

Trademark restored 29 years later



Court rules that India's Trademark Registry cannot remove a trademark where it hasn't issued the correct notice to the proprietor, as Lucy Rana from S.S. Rana & co explains.

The Delhi High Court's recent decision directing restoration and renewal of the trademark "MBD", 29 years after its due date of renewal, may have brought smiles to the trademark owners but have also raised apprehensions as it may lead to the Trademark Registry being inundated with applications for renewal/registration of trademarks which have lapsed long time ago. At least in cases where the Registrar does not have available the records of dispatch of Notices in Form O-3 prior to the removal of the trademarks. Before analyzing the case, it is important to reflect on the salient feature of O-3 Notices.

O-3 notice

Section 25(3) read with Rule 64(1) of the *Trademark Act* provides that at a date not less than one month and not more than three months before expiration of the last registration of a trademark the Registrar shall notify the registered proprietor in Form O-3 of the approaching expiration and the condition as to payments of fees and otherwise upon which a renewal of registration may be obtained. If at the expiration of the time prescribed those conditions have not been duly complied with, the Registrar may remove the trademark from the register.

It is pertinent to mention that in 2012, the Registrar of Trademarks had issued a notification directing the Section in charge of the Renewal notices to electronically generate O-3 notices and get the same dispatched by Registered/speed Post. These days the O-3 notices are also made available online on the Registry's website.

Case details

Malhotra Book Depot, one of Asia's largest printers and book publishers and respondent in the case had obtained the registration of the stylized mark MBD on November 23, 1970, which was last renewed in 1977 (under the then applicable *Trade and Merchandise Marks Act 1958*). Subsequently over the years the constitution of the respondent changed twice and it was only in 2010, when the current partners of the Book Depot had applied for "Certificate for Use in Legal Proceedings", they realized that MBD trademark (268211) had not been renewed after November 23, 1984, as no records of the mark was available with the Registry. Thereafter they sought a *writ of mandamus* for restoration and renewal of the trademark as their application for restoration and renewal of the mark was not accepted by the Registry. It was inter alia the case of the respondent that the statutory notice in Form O-3 under the *Trade and Merchandise Marks Rules, 1959*(which were applicable at the relevant time) was not sent by the Registrar and hence the restoration/renewal of the mark could not be denied.

The Single Judge had allowed the writ petition, observing that under Section 25 of the *Trade and Merchandise Marks Act, 1958*, the application for renewal of the registration could be made upon receipt of the Notice in Form O-3 and that the Registrar could remove the trademark from the Register and advertise the factum of removal in the Journal only after a Notice in Form O-3 had been issued. The Judge had noted that mere expiration of the registration by lapse of time and the failure of the registered proprietor to get the same renewed, by itself, does not lead to the conclusion that the same can be removed from the Register by the Registrar of Trade Marks without complying with the mandatory procedure prescribed in Section 25(3) of the Act read with Rule 67 of the Rules. Removal of the registered trademark from the Register without complying with the mandatory requirements of Section 25(3) was held to be laconic and illegal. The Registrar's plea that the application for restoration/renewal beyond the time prescribed in Section 25(4) and Rule 69 was not accepted by the Judge as the removal of the mark from Register was held to be not in terms of Section 25(3) r/w Rules 67 & 68.

The Judge had finally held that (under the Act and the Rules) mere lapse of the time does not result in its removal and for which Notice in Form O-3 is required to be given and since the mandatory Notice in Form O-3 had not been given prior to the removal of the mark, the application seeking its restoration and renewal could not be said to be barred by time.

It was against this order of the Single Judge that an appeal was filed by the Registry in the High Court.

Arguments and contentions

The appellants argued that removal of a trademark is an administrative act and any deficiency in such removal does not give any right for restoration of the trademark beyond the time prescribed therefore. They also argued that no consequences have been set-out for non-compliance with Section 25(3) requiring issuance of the Notice in Form O-3 and thus the issuance of Notice in Form O-3 cannot be said to be mandatory. It was further argued that non-issuance of such notices would not extend the duration of registration indefinitely.

On the other hand, the respondent argued that the relevant rule (Rule 68), while providing for removal of the mark on non-payment of renewal fees at the expiry of last registration, uses the word "may" and not "shall". It is for this reason only that the Registrar, in spite of the validity of the mark having expired in the year 1984 did not remove it till the year 1990. And, if the mark is not removed, its renewal can be applied for at any time and if the removal of the mark is wrongful, the limitation prescribed in Section 25(4), of one year for applying for renewal thereof, does not apply.

The Provisions in question: Duration, renewal, removal and restoration of registration (Section 25, Rules 66- 70):

- The registration though initially shall be for period of seven years, may be renewed from time to time. The Registrar shall renew the mark on receipt of the application made in prescribed manner, within the prescribed period (not more than six months before expiration of the last registration of the mark) and subject to payment of prescribed fee.
- If no application for renewal is received then at a date not less than one month and not more than two months before the expiration of the last registration of a trademark, the Registrar shall send O-3 notice to the registered proprietor of the approaching expiration and the conditions as to payment of fees and otherwise upon which a renewal of registration may be obtained. And if at the expiration of the time prescribed in that behalf those conditions have not been duly complied with, the Registrar may remove the trademark from the register and advertise the fact in the Journal.
- The Registrar may restore the trademark to the register and renew the registration of the trademark on receipt of an application, in the prescribed form and if satisfied that it is just so to do, within one year from the expiration of the last registration of trademarks.

Observations of the Court

The Court's observations clearly emphasized that sending O-3 notices are a necessary precondition for the next step, in other words the removal of the trademark. Deriving precedence from prior judgments, the Court interpreted the relevant section of the Act stating that removal of the mark from the register has been made subject to sending of O-3 notices calling upon the registered proprietor to

renew the mark and is permitted only upon the failure of the registered proprietor to do so [under Section 25 (3)] and not merely on the failure of the registered proprietor to apply for renewal within the prescribed time. The Court further went on to state that it is a settled principle of law that rules framed under a statute cannot override the statute and that as per the scheme of *Trademark Rules* (regarding renewal of registration and restoration) the removal for non-renewal has not been made automatic and the Registrar is required to notify the registered proprietor of the approaching expiration (under Rule 67) and is to remove the trademark from the register only thereafter, as is evident from Rule 68 having been placed after Rule 67.

While the Court mainly addressed the effect of removal of a trademark from the register, without following the prescribed procedure, it also deliberated on the time prescribed to apply for restoration stating that it was strange that the right to restoration accrues on removal but the time prescribed to apply for restoration is from the expiry of the last registration. It also raised a valid question in this regard as to what will happen if removal itself is after one year from the expiry of the last registration (as was in the case discussed here).

Noting that neither the Act nor Rules prescribe any limitation for applying for restoration and renewal in a situation where the removal of the mark from the register is done without the issuing of the notice in Form O-3, the Court held that the only inference in such a case is that application (for restoration and renewal) can be made at any time and in the decision whereon the Registrar would be entitled to take into consideration the relevant factors such as whether the same or a similar mark has in the interregnum being registered by any other person etc.

The Court modified the order of the Single Bench and issued an order to the Appellant to restore/ renew the trademark after being satisfied that the Respondent was the registered proprietor/ successor of the registered trademark which has expired and that in the interregnum same or similar marks have not been registered.

The road ahead

The Court may have simply stated that *legislative interpretation cannot be rejected merely for the reason of opening the floodgates of applications or litigations* and that *the Court has to give effect to the right created and should not restrict that right merely in order to minimize litigation*, but it will be interesting to see if and how this resounding victory for MBD is used by others in getting their mark restored with the Registry, especially in cases where the O-3 notices were not sent or the records of dispatch are not available with the Registry. The decision, while acting as a potent deterrent to any future instance of O-3 notices not being sent by Registry, would also go a long way in setting a precedent both for the right holders and for the Registry. It also raises a question as to what will happen in cases where the mark thus removed by the Registry, without issuing the O-3 notices, is being registered or used by others.

Résumé

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Lucy Rana is an IP Attorney, enrolled with the Bar Council of Delhi (2007), she also holds an Executive Diploma in International Business Management with specialization in Foreign Trade, from Indian Institute of Foreign Trade, New Delhi (2004). She read law at the University of Delhi and has majored in Japanese language from Jawahar Lal Nehru University, New Delhi. Lucy has been advising many Fortune 500 companies and some of the world's most esteemed corporations from multifarious fields, on a range of contentious and non contentious IP matters. She regularly conducts due diligence with emphasis of IP related issues and leads the firm's IP enforcement, watch and Domain Name dispute resolution teams.

She is a member of several national and international IP organizations such as International Trademark Association. Prior to joining the firm, she worked for more than a decade in the corporate world and as Country Manager, Matsushita Electric Works Ltd., New Delhi. She played a key role in developing the country operations of the Matsushita Electric World Ltd. (Panasonic).

She is also an avid adventure sports enthusiast and likes to play the piano in her spare time.