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Court : Mumbai

Decided On : Mar-04-1986

Reported in : AIR1986Bom286; 1986MhLJ280

Judge : Bharucha, J.

Acts : [Trade and Merchandise Marks Act, 1958](#) - Sections 49(3); Trade and Merchandise Marks Rules, 1959 - Rule 86

Appeal No. : Misc. Petn. No. 1585 of 1979

Appellant : The Singer Company and anr.

Respondent : Union of India (Uoi) and ors.

Advocate for Def. : B.J. Rela and ;S. Sankarramkrishna, Advs.

Advocate for Pet/Ap. : Aspi Chinoi and ;H.W. Kane, Advs.

Judgement :

ORDER

Bharucha, J.

1. The Singer Company, the 1st petitioner, is a company incorporated under the laws of United States of America. It manufactures and deals in serving machines. The Singer Sewing Machine Company, the 2nd petitioner, is a company

incorporated under the laws of the United States of America. It also manufactures and deals in sewing machines. It carries on business in India, it is a wholly owned subsidiary of the 1st petitioner.

2. The 1st petitioner is the owner of several trade marks in India, whereof the principal feature is the word 'Singer'. These trade marks were registered by the 1st petitioner under the provisions of the Trade Marks Act, 1940. Upon the enactment of the Trade and Merchandise Marks Act, 1938, the petitioners applied to the Registrar of Trade Marks under Section 49(3) of the 1958 Act that the 2nd petitioners should be registered as user of an aggregate of 108 trade marks registered in the name of the 1st petitioner. On 3rd Feb. 1965 the Registrar issued a notice to the petitioners asking them to show cause why the applications should not be rejected on the ground that such registration would not be in the interests of development of Indian industry, trade and commerce. On 5th April 1965 the petitioners sent a detailed reply. Ultimately, the 2nd petitioner was duly registered as user of 95 of the trade marks for the period of 7 years ending June 1970 and 13 of the trade marks for the period of 7 years ending 4th Dec. 1971.

3. In 1970 the petitioners applied for variation of the condition whereunder the 2nd petitioner was registered as a user of the trade marks by extension of the periods of registration up to 11th June 1977 and 4th Dec. 1978 in respect of the 95 and 13 trade marks respectively. On 20th Jan. 1973 the petitioners received from the Registrar notices to show cause why the Central Government should not issue directions to refuse the applications for variation of the registration on the following ground :

'Having regard to all the circumstances of the case registration of the Registered User is not in the interest of the general public and the development of indigenous industry in India.'

The petitioners sought particulars of what was meant by that ground. On 22nd Sept. 1976 and 1st Nov. 1976 the petitioners were informed that the use of the 1st petitioner's trade marks by the 2nd petitioner would have adverse effects upon the products by manufacturers of indigenous origin using indigenous trade marks. On 14th Mar. 1977 the petitioners sent a detailed reply, accompanied by a note,

explaining why the extension of registered user, by 7 years should be granted. On 25th April 1977 the petitioners were granted a hearing by the then Deputy Secretary, Government of India. In pursuance of his queries, the petitioners intimated to the Registrar certain information on 7th May 1977 and 15th June 1977. On 5th Dec. 1978 a further hearing was given to the petitioners by the then Deputy Secretary.

4. Identical letters dt. 19th Feb. 1979 addressed to the Petitioners' Trade Marks Attorneys by the Controller General of Patents, Designs and Trade Marks said thus :

'With reference to the above matter, I have to state that the Central Government have carefully considered all the material in connection with the variation applications referred to above and the arguments advanced at the hearing on 8th Dec. 1978 and have directed the Registrar of Trade Marks to refuse the said application on the grounds already set out in this Office Letter No. PR (RU-3031 to 3042)/4737, dt. 7th Feb. 1973 and PR (RU-3031 to 3042)/3257 Dt. 1st Nov. 1976. In the circumstances, the aforesaid applications are refused in pursuance of Section 52(2) of the Act.'

5. This petition impugns the letters dated 19th Feb. 1979.

6. Since I am wholly in agreement with the first contention raised by Mr. Chinoy, learned counsel for the petitioners, it becomes unnecessary to consider the 'other contentions raised in the petition. The first contention is that the letters dt. 19th Feb. 1979 must be quashed because they are not speaking orders.

7. Section 49 of the 1958 Act deals with applications for registration as registered users. Sub-section (3) reads thus :

'On receipt of an application under Sub-section (2), the Central Government, having regard to all the circumstances of the case and to the interests of the general public, and the development of any industry, trade or commerce in India, may direct the Registrar--

(a) to refuse the application; or

(b) to accept the application either absolutely or subject to any conditions, restrictions or limitations which the Central Government may think proper to impose:

Provided that no direction for refusing the application or for its acceptance conditionally shall be made unless the applicant has been given an opportunity of being heard.

8. Rule 86 of the Trade and Merchandise Marks Rules, 1959, requires the Central Government to give the applicant for registered user a notice in writing before it directs the Registrar to refuse the application. If the applicant desires a hearing, the Central Government is enjoined to grant it. After the hearing the Central Government is required to decide whether to give a direction to the Registrar to accept the application or to refuse it.

9. The refusal of an application for registered user has civil consequences of considerable effect. It is, therefore, that the hearing is contemplated. An order which speaks of the reasons why the application is refused is a corollary to the hearing. The applicant is entitled to know that the facts of his case and his contentions have been duly considered by the authority. He is entitled to know the grounds upon which his application is rejected and that these are germane. If the applicant is dissatisfied by the refusal he may bring the matter to Court, in which event the Court would become entitled to know that the order was passed after due consideration of all relevant facts and upon germane grounds. An order passed under Section 49(3) refusing an application to be registered as a registered user must be a speaking order.

10. I am supported in the view that I take by the judgment of a Division Bench of the Delhi High Court in *Imperial Chemical Industries Ltd. v. Registrar of Trade Marks*, Bombay, AIR 1981 Delhi 190. It was delivered in the context of an order refusing registration under Section 49(3). The court observed that the necessity for administrative authorities to provide a statement of reasons was a fundamental principle of administrative law. It was the business of the administrative authority to apply the principle which the legislature had indicated only in a general way to the particular facts of the case before it. This purpose was frustrated if the authority's

orders were not clearer than the statute itself. The requirement of reasons met the elementary demand of those injured by the authority's decision to be told 'the reason why'. A court could not adequately perform its reviewing function unless it knew what the decision of the authority was.

11. The letters dt. 19th Feb. 1979 do not state the reasons for the refusal of the petitioners' applications. They do not indicate that, in passing the orders set out therein, the authority considered the relevant facts or the petitioners' contentions. The most that can be said is that the refusal was based upon the ground set out in the Registrar's notices dated 20th Jan. 1973 and 7th Feb. 1973 to show cause why the applications, should not be refused. This ground is already quoted. It is no more than a repetition of the phraseology used in Section 49(3) with only the addition of the word 'indigenous'. It makes the petitioners and, indeed, the court no wiser.

12. In *J.M.A. Industries Ltd. v. Union of India*, : AIR1980 Delhi200 , a Division Bench of the Delhi High Court commented upon the identical ground used in a show-cause notice. It said that general phrases could not indicate the facts which had to be explained or rebutted or what additional facts had to be pleaded to surmount the objections raised. The petitioners could not be expected to imagine all possible circumstances and facts which should make registration of their user contrary to public interest.

13. In the result, I hold that Section 49(3) requires that the Central Government must, when refusing an application for registration thereunder, pass a speaking order setting out the reasons for the refusal. The letters dt. 19th Feb. 1979 are not speaking orders. They must, accordingly, be quashed and set aside.

14. The Central Government shall consider the petitioners' application under Section 49(3) afresh. It shall issue to the petitioners, if it is minded to refuse the applications, show-cause notices which state in clear terms why the granting of the application is not contemplated. The show cause notices shall state facts, circumstances and reasons so that the petitioners are able to know what the Central Government's point of view is and counter it. The Central Government shall afford the petitioners a personal hearing. It shall thereafter decide, on a

consideration of all relevant facts and the petitioners' contentions, whether or not the application should be granted. In the event that it is refused, the Central Government shall pass a speaking order and shall communicate the same to the petitioners. The applications shall be disposed of as early as possible and preferably within 6 months from today.

15. The respondents to pay to the petitioners costs of the petition.

16. Rule accordingly.

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