

Cadila Healthcare Ltd. Vs Assistant Registrar Of Trade Marks, Trademarks Registry

Court: Intellectual Property Appellate Board, Chennai Circuit Bench At Ahmedabad

Date of Decision: Dec. 12, 2008

Acts Referred: Trade Marks Act, 1999 â€” Section 9, 11, 18(5), 36, 91

Trade Marks Rules, 2002 â€” Rule 40

Constitution Of India, 1950 â€” Article 136

Hon'ble Judges: Z.S. Negi, J; S. Usha, Technical Member

Bench: Division Bench

Judgement

JUDGMENTTAG-JUDGMENT

Z.S. Negi, J

1. The above appeals under Section 91 of the Trade Marks Act, 1999 (hereinafter referred to as the Act) are directed against the following orders

passed by the Assistant Registrar of Trade Marks, Ahmedabad:

(i) the order dated 9.5.2006 in application No. 1175849 for registration of trade mark 'SUGAR FREE D'LITE' in class 5;

(ii) the order dated 1.5.2006 in application No. 1175850 for registration of trade mark 'SUGAR FREE D'LITE' in class 29;

(iii) the order dated 8.5.2006 in application No. 1175851 for registration of trade mark 'SUGAR FREE D'LITE' in class 30;

(iv) the order dated 1.5.2006 in application No. 1412152 for registration of trade mark 'DUONEM' in class 5;

(v) the order dated 1.5.2006 in application No. 1412153 for registration of trade mark 'OLMY' in class 5; and

(vi) the order dated 9.5.2006 in application No. 1103399 for registration of trade mark 'GLIZONE-M' in class 5, whereby he refused the first

mentioned three applications under Section 9 and later mentioned three applications under Section 11 of the Act.

2. It is stated that the appellant, which is one of the reputed members of the Cadila Group of Companies, is carrying on business of manufacturing and

marketing of pharmaceutical preparations of various kinds for the past several years. The appellant adopted the trade marks 'SUGAR FREE D'LITE'

in classes 5, 29 and 30, respectively, on 18.2.2003 and also adopted three other trade marks, namely, 'DUONEM' on 9.1.2006, 'OLMY' on 9.1.2006

and 'GLIZONE-M' on 9.5.2002, all in class 5, and applied for registration thereof claiming proprietary rights in those six trade marks. The Trade

Marks Registry sent its examination reports in respect of application Nos. 1175849, 1175850 and 1175851, citing grounds for refusal thereof under

Section 9 of the Act, stating that the trade marks sought for registration are not distinctive and they are also descriptive. The examination reports also

imposed condition of disclaimer against the exclusive use of the word 'SUGAR' in all the three trade marks. The Registry also sent examination

reports in respect of application Nos. 1412152, 1412153 and 1103399, citing the relative grounds for refusal of the applications under Section 11 of the

Act, stating that the trade marks submitted for registration are deceptively similar to the already registered trade marks/pending trade marks

applications.

3. After perusal of the examination reports of the Trade Marks Registry in respect of application Nos. 1175849, 1175850 and 1175851, against which

non-distinctiveness were the grounds cited for refusal, replies were sent to the Registry asking for dates to be fixed for hearing. The Registry fixed

19.9.2005 for hearing the said three applications and during hearing the Assistant Registrar directed the appellant to file affidavits showing user of the

marks after the date of making those applications for registration. The appellant filed the requisite affidavits claiming use of the trade marks since

2003, giving evidence for the same, and also accepted the disclaimer of word 'SUGAR' in the trade marks. The Assistant Registrar refused the

application Nos. 1175849, 1175850 and 1175851 under Section 9 of the Act by passing the uniform cryptic orders, thus: ""Application refused under

Section 9"", on 9.5.2006, 1.5.2006 and 8.5.2006, respectively. The appellant also sent replies to the examination reports in respect application Nos.

1412152, 1412153 and 1103399 stating that none of the marks cited in the reports were deceptively or phonetically similar to the appellant's trade

marks and the Registry was requested to fix date for hearing of the applications. The Registry fixed 19.4.2006 for hearing the application Nos.

1412152 and 1412153 and 19.9.2005 for the application No. 1103399, and after hearing, the Assistant Registrar refused the applications under Section

11 of the Act by passing the uniform cryptic orders, thus: ""Application refused under Section 11"", on 1.5.2006, 1.5.2006 and 9.5.2006, respectively.

4. Aggrieved by the impugned cryptic orders of the Assistant Registrar, the appellant challenged the refusal orders, of application Nos. 1175849,

1175850 and 1175851 under Section 9 of the Act, mainly on the grounds, inter alia, that the impugned orders under Section 9 of the Act is contrary to

law and are liable to be set aside as the marks applied for are distinctive, not descriptive of the goods of the appellant, the trade marks are being used

by the appellant and the unique combination of three words introduced for the first time by the appellant ought to have been considered by the

respondent; that the respondent should have considered that the turn-over of the marks 'SUGAR FREE D'LITE' exceeds Rs. 45.35 lakhs for the

period 2004-05 as disclosed in the affidavits and that the respondent has not passed reasoned orders as he has not recorded any reason for refusing

the applications except mentioning that the refusals are under Section 9 of the Act. The grounds mainly on which the impugned orders refusing

application Nos. 1412152, 1412153 and 1103399 challenged are, inter alia, that the marks cited in the examination report as conflicting the appellant's

marks are in no manner, either phonetically, structurally, visually, deceptively similar to the marks of the appellant; that the respondent has failed to

appreciate that in the pharmaceutical trade it is quite common to use the generic name of the base molecule as prefix or suffix of the final drug as the

trade mark and the statute casts a duty on the tribunal to take judicial notice of the prevailing trade practice and that there is no reason given by the

respondent for refusal of the applications except stating that the applications are refused under Section 11 of the Act.

5. The appeals came up before us for hearing, wherein Senior Advocate Shri Mihir Thakore along with Shri Bijal Chhatrapati & Ms. Shardha Sheth,

Advocates appeared on behalf of the appellant but the respondent remained unrepresented. As the parties are same in all the appeals and facts are

almost similar, the appeals, with the consent of the learned senior counsel for the appellant, were heard together and this common order is being

passed in the appeals.

6. The learned senior counsel at the out set submitted that all the impugned orders against which the present appeals lie are cryptic, without recording

reasons as to how the respondent has arrived at the conclusion that the marks applied for registration are not distinctive or, as the case may be,

deceptively similar to marks already registered or applications pending for registration. Even after hearing the appellant and perusal of evidence

adduced by the appellant in support of its applications for registration, such non reasoned orders passed by the respondent are utterly against the

principles of natural justice. When the respondent was aware that its orders are appealable before the Appellate Board, the respondent is expected to

record detailed reasons for arriving at its decision. Learned senior counsel submitted that the appellant is aware that Rule 40 of the Trade Marks

Rules, 2002 which deals with decision of Registrar empowers the Registrar to communicate his observations in writing to the applicant and if the

applicant intends to appeal from such decision, he may within one month from the date of such communication apply on Form TM-15 to the registrar

requiring him to state in writing the grounds of, and the material used by him in arriving at, his decision but this provision is contrary to the principles of

natural justice as such provision gives discretion to the Registrar to record reasoned order or to pass a cryptic order like this in these cases without

giving detailed reason for arriving at a conclusion. In other words, the obligation to record reasons operates as a deterrent against possible arbitrary

decision by the Registrar invested with the judicial power. The aforesaid rule is also contrary to the provisions of Sub-section (5) of Section 18 of the

Act which mandates that in the case of a refusal or conditional acceptance of an application, the Registrar shall record in writing the grounds for such

refusal or conditional acceptance and the material used by him in arriving at his decision. Learned senior counsel submitted that the Courts have

repeatedly held that the authorities performing quasi judicial functions should pass reasoned orders and this is all the more desirable when such orders

are amenable to further avenues of challenge. Placing reliance upon the judgments in *Union of India and Ors. v. Jai Prakash Singh and Anr.* and

Travancore Rayon Ltd. v. Union of India learned senior counsel submitted that the impugned orders of the Assistant Registrar of trade Marks are

erroneous and unsustainable.

7. Not very long ago it was thought that the requirement for adjudicatory authorities to record reasons for their decisions was not part of natural justice

but the Franks Committee in England (Committee on Administrative Tribunals and Enquiries) insisted that there should be a general practice for

adjudicatory bodies to give reasons and same was given statutory force in the Tribunals and Inquiries Act, 1958. The judgment of the Apex Court in

Maneka Gandhi v. Union of India represents the high watermark of judicial insistence on adjudicatory authorities giving reasons for their decisions.

The authority under the Passport Act, 1963 is required to record its reasons while impounding his or her passport and furnish a copy thereof to the

concerned person on demand. The authority may refuse to give reasons in public interest amongst other grounds. The Court held that the authority

under the Passport Act, 1963 is not the final authority in determining the question that non-disclosure of reasons in a particular case is in public

interest. Bhagwati, J., as he then was, stressed that giving reason is a healthy check against abuse or misuse of power. It was further observed that

the authority would have to satisfy the Court by placing proper material before it that the giving reason would be 'clearly and indubitably' against the

interests of the general public and if the Court is not so satisfied it would require the authority to disclose the reasons. In the case of *Union of India*

and *Ors. v. Jai Prakash Singh and Anr.* (supra), wherein the Central Excise Inspector reported that the appellant company is producing nitro-cellulose

lacquer without obtaining a Central Excise Licence and removing the same for internal use without payment of duty. The appellant denied the charges

but the Deputy Superintendent of Central Excise determined excise duty which the appellant failed to pay. The Assistant Collector of Customs after

issuing show cause notice and receiving contentious reply that what was produced by the appellant was not nitro-cellulose lacquer but the Assistant

Collector confirmed the order of assessment and imposed a penalty. In appeal to the Collector, the appellant raised a large number of objections, the

collector consulted the Chemical Examiner who gave conflicting opinion and after hearing the appellant dismissed the appeal. Invoking the revisional

jurisdiction, the company moved a petition to the Central Government and the Joint Secretary to the Government of India, Ministry of Finance, without

giving hearing to the company passed the order that"" The Government of India have fully considered the points made by the appellant(s), but see no

justification for interfering with the order in appeal. The revision application is accordingly rejected."" On appeal, the Apex Court observed at paras 7

and 11 as under:

The question raised before the Collector of Customs was of a complicated nature and for its proper appreciation required familiarity with the chemical

composition and physical properties of nitro-cellulose lacquers and of the substance produced by the appellant Company. The Collector in deciding the

appeal wrote an order running into 18 typed pages. There were before the Collector conflicting opinions of the Chemical Examiner and the Silk Mills

Research Association, Bombay. The Collector gave two personal hearings to the appellant Company. No personal hearing was given by the

Government of India to the appellant Company even though the matter raised complex questions. It is true that the rules do not require that personal

hearing shall be given, but if in appropriate cases where complex and difficult questions requiring familiarity with technical problems are raised,

personal hearing is given, it would conduce to better administration and more satisfactory disposal of the grievances of citizens. The order does not

disclose the name or designation of the authority of the Government of India who considered ""the points made by the applicants"", and it is impossible to

say whether the officer was familiar with the subject-matter so that he could decide the dispute without elucidation and merely on a perusal of the

papers. The form in which the order was communicated is apparently a printed form. There is a bare assertion by the Joint Secretary to the

Government of India, in his communication that the Government of India had ""carefully considered the points made by the applicant(s)"". There is no

evidence as to who considered the ""points"" and what was considered. The Central Government is by Section 36 invested with the judicial power of the

State. Orders involving important disputes are brought before the Government. The orders made by the Central Government are subject to appeal to

this Court under Article 136 of the Constitution. It would be impossible for this Court, exercising jurisdiction under Article 136, to decide the dispute

without a speaking order of the authority, setting out the nature of the dispute, the arguments in support thereof raised by the aggrieved party and

reasonably disclosing that the matter received due consideration by the authority competent to decide the dispute. Exercise of the right to appeal to this

Court would be futile, if the authority chooses not to disclose the reasons in support of the decision reached by it. A party who approaches the

Government in exercise of a statutory right for adjudication of a dispute is entitled to know at least the official designation of the person who has

considered the matter, what was considered by him, and the reasons for recording a decision against him. To enable the High Court or this Court to

exercise its constitutional power, not only the decision, but an adequate disclosure of materials justifying an inference that there has been a judicial

consideration of the dispute by an authority competent in that behalf in the light of the claim made by the aggrieved party, is necessary. If the officer

acting on behalf of the Government chooses to give no reasons, the right of appeal will be devoid of any substance.

11. In this case the communication from the Central Government gave no reasons in support of the order; the appellant Company is merely intimidated

thereby that the Government of India did not see any reasons to interfere "with the order in appeal". The communication does not disclose the "points

which were considered, and the reasons for rejecting them. This is a totally unsatisfactory method of disposal of a case in exercise of the judicial

power vested in the Central Government. Necessity to give sufficient reasons which disclose proper appreciation of the problem to be solved, and the

mental process by which the conclusion is reached, in cases where a non-judicial authority exercises judicial functions, is obvious. When judicial power

is exercised by an authority normally performing executive or administrative functions, this Court would require to be satisfied that the decision has

been reached after due consideration of the merits of the dispute, uninfluenced by extraneous considerations of policy or expediency. The court insists

upon disclosure of reasons in support of the order on two grounds : one, that the party aggrieved in a proceeding before the High Court of this Court

has the opportunity to demonstrate that the reasons which persuaded the authority to reject his case were erroneous ; the other, that the obligation to

record reasons operates as a deterrent against possible arbitrary action by the executive authority invested with the judicial power.

In the case of Union of India v. Jai Prakash Singh and Anr. (supra) wherein appeal directed against the order of the Allahabad High Court whereby

the High Court describing the guidelines of the Ministry of Communication on Gramin PCO to be arbitrary without indicating any reason therefore, the

Apex Court made the following observations:

Reasons introduce clarity in an order. On plainest consideration of Justice, the High Court ought to have set forth its reasons, howsoever brief, in its

order indicative of an application of its mind, all the more when its order is amenable to further avenue of challenge. The absence of reasons has

rendered the High Court's judgment not sustainable.

Even in respect of administrative orders Lord Denning M.R. in *Breen v. Amalgamated Engineering Union* 1971 (1) All E.R. 1148 observed "the giving

of reasons is one of the fundamentals of good administration". In *Alexander Machinery (Dudley) Ltd. v. Crabtree* 1974 LCR 120 it was observed:

Failure to give reasons amounts to denial of justice". Reasons are live links between the mind of the decision taker to the controversy in question and

the decision or conclusion arrived at". Reasons substitute subjectivity by objectivity. The emphasis on recording reasons is that if the decision reveals

the "inscrutable face of the sphinx", it can, by its silence, render it virtually impossible for the Courts to perform their appellate function or exercise the

power of judicial review in adjudging the validity of the decision. Right to reason is an indispensable part of a sound judicial system, reasons at least

sufficient to indicate an application of mind to the matter before Court. Another rationale is that the affected party can know why the decision has

gone against him. One of the salutary requirements of natural justice is spelling out reasons for the order made, in other words, a speaking out. The

inscrutable face of a sphinx" is ordinarily incongruous with a judicial or quasi-judicial performance.

8. The order of the Registrar is amenable to appeal before this Appellate Board and it would be difficult for this Appellate Board to decide the issues

or controversies without a speaking order of the Registrar of Trade Marks, setting out the nature of the dispute, the arguments in support thereof

raised by the aggrieved party and reasonably disclosing that the matter received due consideration by the Registrar to decide the dispute. Exercise of

the right to appeal to this Court would be futile, if the Registrar chooses not to disclose the reasons in support of the decision reached by it and we

have to pass order directing the appellant to apply to the Registrar on Form TM-15 for giving reasons. We are not going into the legality of Rule 40 of

the Rules as that does not form part of the pleadings. In view of existence of Rule 40 of the Rules on the statute book which is not found to be ultra

vires, we cannot give go by to compliance of the said rule. We are passing the present order with a sole purpose to save the appellant from hazels as

many changes have taken place in the Registry and the officer who has heard these cases may no longer be there to give statement in writing and if

that be so proceedings have to be initiated *denovo*.

9. The result is that the impugned orders passed by the Assistant Registrar of Trade Marks are not sustainable. Accordingly, the impugned orders

referred to in the first paragraph of this order are set aside and the matters are remanded back to the Registrar of Trade Marks, Ahmedabad for

proceeding de novo in accordance with law. There shall be no order as to costs.