

(2013) 03 IPAB CK 0006

Intellectual Property Appellate Board, Chennai

Case No: ORA/110/2011/TM/MUM, Miscellaneous Petition No. 85/2011 In
ORA/110/2011/TM/MUM

Double Coin Holdings Limited

APPELLANT

Vs

Trans Tyres (India) Pvt. Ltd. And
The Registrar Of Trade Marks

RESPONDENT

Date of Decision: March 7, 2013

Acts Referred:

- Trade Marks Act, 1999 - Section 2(1), 2(1)(zg), 9, 11, 12, 18

Hon'ble Judges: S. Usha, J; V. Ravi, Technical Member

Bench: Division Bench

Advocate: Akhil Sibal, Seema Sundd, Prathiba M. Singh

Judgement

S. Usha, J

1. This application is for removal of the trade mark Double Coin registered under 1616634 in class 12 under the provisions of the Trade Marks Act,

1999. The brief facts of the case are:-

The applicant was known by the name of Shanghai Tyre & Rubber Company Limited which changed its name to Double Coin HOLDINGS. It's the

holding corporation for several tyre related business units. It is significant to mention that included in this were, corporate name changes for most of

Double Coin Holdings Limited subsidiaries including two main tyre manufacturing facilities i.e. Double Coin Group Shanghai Double Coin Heavy Duty

Tyre Company Limited and Double Coin Group Rugao Tyre Company Limited.

2. The applicant is a leading publicly treated global manufacture of tyres and other products and distributed to more than 90 countries. In 1930 the

factory established two well known Double Coin and WARRIOR brand which enjoy great popularity over the rubber field.

3. The applicant is a Shanghai based tyres manufacturing company and marketing of all steel radial heavy duty truck tyres, bias light truck tyres, bias

truck tyres, radial light truck tyres and other allied and cognate goods for the past several decades. In the year 1930, the applicants honestly and

bonafidely invented and adopted the distinctive trade mark Double Coin in respect of the goods manufactured, sold and marketed by it. The trade

mark has been used extensively and widely across the world since its adoption. The applicant is the owner, proprietor of the trade mark. The trade

mark is distinctive. It is a well known trade mark. The trade mark Double Coin is an invented and coined word in relation to the goods sold by the

applicant.

4. The applicant's trade mark Double Coin is registered in various countries and is pending registration in India. The said trade mark has gained

tremendous popularity and instantaneous recognition among the tyre manufacturers. The sales turnover and the advertisement expenses run to several

crores of rupees. The applicant has been certified by the Quality Control Certification authorities for its relentless efforts to deliver quality products

and it has also been certified by International Certification network for maintaining a quality management system.

5. ZAFECO LLC, the authorized agent of the applicant to advertise, market and distribute the products was founded in the year 1993. The applicant

entered into the agency agreement with ZAFECO LLC and the same is valid and subsisting. The authorized agent had no direct presence in India but

all tyres manufactured by the applicant bearing the trade mark Double Coin were supplied to the Indian market through ZAFECO.

6. It is also further pertinent to mention that ZAFECO had no direct operations in India. It therefore appointed respondent by an agreement as its

representative and distributors in India to sell. This agreement was valid for a period from 1st July, 2006 to 30th June, 2007. The said agreement was

not renewed further and therefore lapsed. The respondent was dealing with the goods manufactured by the applicant since 2005.

7. Despite being aware of the applicants ownership of the trade mark Double Coin, the respondent applied for and obtained registration in class 12

with effect from 31/10/2007. The registration has been obtained on fraudulent basis. The respondent continued to be a dealer of the products of the applicant.

8. Prior to the date i.e. 1st July, 2006, the respondent used to purchase the goods under the applicants trade mark as an ordinary dealer. Thus, the

association of the applicant with the respondent was purely commercial and therefore the respondent had no right in the trade mark. The respondent

had acknowledged the applicants exclusive proprietary right in the trade mark. The agreement dated 01/07/2006 did not give any ownership right to

the respondents. The respondent is not the owner and prior user of the said trade mark and have intentionally and with a malafide motive secured the

registration claiming to be the proprietor. In September 2010, the applicants came to known about the respondents use of the trade mark.

9. The applicants filed the application for rectification on the following grounds:-

(a) that the respondent is not the honest adopter of the trade mark and obtained registration by misrepresentation claiming to be the owner and

proprietor;

(b) that the impugned registration is bad in law;

(c) that the registration has been obtained without any bonafide intention to use the trade mark in respect of the goods for which the trade mark was

registered;

(d) that the impugned trade mark was not used for a continuous period of five years and three months from the date of registration;

(e) that the respondent is not the proprietor of the trade mark and that the registration has been obtained in bad faith;

(f) that the applicants trade mark is a well known trade mark and hence is protected under section 2(1)(2g) of the Act and use of an identical trade

mark by the respondent is intended to cause confusion among the public;

(g) that the impugned trade mark has not acquired distinctiveness;

(h) the impugned trade mark is in contravention of the provisions of the Act.

10. The applicant is a person aggrieved and is seeking removal as the impugned trade mark is wrongly remaining on the register.

11. In reply, the respondents filed their counter statement to the application for rectification.

12. The respondent is the largest tyre and rim trading company in India. They have a strong dealer network spread all over the country and delivering

quality goods and services through sub-dealers. They are trading under various brands namely Chaoyang, Goodride, G.T. Radials etc. The respondent

is the prior user and prior adopter of the trade mark Double Coin. The public and the trade associate the trade mark Double Coin with respect to tyres

and tubes in India, the respondent is the sole registered proprietor of the trade mark Double Coin. The trade mark Double Coin was registered by the

respondent with the consent of Zafco Trading LLC and the applicant.

13. By virtue of prior use, the launch of the new product in the market, by entire investment, the goodwill and reputation is vested with the

respondents. The applicant a Chinese company who manufacture tyres is promoted and bought by the respondent through a UAE Company i.e. Zafco

Trading LLC. In the year 2006, the respondent entered into an agreement with Zafco, a representative and distributor of the applicant.

14. In 2005, the respondents predecessor Trans India, a proprietor firm in the name of Mr. Sathish Kaleed introduced Double Coin brand. Mr. Satish

Kahleed approved Zafco Trading LLC for sale of Double Coin tyres by M/s. Trans India and thereafter by the respondent. The respondent used to

purchase the said tyres and used to promote, distribute and sell Double Coin Tyres without any intervention of Zafco on the applicant. In 2006, the

rights were transferred in favour of the respondents and they had been using the same continuously and extensively.

15. By virtue of prior, long and extensive use of the trade mark by the respondent, the public associate the trade mark only with the respondent and

with none else. In order to acquire statutory protection, the respondent applied for registration of the trade mark Double Coin in class 12 in the year

2007 and obtained registration on 31/03/2009 under No. 1616634. The registration was made with the knowledge of the applicant the Zafco Trading

LLC. The respondent has also applied for registration in classes 4, 9 & 12 and the same are pending.

16. The respondent was importing Double Coin tyres from Zafco Trading LLC until 2009 and from the applicants directly thereafter. Since 2005, the

respondent had solely promoted investing lakhs of rupees towards its growth. The respondent has widely publicized and advertised Double Coin tyres

in various medias all over the country. The annual sales turnover runs to Rs. 118.28 crores since 2006-2007. They have spent huge sum of money in

the promotion and advertisement expenditure in India. They have established branch shops in Mumbai, Kolkata and Delhi in the year 2009. Due to the

efforts of the respondent, it has to its credit various prestigious clients like Reliance Petro Marketing Limited, TATA Advance Materials Limited,

BEST Roadways Limited etc.

17. After more than five years of promotion and continuous use and sale in India, on 24/12/2010, the respondents were shocked to receive a cease

and desist notice from the applicant raising an issue regarding the registration. The registration was made with the consent and knowledge of the

applicant. In fact, there was an understanding that the respondent would own the mark in India and it was on this basis that the investment in the

brand was made by the respondent. The goodwill whatever has accrued towards Double Coin tyres in India accrues in favour of the respondent as

the applicants have not spent any pie towards its promotion and it is the respondent who has been using the trade mark Double Coin in India.

18. The applicant filed a civil suit against the respondent before the Hon'ble Delhi High Court and a cross suit came to be filed by the respondent. The

Hon'ble Delhi High Court granted injunction against the respondent and dismissed the respondent's application for injunction. The respondents have

preferred an appeal against those orders and the same is pending adjudication. The instant application for rectification has been filed only out of trade

enmity.

19. The applicants Chinese Double Coin was not known at all in India. No advertisement of the applicant's goods prior to the respondents import and

promotion was made. The applicants have not shown any global transborder reputation. The Double Coin tyres were introduced in India by the

respondents. The use of the trade mark by the respondent was not on any commission basis. The applicant did not charge any royalty for the use.

There is no licensing agreement. As distributors of the product, the respondent was the exclusive promoter of the product. The trade and public associate the goodwill only with the respondent.

20. The respondent is the registered proprietor of the trade mark Double Coin in India. The sales during the last financial year is worth Rs. 36 crores.

From the above, it is clear that the respondents goods bearing the trade mark Double Coin has acquired enormous goodwill and reputation among the public and trade.

21. The applicant has not entered the Indian market till date. The applicants have not filed any evidence/document to substantiate their averments as

to use or ownership. In fact the applicants have applied for registration of the trade mark only in 2010 falsely claiming user since 2006. The applicants

have neither used the trade mark nor have they filed any document to show use. The respondent denied the applicants averment that Zafco LLC is

the distributor, marketer and advertiser of the product bearing the trade mark Double Coin in India since 2003. Zafco LLC entered the Indian market

only in 2010. It is admitted that goods manufactured by the applicant have been made available in India since 2005 which were made available on

account of the respondents efforts and endeavor. Zafco LLC had no direct marketing and sales operation in India and was supplying Double Coin

tyres through independent dealers who were placing orders for the products.

22. The respondent denied the averment that they being aware of the applicant's ownership of the trade mark applied for and obtained registration.

The other averments were also denied by the respondent.

23. The applicants filed their reply to the counter statement. The applicants products under the trade mark Double Coin are being sold in India from

2005 and since 1992-93 worldwide and in China since 1930. The applicants are the prior user of the trade mark Double Coin. The respondent is not

the honest adopter of the trade mark. The registration is bad in law as the respondent was the erstwhile agent of Zafco LLC the authorized agent of

the applicant. The registration has been obtained without any bonafide intention to use in respect of the goods for which it was registered and that in

fact not used for a continuous period of five years.

24. The respondent was never the proprietor of the trade mark and the registration is in contravention of the provisions of the Act. The registration

has been obtained with malafide intention to ride upon the goodwill and reputation earned by the applicant. The registration has been obtained in bad

faith. The applicants trade mark is a well known mark and has to be protected under section 2(1)(zg) of the Act.

25. The registration has been obtained fraudulently and by misrepresentation and therefore the respondents are not entitled to benefit of section 12 of

the Act. The impugned registration is an entry made without sufficient cause and the entry is wrongly remaining on the register. The registration is in

contravention of section 9, 11 and 18 of the Act.

26. On completion of the pleadings, we heard Shri Akhil Sibal, learned counsel for the applicant and Ms. Prathiba M. Singh, learned counsel for the 1st respondent.

27. Learned counsel for the applicant Shri Akhil Sibal commenced his arguments relying on the observation of the learned single judge in the

interlocutory petition No. 548/2011 in CS(OS) No. 89/2011. The respondents have not disputed the fact that the applicants have coined the trade mark

Double Coin. The respondents are traders/distributors and not manufacturers. The respondents are traders using various trade marks.

28. The respondents adoption is dishonest. There is no evidence filed by the respondent prior to 2006. The respondents are only traders and not

manufacturers. The respondents have admitted that the applicants are prior user of the trade mark Double Coin. Here, there is no case of agent or

licensor - licensee. The products are imported and sold in India. There are various documents to show that the goods are from the applicants.

29. The learned counsel also relied on the order passed by the Division Bench of the Hon'ble High Court of Delhi between the same parties in an

appeal against the interim order in CS(OS) No. 89/2011. The counsel referred to the cease and desist notice issued by the applicant to the respondent

and also their reply. The counsel submitted that the photograph relied on by the respondent has the Chinese words depicted and therefore cannot said

to be the respondents products. The document at page 79 to 92 filed along with the counter statement no trade mark is mentioned. The other documents were referred to by the applicants and submitted that these documents clearly stated that the trade mark was originally adopted and used by a Chinese company and therefore the respondents cannot claim to be the proprietor of the trade mark. Only in the year 2009, they had taken their customers to see the manufacturing unit.

30. The learned counsel for the applicant then relied on a list of judgments:-

(1) (1912) (3) KB 76 - Dental Manufacturing Company Limited vs. C.De Trey & Co. -- The sole agent for sale of an article made by a particular

manufacturer cannot maintain a passing off action against a person who passes off an article made by himself as the article made by that

manufacturer merely on the ground that the agents profits through sale of that article are hereby diminished.

(2) (1897) AC 710 (HL) - Birmingham Vinegar Brewery Co. Vs. Powell - A trader cannot pass off the goods of his own manufacture as those of

another though the purchaser has no knowledge of the particular manufacturer.

(3) (1911) AC 693 (HL) - William Edge & Sons Limited vs. William Nicolls & Sons Limited - The get up was calculated to deceive, the addition of

the label, not being a sufficient distinction and that the defendant ought to be restrained by injunction.

(4) (1972) RPC 1 (Ch D) -- F. Hoffmann-La Roche & Company A.G. vs. D.D.S.A. Pharmaceuticals Limited -- Where goods are sold with a

particular get up for long, the public recognise the goods of a particular manufacturer and it does not matter whether you know the manufacturer or not.

(5) Kerly's Law of Trade Marks and Trade Names (14th Edn. 2005, Sweet & Maxwell) p. 464 - Thus in ""Yorkshire Relish"", the claimants sauce was

made according to a secret receipt and was also bought and sold by name alone. The defendants made a sauce described as a ""wonderful match"" of

the claimant's, and their contention was that public knew and cared nothing about actual manufacturer, but wanted only the sauce known as

Yorkshire Relish"". The contention failed. Lord Herschell said ""I think that the fallacy of the appellant's arguments rests on this that it is assumed that

one trader cannot be passing off his goods as the manufacturer of another unless it be shown that the person purchasing the goods known of the manufacturer by name and have in their mind when they purchase the goods that they are made by a particular individual. It seems to me that one man may quite well pass off his goods as the goods of another, if he passes them of two people who will accept them as the manufacture of another though they do not know that other by name at all. In the present case, it seems to me that ""Yorkshire Relish"" meant that manufacturer of a particular person"". Powell vs. Birmingham Brewery (1897) A.C. 710 at 715.

(6) Christopher Wadlow - The Law of Passing Off (3rd Edn. 2004, Sweet & Maxwell) at pp. 52-54, 155-156, 195-196.

(7) Wilkof and Burkitt - Trademark Licensing (2nd Edn. 2005, Sweet & Maxwell) at pp. 153-154, 162-163.

(8) Black's Law Dictionary - (9th Edn. 2009, West) at p. 1633.

(9) Webster's Comprehensive Dictionary - (1004 Edn. Typhoon International) at p. 1012.

31. The legal position that the applicants are prior user of the trade mark is admitted. On facts, the advertisements does not help the respondents to prove their use of the trade mark. The respondents have not spent more on advertisement. The respondent's adoption disapproves their conduct.

32. In reply, the learned counsel for the respondent Ms. Prathiba M. Singh submitted that the trade mark Double Coin is a well known trade mark and

it has to be protected according to the applicants and it is their main contention but except for registration, there is no sale or advertisement. The

applicants if at all are using the trade mark Double Coin are using it only outside India as stated in the application for rectification. They state that they

are headquartered at China and they are the largest and trusted tyre manufacturer in China. They have also stated that they are the registered

proprietors of the trade mark outside India and their application for registration are all pending in India as seen from para 20 of their application for

rectification. They are pending registration as it is opposed by the respondents.

33. The respondents denied the sales figures given by the applicant and stated that they had very clearly stated that in their counter statement. They

had also stated in the counter statement that the sales whatever was said to have been made was not by the applicant as it relates to the respondents

sale and promotion. This averment in the counter statement was not denied by the applicant. The applicants had no trade or reputation in India.

34. The invoices produced by the applicants are sales by Zafco and not directly by the applicants. All the sales have been either through Zafco or the

respondents and not directly. The first transaction at page 163 is dated 20/04/2006.

35. The applicants claim that the trade mark Double Coin is a well known mark but have not satisfied. The respondents further submitted that on

16/09/2006, the applicant had confirmed the appointment of the respondent as the representative and distributor in India to sell and advertise and

therefore the respondents had claimed user since 01/07/2006.

36. The receipts issued by the advertisement agencies are there from pages 403-428 to prove their promotional expenses. The respondent relied on

various advertisements since September 2006. The applicants have not produced any invoice prior to that of the respondents use. The applicants have

not used the trade mark in India nor have they invested any money towards promotion of their mark in respect of the said goods.

37. If they had sales in India, then they would not have confirmed the respondent to be their representative to sell and to advertise. The onus to prove

is always on the applicant which has not been discharged.

38. The mark has been honestly and bonafidely adopted and used by the respondent and therefore no fraudulent intention.

39. The learned counsel for the respondent relied on the following:-

(1) ""Consent to the development of reputation by the distributor""-Trade Mark Licensing-Neil J. Wilkof & Daniel Burkitt, 2nd Edition 2005 - Actions

taken by the distributor or importer with the explicit or tacit consent of the manufacturer in connection with the development of the local reputation of

the trade mark are more likely to contribute to the benefit of the distributor or importer.

(2) ""Can distributor claim proprietorship of the Trade Mark?"" -- Trade Mark Licensing-Neil J. Wilkof & Daniel Burkitt, 2nd Edition 2005 -

Manufacturer may not be identified as the source of the goods.

- (3) ""Can distributor claim proprietorship of the Trade Mark?"" -- The Law Of Passing Off-Christopher Wadlow, 3rd Edition 2004
- (4) ""Goodwill owned by representative of foreign business"" The Law Of Passing Off-Christopher Wadlow, 3rd Edition 2004
- (5) ""Difference between Goodwill and Reputation"" -- Venkateswaran on Trade Marks & Passing Off, 5th Edition, 2010 - Ownership of goodwill is one of the fact and is to be established by evidence.
- (6) ""Balanced Approach Suggested"" -- Venkateswaran on Trade Marks & Passing Off, 5th Edition, 2010 - The mark states to represent the source or the person than merely a particular or specific type of goods or services.
- (7) ""International Ownership"" - McCarthy on Trademarks & Unfair Competition, Vol. 4. - Priority of trademark rights in the United States depends solely upon priority of use in the United States, not on priority of use outside United States.
- (8) ""DIEHL"" Trade Mark -- 1970 RPC (15) 435 - When the mark is used by the importer, confusion not established rectification refused.
- (9) Adrema Ltd. v. Adrema-Werke GMBH -- 1958 RPC (13) 323
- (10) Alain Bernadin ET Compagnie v. Pavilion Properties Limited -- 1967 RPC 581
- (11) Persons Co. Ltd. v. Christman -- 14 USPQ 2d 1477
- (12) ITC limited v. Punchgini Inc - 2008 U.S. App. LEXIS 5359-- Dated 26.02.2008
- (13) Menendez v. Holt -- 128 US (514) 1888
- (14) Omega Nutrition Vs. Spectrum Marketing -- 756 F. (Suppl.) 435 (1991)
- (15) IMAF Vs. JC Penney Co. -- 806 F. (Suppl.) 449 (1992)
- (16) ""Paris Convention for Protection of Industrial Property"" by Venkateswaran on Trade Marks & Passing Off, 5th Edition, 2010
- (17) Uniply Industries v. Unicorn Plywood -- 2001 PIC 417 (SC)
- (18) Gillette Company v. A.K. Stationery -- 2001 PTC 513
- (19) Procter & Gamble v. Satish Patel -- 1996 PIC (16) 646
- (20) Kaviraj Pandit Durga Dutt v. Navaratna Pharmaceutical Laboratories -- 1965 1 SCR 737
- (21) Ruston & Hornsby V. Zamindara Engineering Co. -- PTC (Suppl) 175 SC

(22) China Law Blog-Think you have a well known China Trade Mark, Think again.

(23) TM 1 Application pertaining to the defendants.

(24) Vivek Kochher v. KYK Corporation -- 171 (2010) DLT 569

(25) Roca Sanitario S.A. Vs. Naresh Kumar Gupta and Anr. and Roma International Pvt. Ltd. Vs. Roca Sanitario S.A.

(26) World Wide Brands Inc. Vs. Dayavanti Jhamnadas Hinduja and Ors. -- 2009 MIPR (2) 0310

(27) Nabisco Inc, New Jersey Corporation Vs. Royal Snacks Food Products & Anr. -- 2005 (30) PTC 632 (IPAB)--In the absence of the applicant's

products if the respondent's use is prior and available, the rectification is liable to be dismissed.

(28) Exide Industries. Ltd. Vs. Exide Corporation USA & Ors -- Suit No. 812 of 1997

40. The learned counsel for the respondents submitted a list of judgments but did not deal with each and every judgment.

41. We have heard both the counsel and have carefully gone through and considered the pleadings and documents.

42. The application for rectification has been filed by the applicant as they are aggrieved by the impugned trade mark on the register. The respondents

have no dispute regarding the applicant being an aggrieved person as there are various litigations pending between the parties. The applicants had

been using the trade mark outside India. There is no dispute that they adopted the trade mark Double Coin. The respondents were only distributors

carrying on business under the trade mark Double Coin.

43. The registration of the trade mark can be applied for by the proprietor. As per section 18 of the Trade Marks Act, 1999, any person claiming to be

the proprietor of the trade mark ""used or proposed to be used"" by him can make an application for registration. As agent or representative of the

proprietor cannot claim proprietorship to a mark and therefore cannot be the applicant for registration.

44. In the case on hand, the respondents cannot claim to be proprietor of the trade mark. There is nothing pleaded as to how they adopted the trade

mark. It is admitted case of the respondent that the applicants were the manufacturers and the respondents were merely the distributors of the tyres.

It is also not the case of the respondent that they were the only sole distributor. There were several distributors. The applicants are the proprietors of the trade mark and therefore the respondents application for registration is in contravention of the provisions of section 18 of the Act.

45. We have also seen the various documents. There are some photographs of the tyres where the mark Double Coin is mentioned both in Chinese and English. We do not see the respondents name mentioned. That apart, the respondents have made clear the source to the customers that it is the Chinese company and not them. In such a case it is not the respondent who is the proprietor of the trade mark.

46. The impugned registration has been granted on 31/03/2009. The respondents have admitted in an e-mail dated 22/10/2010 that they could find an amicable way of working together and also that the mark Double Coin is an international brand belonging to the applicant. They have further stated that they had obtained registration only to stop small manufacturers from making tyres in same brand. They had also stated that they have no intention to use the brand for any malafide intention. From the above, it is admitted case of the respondents that the trade mark Double Coin is the trade mark of the applicant. Therefore, the registration cannot be allowed to remain on the register in the name of a person/entity which is not the proprietor.

47. The learned counsel for the respondent vehemently argued that it is the respondents who had promoted the business and had spent huge amounts towards promotional expenses and that the applicants had no sale in India. The applicants cannot be said to have a direct sale as they were selling the goods through their distributors. The products had the trade mark embossed on it. It was made clear as to the manufacturer / source. The argument is therefore rejected.

48. Both the counsels have relied on few judgments which we are not going into as we have dealt with the case on facts. For the reasons stated above, we think the trade mark deserves to be removed and the ORA/110/2011/TM/MUM is therefore allowed. The Miscellaneous Petition No. 85/2011 is closed.