AT NEW DELHI**

{CEAC-12 OF 2010}

% Judgment Delivered On: January 17,2011

COMMISSIONER OF CENTRAL EXCISE . . . APPELLANT

Through: Mr. Satish Kumar, Sr.
Standing Counsel

VERSUS

MINIMAX INDUSTRIES & ANR. . . .RESPONDENT

Through: Mr. Vinay Garg, Advocate
with Ms. Jyoti Sharma,
Advocate

CORAM:-

**HON'BLE MR. JUSTICE A.K. SIKRI
HON'BLE MR. JUSTICE M.L. MEHTA**

1. Whether Reporters of Local newspapers may be allowed to see the Judgment?
2. To be referred to the Reporter or not?
3. Whether the Judgment should be reported in the Digest?

A.K. SIKRI, J. (ORAL)

1. The respondent no.1 M/s Minimax Industries is a partnership firm of which respondent no.2 is one of the partners. The respondent no.1 (hereinafter referred to as the 'Partnership Firm') enjoys the status of Small Scale Industry for the purposes of Excise Act and is thus granted exemption from payment of excise duty under the said Act. It is manufacturing machines for production of wire and cables.

2. On 19th January, 2000, the Central Excise Officers visited the premises of the partnership firm with prior information that this firm was using brand/logo/trade name of 'Minimax' which belonged to some other unit i.e. M/s Minimax Engineering Industries (hereinafter referred to as the 'MEI'). The said Engineering Industries, a sole propriety concern of Mohd. Yamin is situated at 12, Krishna Kunj

Market, Laxmi Nagar, Delhi. The officers on enquiries found that in the machines manufactured by the partnership firm, the name 'MINIMAX' is used alongwith the full name and address of the partnership firm i.e. M/s Minimax Industries, 93, Patparganj Industrial Area, Delhi-110092. Statement of respondent no.2 i.e. Sh. Liyakat Ali partner was recorded. Thereafter show-cause notice was issued to the partnership firm as to why the status of Small Scale Industries should not be withdrawn/cancelled and exemption be denied on the ground that the said partnership firm has violated the provisions of condition no.4 of the Notification No.1/93-CE as well as Notification No.8/99 CE. This condition no.4 stipulates that the exemption contained in the Notification would not be applied to the specified goods bearing the brand name or trade name (whether registered or not) of another person. Explanation-IX of the said Notification also defines the terms "Brand name" or "Trade name" to which we shall revert at the appropriate stage.

3. The partnership firm replied to the said show cause notice dated 5th July, 2001. In the detailed explanation submitted by the partnership firm, it was, *inter alia*, clarified as under:-

- (1) MEI was the sole proprietorship concern of Mohd. Yamin who was brother of the partners of this partnership firm. Both the said MEI as well as the partnership firm were carrying on the business using the same trade mark 'MINIMAX' and same logo in their own respective rights.
- (2) The trade mark 'Minimax' was used by the partnership firm with complete description of its own firm name as well as address. Likewise, in the products manufactured by MEI, the said proprietorship concern was using the trade name 'Minimax' under its own name and address. Therefore, the partnership firm was not using the name of other concern/person.
- (3) The logo 'Minimax' was not covered by definition 'brand name' or 'trade name' as given in Notification No.8/2000 inasmuch as it did not indicate any

connection between the goods manufactured by the partnership firm and MEI. Likewise, the logo 'Minimax' did not indicate any connection of the goods manufactured by MEI with the partnership firm as the name of manufacturer is prominently display right under the brand name or logo.

- (4)** The name 'Minimax' did not belong to MEI as alleged in the so-cause notice and this assertion in the show-cause notice was baseless. The brand name 'Minimax' was also not registered in the favour/name of MEI or its sole proprietor. In fact, during the course of investigation, both the partnership firm was as well as MEI had claimed that name 'Minimax' belonged to them. Therefore, merely because MEI had also been using the same brand name for a period longer than the partnership concern, **it would not follow that the partnership firm was using the brand name of the said MEI.**

4. The adjudicating authority after considering the aforesaid reply of the partnership firm and the submissions made at the time of hearing, returned the finding that the brand name 'Minimax' belongs to MEI which was using the same since 1980 and, therefore, condition no.4 as provided in Notification No.8/2002 was violated. On this basis, it was held that the partnership firm was not entitled to exemption under the aforesaid Notification. The appeal filed by the partnership firm before the Commissioner of Central Excise (Appeal) did not bear any favourable results as it was dismissed by the Commissioner of Central Excise (A) vide orders dated 13th July, 2004. However, on further appeal preferred before the Customs, Excise & Service Tax Appellate Tribunal (hereinafter referred to as the 'CESTAT'), the partnership firm emerged victorious as by the impugned orders dated 12th February, 2010, the CESTAT has allowed the appeal of the partnership firm/respondent.

5. Perusal of the order of the CESTAT would reveal that the CESTAT took into consideration the aforesaid condition no.4 and the

definition of 'brand name' or 'trade name' appearing in Explanation-IX thereof. The CESTAT also took note of some judgments of its different Benches as well as the Supreme Court, Circulars of the Central Excise Board as well as opinion of the Ministry of Law. After taking note of all these material, the Tribunal opined that mere use of the name or logo used by others which has not acquired the status of 'brand name' or 'trade name' within the meaning of said expression under the aforesaid Notification would not amount to violation of condition no.4 of the said Notification. In the opinion of the Tribunal, in order to acquire the status of 'brand name' or trade name' it has to be established that a particular logo or mark is associated with the person and can be related to the said person of whom the particular logo or trade mark is used by the assessee.

6. Challenging the aforesaid order of the Tribunal, the present appeal is preferred by the Department. We have already taken note of the relevant facts which were stated by the partnership firm in reply to the show cause notice and there is no dispute about those facts. The question is as to whether by use of the name 'Minimax' the partnership firm has violated condition no.4 of the said Notification. In order to appreciate this issue, we first reproduce condition no.4 and Explanation-IX which defines 'brand name' or 'trade name', which reads as under:-

"4. The exemption contained in this notification shall not apply to the specified goods, bearing a brand name or trade name (registered or not of another person....."

Explanation IX defines the term "brand name" or "trade name" as under:-

"Brand name" or "trade name" shall mean a brand name or a trade name, whether registered or not, that is to say a name or a mark, such as symbol,

monogram, label, signature or invented word or writing which is used in relation to such specified goods for the purpose of indicating, or so as to indicate a connection in the course of trade between such specified goods and some person using such name or mark with or without any indication of the identity of that person”.

7. Condition no.4 as already noted above, stipulates that the exemption contained in this Notification would not be given to a person in respect of goods where ‘brand name’ or ‘trade name’ of another person is used i.e. the goods bearing the ‘brand name’ or ‘trade name’ which belongs to some other person. It is immaterial whether such ‘brand name’ or ‘trade name’ is registered or not. However, Explanation-IX gives a unique and particular definition to the term ‘brand name’ or ‘trade name’. It is clear from the reading of the said explanation that the definition of “brand name” or “trade name” contained therein is concerned with a particular name or mark which is **used to indicate, in the course of trade, a connection between such specified goods as satisfying the criterion provided in aforesaid condition 4 and the manufacturer which is using such name or mark with or without any indication of the identity of itself**. The central idea contained in the aforesaid definition is that the mark is used with the purpose to show connection of the said goods with some person who is using the name or mark. Therefore, in order to qualify as ‘brand name’ or ‘trade name’ it has to be established that such a mark, symbol, design or name etc. has acquired the reputation of the nature that one is able to associate the said mark etc. with the manufacturer. We are supported in this view by series of judgments of the Supreme Court.

8. In **Tarai Food Ltd. Vs. CCE**, (2007) 12 SCC 721, the expression “brand name” was explained in the following terms:-

“7. The words brand name connotes such a mark, symbol, design or name which is unique to the particular manufacture which when used on a particular product would establish a connection between the product and the manufacturer.

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9. Furthermore the definition of the words ‘brand name’ shows that it has to be a name or a mark or a monogram, etc. which is used in relation to a particular product and which establishes a connection between the product and the person. This name or mark, etc. cannot, therefore, be the identity of a person itself. It has to be something else which is appended to the product and which established the link.”

9. Thus, what is necessary is that the said mark is of the nature that it establishes connection between the product and the person. To the same effect is the judgment of Supreme Court in **CCE Vs. Grasim Industries Ltd.** (2005) 4, SCC 194 wherein the Supreme Court observed as under:

“15.....In our view, the Tribunal has completely misdirected itself. The term "brand name or trade name" is qualified by the words "that is to say". Thus, even though under normal circumstances a brand name or a trade name may have the meaning as suggested by the Tribunal, for the purposes of such a Notification the terms "brand name or trade name" get qualified by the words which follow. The words which follow are "a name or a mark". Thus even an ordinary name or an ordinary mark is sufficient. It is then elaborated that the "name or mark" such as a "symbol" or a "monogram" or a "label" or even a "signature of invented word" is a brand name or trade name. However, the contention is that they must be used in relation to the product and for the purposes of indicating a connection with the other person. This is further made clear by the words "any writing". These words are wide enough to include the name of a company. The reasoning given by the Tribunal based on a dictionary meaning of the words "write" and "Writing" is clearly erroneous. Even the name of some other company, if it is used for the purposes of indicating a connection between the product and that company, would be sufficient. It is

not necessary that the name or the writing must always be a brand name or a trade name in the sense that it is normally understood. The exemption is only to such parties who do not associate their products with some other person. Of course this being a Notification under the Excise Act, the connection must be of such a nature that it reflects on the aspect of manufacture and deal with quality of the products. No hard and fast rule can be laid down however it is possible that words which merely indicate the party who is marketing the product may not be sufficient. As we are not dealing with such a case we do not express any opinion on this aspect.

16. This Court has, in the case of **Royal Hatcheries Pvt. Ltd. v. State of A.P.** 1994 Supp (1) SCC 429, already held that words to the effect "that is to say" qualify the words which precede them. In this case also the words "that is to say" qualify the words "brand name or trade name" by indicating that these terms must therefore be understood in the context of the words which follow. The words which follow are of wide amplitude and include any word, mark, symbol, monogram or label. Even a signature of an invented word or any writing would be sufficient if it is used in relation to the product for purpose of indicating a connection between the product and the other person/company."

10. Likewise, in **CCE Vs. Bhalla Enterprises**, (2005) 8 SCC 308 the Supreme Court was eloquent in observing that as per the aforesaid Notification, the assessee will be debarred only if it uses on the goods, in respect of which exemption is sought, the same/similar brand name with the intention of indicating a connection with the assessee's goods and such other person or uses the name in such a manner that it would indicate such connection.

11. All these judgments were taken note by the Supreme Court in a recent case in **Nirlex Spares (P) Ltd. Vs. Commissioner of Central Excise**, (2008) 2 SCC 628. On the facts of that case, the Supreme Court was of the opinion that the assessee had not

offended condition no.4. In that case, the goods were manufactured by the assessee and the Marketing Company which was its marketing agent. On the packing of goods, brand names of the assessee "INTATEX" and "INTACO" were clearly and prominently printed. In between these two brand names, a hexagonal shape/design, which was claimed by the Department to be the brand of the Marketing Company, was also printed. In this backdrop, the question was as to whether the assessee company was using the said hexagonal shape/design of other person. On the facts of that case, the Court found that there was nothing on record to show that the said hexagonal shape/design belonged to or was owned by the Marketing Company and thus they had permitted the assessee to use the same on the corrugated boxes. The Court also found that the hexagonal design/shape could not be said to be descriptive enough to serve as an indicator of nexus between the goods of the assessee and the Marketing Company. On this basis, it was concluded that the alleged monogram could not be the brand name or trade name of the Marketing Company.

12. We would also like to reproduce the following observation of the Supreme Court in the case of ***Commissioner of Central Excise, Chandigarh II Vs. Bhalla Enterprises***, (2005) 8 SCC 308:-

"The apprehension of the assessee that they may be denied the exemption merely because some other traders even in a remote area of the country had used the trade mark earlier is unfounded. The notification clearly indicates that the assessee will be debarred only if it uses on the goods in respect of which exemption is sought, the same/similar brand name with the intention of indicating a connection with the assessee's goods and such other person or uses the name in such a manner that it would indicate such connection. Therefore, if the assessee is able to satisfy the assessing authorities that there was no such

intention or that the user of the brand name was entirely fortuitous and could not on a fair appraisal of the marks indicate any such connection, it would be entitled to the benefit of exemption. An assessee would also be entitled to the benefit of the exemption if the brand name belongs to the assessee himself although someone else may be equally entitled to such name.”

13. These observations bring out two significant aspects namely:-

- (1) As per the Notification, the assessee would be debarred only if it uses on the goods in respect of which exemption is sought, the same/similar brand name with the intention of indicating a connection with the assessee's goods and such other person or uses the name in such a manner that it would indicate such connection. If there is no such intention or that the user of the brand name was entirely fortuitous and could not on a fair appraisal of the marks indicate any such connection, it would be entitled to the benefit of exemption.
- (2) The assessee would also be entitled to the benefit of exemption if the brand name belongs to the assessee himself although someone else may be equally entitled to such name.

When we apply the aforesaid principle to the facts of this case, it is not difficult to come to the conclusion that the Tribunal has perfectly applied the aforesaid principle in its order and the same and does not call for any interference.

14. As noted above, this partnership firm and MEI are being run by the family members. Two brothers are partners in the said partnership firm while the MEI is the sole proprietorship concern of third brother. Both of them have been using the mark “Minimax” for the last number of years, though, the use by MEI may be prior in point of time. However, even that is the history. Initially, all the three brothers were doing the business together, however, later on these two brothers of partnership firm started separate business in

the same line using same name i.e. “Minimax”. In these circumstances, it cannot be said that the partnership firm started using the name “Minimax” which belonged to MEI. In the aforesaid circumstances, it can be said that at the most, the name “Minimax” belongs to both the entities namely, the partnership firm as well as MEI.

15. Admittedly, MEI has not got the brand name/logo “Minimax” registered either under the Registration Act or under the Trade Mark Act or any other Act. It has also never claimed, at any time, its exclusive rights over the use of logo “Minimax” and never taken any action against the partnership firm. It is not a case of the department that the said MEI has allowed the partnership firm to use the said name. The Tribunal has also arrived at a finding of fact that “Minimax” has not acquired any such reputation that it can be associated with “MEI”.

16. At this stage we would like to revert to the recent pronouncement of Supreme Court in the case of ***Commissioner of Central Excise, Delhi Vs. M/s Ace Auto Comp. Ltd.*** [Civil Appeal No. 3051/2003 decided on 16th December, 2010]. On the facts of that case, the Supreme Court has held that the respondent assessee has infringed condition no.4 and, therefore, was not entitled to exemption. However, once we take note of the facts of that case, it would be established that this is clearly distinguishable. In that case the assessee was manufacturing cover assembly for TATA 310 vehicle under the brand name “Ace”. However, since the product was manufactured for TATA, the TATA has allowed the assessee to pre-fix the symbol and logo TATA alongwith its brand name “ACE”. It

was on these facts that the Supreme Court has held that the assessee was using such name or mark which clearly indicated the identity of other person. Not only TATA had allowed the assessee to use the name, it was not even in dispute that symbol/logo of TATA filled the description of 'brand name/trade name'. In fact the reading of the judgment would reveal that there was no such issue raised. The Court proceeded on the basis that TATA was a brand name and in fact it was established that this brand name was allowed to be used by the TATA to the said assessee.

17. On the other hand, in the present case nothing could be brought on record by the Department to demonstrate or prove that 'Minimax' has acquired any brand name or trade name as defined in Explanation IX of the Notification No.1/93-CE.

18. For all these reasons, we are of the view that no substantial question of law arises. This appeal is accordingly dismissed.

(A.K. SIKRI)
JUDGE

(M.L. MEHTA)
JUDGE

JANUARY 17, 2010./skb