

IN THE HIGH COURT OF JUDICATURE AT MADRAS

Reserved on : 25.01.2018

Pronounced on : 28 -03-2018

CORAM:

THE HONOURABLE MR. JUSTICE R. SUBBIAH
and
THE HONOURABLE MR. JUSTICE P.D. AUDIKESAVALU

Writ Petition No. 15562 of 2007

SDC Agro Vet (India) Pvt., Ltd.,
404, OM SAI Nilayam
Street No.8, Hubshiguda
Hyderabad - 500 007
represented by its Director
Murthy Y.S.N. ... Petitioner

Versus

1. M/s. Synergy Biotechnologies
D.No.1-5B, Snehapuri Colony
Nacharam Road
Hyderabad - 560 076
represented by its Managing Partner
Dr. Allada Narayana Swamy
2. The Registrar of Trademarks
Trade Marks Registry
Mumbai
3. Intellectual Property Appellate Board
Second Floor, Annexe-1
Guna Complex
443, Anna Salai
Chennai - 600 018
represented by its Deputy Registrar .. Respondents

Writ Petition filed under Article 226 of The Constitution of India praying for issuing a Writ of Certiorarified Mandamus calling for the records in respect of ORA Nos. 96 and 97/2006/TM/CH and the order dated 30.03.2007 passed by the third respondent, and quash the same and consequently dismiss ORA Nos. 96 and 97/2006/TM/CH filed by the first respondent.

For Petitioner : Mr. T.K. Ramkumar
for Mr. Harishankar Mani
For Respondents : Mrs. P.V. Rajeswari for R1

ORDER

R. Subbiah, J

The present writ petition is filed by the petitioner questioning the validity and/or correctness of the order dated 30.03.2007 passed by the third respondent, in and by which, the third respondent directed the second respondent to remove the marks - PROBAC-BC and ODOBAN A-30 which were registered in the name of the petitioner, from the Trade Mark Register maintained by the second respondent.

2. The petitioner company is a Private Limited company established with an intention to promote sustainable aquaculture by creating awareness, educating the farmers and assisting the culture by supplying quality materials. According to the petitioner, the raw materials used by them in the manufacturing process of the aqua products are imported from renowned manufacturers in foreign countries and are blended according to local requirements. It is the contention of the petitioner that during the course of the manufacturing process, they have honestly conceived and adopted the trade mark PROBAC-BC and ODOBAN A-30 in respect of veterinary/biological products marked by them. The said trademarks have been continuously and un-interruptedly used by the petitioner company since April 2000 and February 2001 and by such long and continued uninterrupted usage, the trade marks have acquired a distinctiveness and earned recognition from the public and the trading merchandise. Thus, by virtue of such long use of the trade mark PROBAC-BC and ODOBAN A-30, they become entitled to get it registered in their name.

3. According to the petitioner, one of the partners of the first respondent firm namely Dr. Allada Narayana Swamy and Mr. L. Nanda Kumar were employees/ Directors of the petitioner company till 01.03.2002. During the course of their employment with the petitioner firm, Dr. Allada Narayana Swamy was directly in touch with the foreign suppliers and was importing raw materials for the products that were manufactured by the petitioner company, particularly the raw materials required in the process of manufacture of PROBAC-BC and ODOBAN A-30 veterinary/biological product. Since Dr. Allada Narayana Swamy had dealt with the import of raw materials from the foreign suppliers during the course of his employment with the petitioner company, after his retirement, the petitioner entered into a Memorandum of Understanding dated 01.04.2002 with Dr. Allada Narayana Swamy, whereby the petitioner company requested Dr. Allada Narayana Swamy to engage himself in the import of raw materials for and on behalf of the petitioner company with the foreign suppliers even after his retirement for a period of one year till the petitioner found other sources for raw materials. Such a Memorandum of Understanding came to be entered into by the petitioner to meet the market demand for the product PROBAC-BC and ODOBAN A-30. Thus, Dr. Allada Narayana Swamy was under an obligation in the manufacture of various veterinary/biological products including

PROBAC-BC and ODOBAN A-30 by the petitioner company. On expiry of the period of one year, the petitioner had sent a notice dated 03.04.2003 to Dr. Allada Narayana Swamy intimating that the Memorandum of Understanding is not extended beyond 31.03.2003 and therefore he should refrain himself from in any manner using the trademarks ODOBAN A30 AND PROBAC BC.

4. It is the contention of the petitioner that in order to protect the trademarks PROBAC-BC and ODOBAN A-30, an application was submitted for registration of the trademarks under Nos. 1145583 dated 23.10.2002 and 1154318 dated 23.10.2002 respectively and also secured registration of the same. The first respondent, envied by the reputation and recognition the trademarks PROBAC-BC and ODOBAN A-30 had earned among the trading public, has submitted an application for rectification with the third respondent to cancel the registration of the trademarks PROBAC-BC and ODOBAN A-30 and the entries relating thereto and consequently to direct the second respondent herein to remove the marks from the trademarks register. The third respondent, erroneously entertained the rectification application and allowed the same by an order dated 30.03.2007 without adhering to principles of natural justice and without taking note of the fact that the petitioner had devised, conceived and adopted the distinct trademark PROBAC-BC and ODOBAN A-30 in respect of veterinary/biological products marked by them. Challenging the order dated 30.03.2007, the petitioner has come forward with this writ petition.

5. The learned counsel appearing for the petitioner would contend that petitioner company is a private limited company engaged in the manufacturing of aqua products and the raw materials used for manufacturing the products are imported from foreign countries. During the course of the business, the petitioner company designed and devised the trademark PROBAC-BC and ODOBAN A-30 which was well recognised and had acquired reputation among the trade circle. While so, one Dr. Allada Narayana Swamy and Mr. Nandakumar were employed in the petitioner company and Dr. Allada Narayana Swamy was dealing with import of raw materials from the foreign suppliers. While so, on 01.03.2002, Dr. Allada Narayana Swamy and Mr. Nandakumar resigned their employment with the petitioner company. Since Dr. Allada Narayana Swamy was familiar with the import process of raw materials from foreign buyers, at the time of relieving him from the services of the petitioner company, the petitioner company entered into a Memorandum of Understanding dated 01.04.2002 with Dr. Allada Narayana Swamy to utilise his service in the matter of purchase of raw materials from foreign buyers and to have negotiation thereof. Even as per the Memorandum of Understanding, the services of Dr. Allada Narayana Swamy was to be utilised for a period of one year till such time the petitioner company could recruit their men to do the import process. This is evident that on expiry of the period of one year, the petitioner company had issued a notice dated 03.04.2003 to Dr. Allada Narayana Swamy calling upon him to restrain from in any manner dealing with the trademark of

the petitioner company viz., PROBAC-BC and ODOBAN A-30. Thereafter, on 24.10.2003, the petitioner company submitted an application No. 1154318 for registration of the trade mark PROBAC-BC and ODOBAN A-30 and as required under the Trade Marks Act, the trade marks PROBAC-BC and ODOBAN A-30 were also published in the Trade Mark Journals and thereafter the marks were registered on 08.08.2005. While so, the first respondent has filed rectification petition stating that Dr. Allada Narayana Swamy created the brand name ODOBAN A-30 for the product SEVARIN A-30 and owing to differences with the petitioner company, he resigned his employment with the petitioner during March 2002 and established the first respondent company. It was also contended that the petitioner is not entitled for registration of the trade mark and that the registration was obtained by the petitioner for the two products behind their back. The third respondent, accepting such contention of the first respondent company, has erroneously allowed the rectification application mainly on the ground that the rights of the marks PROBAC-BC and ODOBAN A-30 vests with the first respondent and even during the pendency of the Memorandum of Understanding dated 01.04.2002, the first respondent has approached the Registrar of Trade Marks seeking to register the trade marks PROBAC-BC and ODOBAN A-30 in their name, while so, suppressing the same, the petitioner has obtained the trade name in their favour with a malafide intention.

6. The learned counsel for the petitioner would further contend that the third respondent failed to take note of the fact that after submission of the application seeking registration of the trade marks, PROBAC-BC and ODOBAN A-30, the petitioner has complied with all the procedures, including publication of the trademark application in the trade mark journal. It is not as though the petitioner has suppressed any material particular at the time of obtaining the trade mark registration in their name. In fact, the first respondent was fully aware of the submission of application for obtaining trade mark for the products PROBAC-BC and ODOBAN A-30 inasmuch as the petitioner had sent a letter dated 03.04.2003 and called upon the first respondent to refrain from dealing with the trademarks PROBAC-BC and ODOBAN A-30 in any manner on the strength of the Memorandum of Understanding dated 01.04.2002. The third respondent failed to consider that Dr. Allada Narayana Samy was a Director of the petitioner firm and during the course of his employment, he had interacted with foreign suppliers for and on behalf of the petitioner company. Even at the time when Dr. Allada Narayana Swamy was relieved from the plaintiff company, a Memorandum of Understanding dated 01.04.2002 came to be entered into for the limited purpose of engaging Dr. Allada Narayana Swamy to negotiate with the foreign suppliers for and on behalf of the petitioner company for import of raw materials. Therefore, Dr. Allada Narayana Swamy, who floated the first respondent company after his resignation from the petitioner company, cannot be heard to contend that he was instrumental in designing or adopting the trade mark PROBAC-BC and ODOBAN A-30. In any event, there is

no justification on the part of the third respondent to direct the second respondent to remove the entries with reference to the marks PROBAC-BC and ODOBAN A-30 in the register in the name of the petitioner. The third respondent failed to take note of the fact that the first respondent was not the prior user of the trademark PROBAC-BC and ODOBAN A-30 or used the said trademark at any point of time. At any rate, the third respondent erred in concluding that the petitioner obtained the trademark registered by deceitful and fraudulent means without any material evidence to come to such a conclusion. The learned counsel for the petitioner therefore prayed for setting aside the order passed by the third respondent by allowing this writ petition.

7. In order to buttress his submission, the learned counsel for the petitioner relied on the decision of the Delhi High Court of India in the case of M.K. Petroproducts India Pvt Ltd., vs. M.K. Bitumen Products reported in 2011 (47) PTC 136 (Delhi) wherein it was held that in order to succeed in getting the entries relating to trademarks removed, it has to be proved that the person who claims for such removal has been the prior user of the products earlier in point of time than the impugned user of the product. In the present case, there is no evidence made available to show that the trademarks in dispute were used by the first respondent at any point of time.

8. Countering the submissions of the counsel for the petitioner, the learned counsel for first respondent would contend that Dr. Allada Narayana Swamy, who is the Managing Director of the first respondent, is a Doctoral Research Fellow from Osmania University and recipient of Ph.D., on the subject Bio Chemical Technology (Zoology) even prior to the establishment of the first respondent firm. It is true that prior to the establishment of the first respondent company, Dr. Alladi Narayana Swamy was one of the Directors of the petitioner company and he had a very good liaison with farmers, traders and laboratories and the foreign companies permitted him to import their products and market them in India using their brand name. When Dr. Alladi Narayana Swamy was one of the directors of the petitioner company, he imported the products in his name and coined the brand name ODOBAN A-30 for the product Sevarin A-30 and also coined the name PROBAC - BC for the product Accelobac-AG and marketed them through the petitioner company. After his resignation from the petitioner company during March 2002, he was relieved from his position as Director with effect from 31.03.2002. As far as the Memorandum of Understanding dated 01.04.2002 is concerned, as per Clause A of the Memorandum of Understanding, it is the first respondent who was cited as Proprietor of the above two trademarks and it also provide for distribution and marketing of the products through the writ petitioner. However, contravening the terms of the Memorandum of Understanding, the petitioner submitted an application for registration of the trademarks PROBAC-BC on 23.10.2002 in Class-I and ODOBAN A-30 on 29.11.2002 in Class 31, behind the back of the first respondent and got them registered. Such registration of the trademarks was obtained

by the petitioner by suppressing material facts as if they are continuously using the trademarks since 2000 and 2001, while the fact remains that they have not been using the name on the date of application for registration. As the proprietary rights of the first respondent was infringed by the petitioner, the first respondent was constrained to file a suit in O.S. No. 291 of 2006 and O.S. No. 144 of 2003 on the file of the Principal District and Sessions Judge, R.R. District, State of Andhra Pradesh against the writ petitioner and the suits are pending. Further, the first respondent has filed two rectification application before the third respondent for removal of the trademarks which have been wrongly registered in the name of the petitioner company. The Appellate Authority namely the third respondent extensively dealt with the claim and counter claim made by both sides and rendered a finding that the first respondent is an aggrieved person under law to challenge the registration of the trademarks by the petitioner and that the two trademarks have been registered in favour of the petitioner without noticing that the petitioner had suppressed the Memorandum of Understanding dated 01.04.2002. The third respondent gave a specific finding that the Memorandum of Understanding dated 01.04.2002 is a vital document to decide about the claim of prior user for registration of the trademarks in the name of the petitioner. The third respondent also extensively dealt with the legal provisions contained under Section 57 of the Trade Marks Act to conclude that the first respondent has established locus standi and the right of the first respondent has been infringed by reason of the registration of the trademarks in the name of the petitioner by reason of fraud and misrepresentation. In such view of the matter, the learned counsel for the first respondent prayed this Court for dismissal of the writ petition.

9. We have heard the learned counsel for both sides and perused the materials records. As we have dealt with the factual matrix of the case in detail, it would not be necessary to repeat the same any further. Suffice it to state that the petitioner company would contend that they have conceived and adopted the trade mark PROBAC-BC and ODOBAN A-30 in respect of veterinary/ biological products marked by them. It is further contended that the petitioner company has been using the said trademarks continuously and un-interruptedly since April 2000 and February 2001 respectively and by reason of such long and continued uninterrupted usage, the trade marks have acquired a distinctiveness and earned recognition from the public and the trading merchandise. It is the further case of the petitioner that Dr. Allada Narayana Swamy, was earlier employed by the petitioner company as one of the Directors and during the course of such employment, Dr. Allada Narayana Swamy was exclusively dealing with import of raw materials from foreign buyers for and on behalf of the petitioner company. Later, Dr. Allada Narayana Swamy submitted his resignation from his employment and such resignation was also accepted by the petitioner company and he was relieved from his employment on and from 31.03.2002 by the petitioner company. However, on the next day, a Memorandum of Understanding dated 01.04.2002 came

to be entered into between the petitioner and the first respondent in which certain clauses were incorporated. The relevant clauses contained in the Memorandum of Understanding reads as under:-

"G. Any new products developed by M/s. SDC Agro Vet (India) Pvt Ltd., other than done by M/s. Synergy Biotechnologies which would not compete with the existing products in the related field would be branded on M/s. SDC Agro-Vet (India) Pvt Ltd., and can be marketed by M/s. SDC Agro-Vet (India) Pvt Ltd., Towards the marketing promotional expenditure, 10% on sales of such products will be passed to M/s. Synergy Biotechnologies.

....
J. M/s. SDC Agro-Vet (India) Pvt Ltd., may not in any circumstances deal with products that directly compets with products supplied by M/s. Synergy Biotechnologies.

S. The agreement would be for one year i.e., 1st April 2002 to 31st March 2003. Can be extended with mutual concept. Either party would have the option of discontinuing with 2 Months written notice"

10. According to the petitioner, the Memorandum of Understanding is nothing but a licence granting permission to the first respondent to market the products. Further, by virtue of the Memorandum of Understanding dated 01.04.2002, the petitioner company did not assign the trademarks PROBAC-BC and ODOBAN A-30 in favour of the first respondent but merely permitted them to affix the petitioner's trademarks for a period of one year. Further, Dr. Allada Narayana Swamy, during the course of his employment with the petitioner firm has misused his fiduciary position and surreptitiously convinced the foreign suppliers to supply the products in his personal name without the knowledge of the petitioner and imported the products in his own name and also continued to market the same. Therefore, during the subsistence of the Memorandum of Understanding, the petitioner company has submitted an application dated 21.10.2002 for registration of the two trade names namely PROBAC-BC and ODOBAN A-30 and got it registered in their name on 08.08.2005. On coming to know about the registration of the trademarks in the name of the petitioner company, the first respondent has filed an application for rectification on 25.08.2006 before the third respondent.

11. In the rectification application filed before the third respondent, it is mainly contended by the first respondent that there are no documents produced by the petitioner to substantiate that they are continuously using the trademark from 2000 till the date of submission of application for registration. The tradename has been coined by Dr. Allada Narayana Swamy on his own. Dr. Allada Narayana Swamy was a research scholar, who imported the products and branded them as Two Marks and marketed the same through the petitioner company. If Dr. Allada Narayana Swamy committed breach of trust and

misused his fiduciary position and surreptitiously convinced the foreign suppliers to supply the products in his personal name, as alleged, the petitioner company would not have allowed him to import the raw materials after his resignation from the petitioner company by entering into a Memorandum of Understanding dated 01.04.2002. On the contrary, the petitioner company has permitted Dr. Allada Narayana Swamy to import the raw materials from foreign buyers. In any event, Dr. Allada Narayana Swamy created the brand name ODOBAN A-30 for the products Sevarin A-30 while in the employment of the petitioner company and as per the Memorandum of Understanding dated 01.04.2002, the impugned marks were assigned to the first respondent by the petitioner company.

12. The third respondent, after considering the rival contentions and upon appreciating the material particulars concluded that the first respondent is an aggrieved person inasmuch as the petitioner company has submitted an application for registration of the trade names during the subsistence of Memorandum of Understanding and without even disclosing the material particulars. As the original registration of the trademarks are vitiated by fraud and it has been obtained by erroneous statements made deliberately, the marks registered in the name of the petitioner company have to be removed from the trademark registry.

13. Before venturing to consider the rival submission, it has to be examined as to whether the contention of the petitioner that they are using the disputed trade names since 2000 and whether it has been substantiated or not. In order to substantiate the prior use of the trade names, the petitioner relied on two invoices, one dated 15.04.2000 and the other dated 04.01.2002 which are enclosed along with the typed set of papers. Except these two invoices, the petitioner company did not file any other document to assert that they were using the trademarks continuously. On the contrary, it is the contention of Dr. Allada Narayana Swamy, in the counter affidavit dated 20.07.2007 filed in this writ petition, that he was importing the products from United States of America for marketing the same in the animal feed market, both in India and Sri Lanka. It is also contended that he was importing the products ACCELOBAC-AG from M/s. American Bio Systems, a Virginia based corporation of United States of America and marketing the product in the Indian market using the trade mark PROBAC-BC. It is further contended that he has been importing the products in his individual name and marketed the same using the trade marks ODOBAN A-30 and PROBAC-BC in the Indian market. This contention of Dr. Allada Narayana Swamy is also fortified by the terms and conditions of the Memorandum of Understanding dated 01.04.2002.

14. It is also evident from the records that immediately after Dr. Allada Narayana Swamy resigned from his employment with the petitioner company, the Memorandum of Understanding dated 01.04.2002 came to be entered into between the petitioner and the said Dr. Allada Narayana Swamy. On perusal of the

terms of the Memorandum of Understanding, it is clear that the goods were imported in the name of Dr. Allada Narayana Swamy even during his employment with the petitioner company and that is the reason why, even after his resignation, the petitioner company, with an intention to market the imported products in the brand names which were conceived and coined by Dr. Allada Narayana Swamy entered into the Memorandum of Understanding dated 01.04.2002 for a period of one year. The circumstances under which the Memorandum of Understanding came to be entered into between the petitioner company and Dr. Allada Narayana Swamy makes it clear that the first respondent firm alone was the proprietor of the two trade marks in question.

15. On perusal of the order passed by the third respondent, which is impugned in this writ petition, we find that the third respondent, in exercise of powers conferred under Section 56 of the Trade Marks Act and on appreciation of the factual matrix, concluded that the first respondent herein is an aggrieved person as contemplated under Section 57 of The Trade Marks Act inasmuch as the petitioner company, by suppressing the Memorandum of Understanding dated 01.04.2002, has obtained registration for the disputed trade marks behind their back. Therefore, on the ground of misrepresentation and/or fraud committed by the petitioner company in not disclosing the material particulars at the time of obtaining the registration of the trade marks, the third respondent concluded that the petitioner company had contravened the procedures precedent for obtaining registration in their name and therefore, the registration of the trade marks in favour of the petitioner has to be deleted. We are in entire agreement with such findings rendered by the third respondent especially that it was Dr. Allada Narayana Swamy, who established the first respondent firm, has conceived and adopted the disputed trade marks during the course of his employment with the petitioner company and he has also entered into a Memorandum of Understanding with the petitioner company after his resignation from the petitioner company. It is also an admitted fact that during the subsistence of Memorandum of Understanding dated 01.04.2002, the petitioner company has filed the application seeking registration of the trade mark, without disclosing the subsistence of Memorandum of Understanding dated 01.04.2002 in the application for registration. In such view of the matter, we see no reason to interfere with the order passed by the third respondent and the writ petition deserves only to be dismissed. Accordingly, the writ petition is dismissed. No costs.

Sd/-
Assistant Registrar (CS-III)

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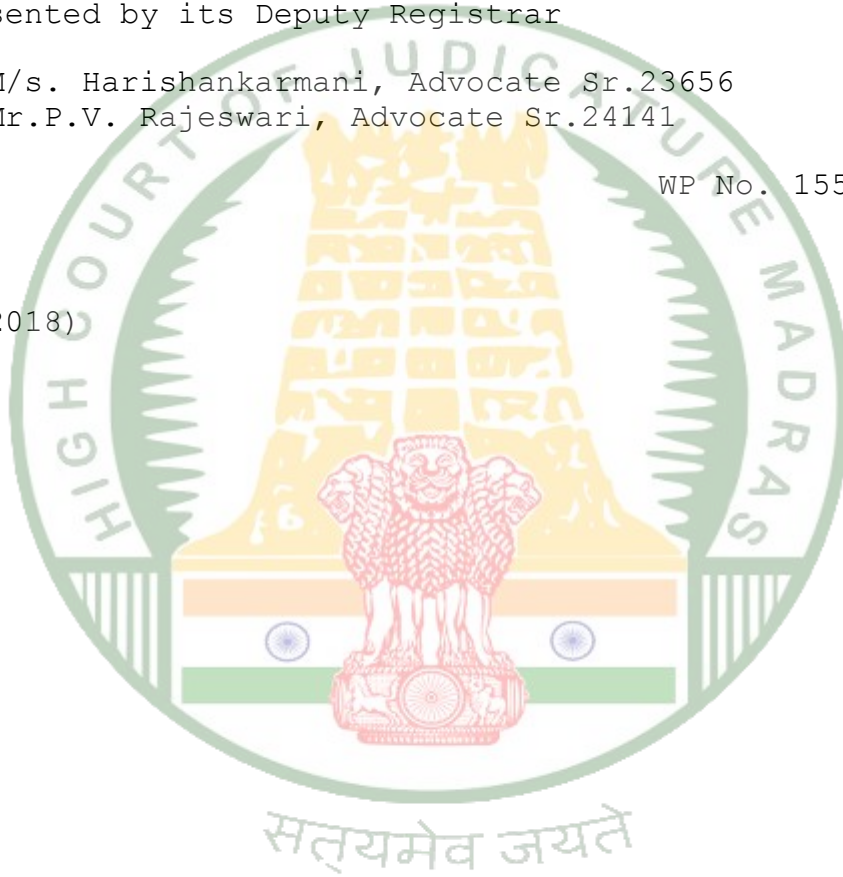
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