

MANU/IC/5034/2007

Equivalent/Neutral Citation: 2008(36)PTC131(IPAB)

**BEFORE THE INTELLECTUAL PROPERTY APPELLATE BOARD
CHENNAI**

ORA/05/05/TMN/DEL

Decided On: 28.02.2007

Riverdale School Society **Vs.** Riverdale High School and Ors.

Hon'ble Judges/Coram:

M.H.S. Ansari, Chairman and Syed Obaidur Rahaman, T.M

Counsels:

For Appellant/Petitioner/Plaintiff: S.K. Bansal, Adv.

For Respondents/Defendant: N. Mahabir, Adv.

JUDGMENT

M.H.S. Ansari, Chairman

1. The instant rectification application has been filed for the removal of the Trade Mark No. 1057177 registered in Class 16. The matter was heard in the Circuit Bench Sitting at Delhi on 05.02.2007.

2. It is the case of the applicant that in the year 1979 a school was started by the name of RIVERDALE SCHOOL for classes Lower K.G. to standard V and thereafter in the year 1982 the Applicant Society was incorporated under the Societies Registration Act, 1860 and after its incorporation the Society took over the school and since then it is managing, controlling and running the school. The word RIVERDALE, it is stated was bonafidely conceived and adopted in the year 1979 and since then it is being used as a trade mark and service mark in relation to all activities connected with the said educational institution (School) including on its note books, teaching materials, visiting cards, stationeries, registers, school uniform, school bus, etc. It is the further case that the trade mark and the Trade name RIVERDALE by its continuous user and endeavor of the applicant has built a valuable name, goodwill and business and thereby acquired proprietary rights. The said mark/trade name RIVERDALE, it is stated has already become distinctive and associated and acquired secondary significance with the Applicant. The applicant, it is further stated, has filed for registration of its trade mark and trade name RIVERDALE under trade mark application No. 1186717 in class 16, which has been accepted by publication by the Registrar of Trade Marks and thereafter an application No. 1243411 has also been made for registration in Class 41. The grievance of the applicant is that the Respondent No. 1 has obtained registration of the Trade Mark/logo of which RIVERDALE is an essential part, under Class 16. The parties are engaged in the same business and services viz. owning, running and managing of educational institutions and activities connected there with. The adoption of the mark and the trade name by the Respondents, it is alleged is fraudulent and with sinister motives with a view to take advantage and to trade upon the reputation of the applicants. It has been stated by the applicant that in May, 1993 the applicant was approached by Respondent No. 4 representing Respondent No. 3 Society viz. M/s. DOON PUBLIC SCHOOL SOCIETY to lend/permit them to run a school from Standard V

to Standard XII. The applicant under a franchise agreement dated 22nd July, 1994 permitted the said Respondents to use the said name RIVERDALE. It is further stated by the applicant that under the said agreement Respondents 2 and 3 were required to pay a royalty of Rs. 36000 per annum to the applicant, which was being paid till the year 2000. The disputes between the parties arose on various accounts including the failure of the Respondents to pay the royalties. The further cause for the disputes between the parties is stated to be an advertisement released in local newspapers by the Respondent No. 4 to the effect that they were going to extend the activities from the Class "Lower K.G. to Standard V" under the name RIVERDALE. This according to the applicant was in gross violation of the Applicant's rights. Legal notices were exchanged and certain actions initiated in different fora. A civil suit was filed by the applicant for injunction in the Court of the Learned District Judge, Dehradun. The Respondent filed a copy of the registration certificate and the impugned trade mark in the said suit proceedings wherefrom the applicants learnt that registration has been granted and hence the instant applicant for rectification.

3. In the counter statement filed on behalf of the Respondents it is admitted that the children of Respondent No. 4 received their primary education from the school of applicant. It is stated that Ms Surjit Ahluwalia suggested to Respondent No. 4 that he should start some education institution in Dehradun and also proposed to Respondent No. 4 that the school be opened by him should be named as RIVERDALE HIGH SCHOOL. The applicant got passed a resolution dated 26.11.1993 in the Applicant Society for the opening of the school by Respondent No. 4 and naming the same as RIVERDALE HIGH SCHOOL. According to the Respondents, it was a design of the applicant to promote the applicant's school at the cost and risk of Respondent No. 4. Although the Respondent had already got registered a Society on the name of the DOON PUBLIC SCHOOL SOCIETY basing on the name of city Dehradun. The Respondents agreed to adopt the name RIVERDALE and also got the name of the Society officially changed from DOON PUBLIC SCHOOL SOCIETY to RIVERDALE HIGH SCHOOL in December, 1993. There was no demand of applicant of any fiscal nature at that time. It is only when Respondent No. 2 started the school in the name of RIVERDALE HIGH SCHOOL on 01.04.1994 that the applicant had made a demand of Rs. 6,00,000 for the use of the word RIVERDALE. The Respondent had only one option left which was to bow to the demands of the applicant and agreed to pay the demanded amount in monthly installment of Rs. 3000 and 5000 till the time a total of Rs. 6 lacs was paid, such payments were made from May, 1994 through cheques upto 04.11.2000 from the account of the RIVERDALE HIGH SCHOOL SOCIETY. According to the Respondents further demands were made by the applicant, which the Respondent No. 4 refused to entertain for making any further payment or to admit each and every student of class V, who passed finally from the school of the applicant and this offended the applicant. The applicant started issuing legal notices and action in various fora started. According to the averments in the counter statement, the agreement dated 22.07.1994 is forged and fabricated for the purpose of civil litigation. Reference has been made to the correspondence between the applicant society and the Registrar of Societies at Dehradun, wherein the applicant specifically informed that no agreement has ever been executed between the two Societies and had further admitted in the correspondence that applicant has no objection in using the name RIVERDALE by the RIVERDALE HIGH SCHOOL SOCIETY.

4. Shri S.K. Bansal, Learned Counsel for the applicant contended that the service mark RIVERDALE is admittedly in existence since 1979 when the RIVERDALE School was started and admittedly the children of the Respondent No. 4 studied in the said school. The Respondents have no right to the trade mark for which he was the licensee. The Respondents cannot claim the proprietary rights over the mark/name RIVERDALE as

they are the licensee and the registration has been obtained by suppressing the material facts from the Registry. The registration is bad being in violation of Section 18 and the same is to be liable to be removed from the register. Referring to and relying upon the agreement dated 22.07.1994 (Annexure 2 at page 40) it was contended that in terms of the provisions contained in the said agreement the applicant shall retain the right, title and ownership of its educational name "RIVERDALE SCHOOL" while permitting the Respondent to use the goodwill of the educational name and to run its school under the name and style of RIVERDALE HIGH SCHOOL. Reference was also made to Clause 8 c of the agreement which provides that the Respondent will have classes in its school from VI standard and onwards only. There is a provision for admission of students of the Applicant school for being admitted in the school of the Respondent. The further contention was that having been permitted to use the mark/name the Respondent cannot claim proprietary rights being mere licensee. Learned Counsel for the applicant placed reliance on several decisions in support of his contentions, reference to which shall be made at the appropriate juncture.

5. On behalf of the Respondents Shri N. Mahabir, on behalf of Shri Man Mohan Singh contended that the agreement dated 22.07.1994 is forged and fabricated document brought into existence solely for the purpose of litigation and that the existence of the said document has been specifically denied by the applicant in its correspondence with the Assistant Registrar of Societies, Dehradun. No reliance could, therefore, be placed by the applicant upon such document (agreement). It was further submitted that the applicant has admitted that it has received payments by cheque. There is no assertion that the Respondents or any of them is the proprietor of the trade mark in question. The use of the trade mark and name RIVERDALE to the knowledge and consent of the applicants, amounts to assignment. It was further contended that there was no suppression of any material fact as contended. The applicants also cannot claim to have conceived the word mark RIVERDALE as that is the name of the city UTAH in United States of America and therefore no individual can claim exclusive right of use thereof. The services rendered by the applicant is simply a primary school up to 5th class, where as the school of the Respondent is an approved school up to 12th class. Relying upon the orders (Interlocutory in nature) it was contended that the matter being sub-judice before the civil Courts the instant application is not maintainable. The applicant, it was contended, has no locus-standi to maintain this petition as it is not a person aggrieved. The Learned Counsel would further remind us that the registration of the Respondent's mark is in class 16.

6. In reply Shri Bansal contended that the applicant is the first user and therefore proprietor of the mark/name. The Respondent being only the licensee cannot claim proprietary rights. Shri Bhansal contends that there cannot be an assignment without a written document evidencing the same. Reliance is placed on Section 2(1)(b) of the Act, 1999.

7. After having heard Learned Counsel for the respective parties, I am of the view that the matter can be decided upon the facts not in dispute and law as inapplicable thereto. It is not in dispute that the applicant school was started in 1979 and the Respondent No. 4 who started the Respondent RIVERDALE HIGH SCHOOL admits that his children have studied in the applicant school. Thus priority in adoption of the name and user thereof is that of the applicant, It is also not in dispute that applicant has received payments for allowing the use of the name RIVERDALE by the Respondent. The dispute mainly centres around the agreement dated 22.07.1994. This need not detain us if the alternative contention of the applicant is to be considered. The Respondents, as already noticed, have denied the existence of such agreement dated 22.07.1994. The

Respondents, however, claim that the user of the name was allowed and reference has been made to the documents of the applicant. Admittedly the applicant received payments from the financial year 1994-1995 to 2000-2001 at page 385 of the applicants type set is the certificate of the Chartered Accountants certifying the amount received during the said period and it is stated therein that the said amounts received were "for using its goodwill of the educational name RIVERDALE". At page 387 of the applicants' documents are the particulars and details of the investments made by the Applicant Society of the amounts so received. The Respondents have also filed at page 159 a certificate of their Accounts Officer certifying the payments made by the Respondent No. 1 RIVERDALE HIGH SCHOOL SOCIETY to the applicant school Society for the period 1994 to 2000-2001. It would be apparent that the case of the Respondent rests on oral understanding or oral agreement and that according to the Respondent "user" of the name amounts to assignment and not licensing whereas according to the applicant the user was permissive and subject to conditions. This Appellate Board is therefore to decide, in my view the only question whether there can be an oral assignment of a trade mark/trade name. If it is to be construed as contended by Shri Bhansal that there could be no oral assignment then the further question for consideration would be whether licensee can claim proprietary rights over the mark, which he was permitted to use as licensee.

8. However, the foremost question to be adjudicated is as to whether the applicant is an aggrieved person. According to the Respondent, the applicant has no locus in view of the pending proceedings, findings of the learned District Judge as affirmed by the High Court in the action initiated by the applicant.

9. The expression "aggrieved person" for purposes of expunging or varying an entry in the Register Locus Standi would be ascertained liberally. Reference need only be made to *Hardie Trading Ltd. v. Addison Paints and Chemicals Ltd.* MANU/SC/0705/2003 : 2003 (27) PTC 241 (SC). The test to determine "person aggrieved" is the one propounded in *Powell's Trade Mark 1894* (ii) RFC 4. A person aggrieved includes the rivals in the same trade who are aggrieved by the entry of rival's mark in the register or person whose legal rights would or might be limited if the mark remains on the register he could not lawfully do that which, but for the existence of the mark on the Register he could lawfully do. Applying the said principles to the case on hand the applicant, in my considered view, is a person aggrieved.

10. Before I proceed further it would be the appropriate stage to have a brief look at the other judgments cited by the Learned Counsel for the applicant.

(a) In *Fedders North American v. Show Line and Ors.* MANU/DE/1938/2006 : 2006(32) PTC 573 (Del.) para 35 the Delhi High Court echoed the view expressed by the Supreme Court in *Power Control Appliances v. M/s. Sumeet Machines Pvt. Ltd.* JT 1994 (2) SC 17 and observed that a trade mark cannot have two origins and that after termination of the agreement the user by Defendants was unauthorized. The Court posed a question in that case whether an ex-licensee can claim any right over a trade mark and answered the same thus "it must be held that, in fact, user of the trade mark "Fedders" by the Defendant No. 18 after the termination of the agreement was unauthorized and that it infringed the right of the Plaintiff to its exclusive user"

(b) *Sardar Jagat Singh and Anr. v. New Delhi Municipal Council and Ors.* 2005 5 AD (DELHI) 365 is relied upon in support of the contention that the only remedy of a licensee even if a license was wrongly terminated would be to

claim damages.

(c) Baker Hughes Limited and Anr. v. Hiroo Khushlani and Anr. 2004 (2) CTMR 277 (SC) is cited in support of the contention that if the agreement entered was not acted upon then as held there "if the agreement was not acted upon then there is no right in the 2nd Respondent - company to use the name...."

(d) Ellora Industries, Delhi v. Banarsi Dass and Ors. Delhi (1981 PTC 46) is cited in support of the contention that the proprietary rights to the name and trade reputation is invaded by conduct of the other party which anticipates the Plaintiffs exercise of that right in a field of activity which is sufficiently close to the Plaintiffs present activities which he may wish at some future time to enter.

11. A proprietary right in a mark sought to be registered can be obtained in a number of ways. The mark can be originated by a person or can be acquired, but in all cases it is necessary that the person putting forward the application should be in possession of some proprietary right, which, if questioned can be substantiated. In the instant case the Respondent obtained the registration of the trade mark and it is, therefore, for him to establish his proprietary right. It is not disputed by the Respondent that it is not the proprietor of the mark in question. It has admitted that the applicant before us is the prior user and the Respondent claims rights by way of assignment from the applicant.

12. If there is a specific agreement as to the proprietorship of the mark in question that agreement will govern as between the parties. In the case on hand such agreement (license) set up by the applicant is denied by the Respondent. The Respondent claims to be an 'assignee' of the mark and not a licensee.

13. Under Section 39 of the Trade Marks Act, 1999, the unregistered trade mark can be assigned with or without the goodwill of the business concerned. Section 2 of the said Act being the definition section has defined assignment as under:

(b) "assignment means an assignment in writing by act of the parties concerned"

14. In view of the said definition an assignment has to be in writing and by the Act of the parties concerned. In other words, in terms of Section 2(1)(b) to constitute assignment, there has to be an instrument in writing. The expression 'by act of the parties concerned' to my mind means that both the assignor and assignee must execute the document. There cannot be a unilateral execution of document by one party alone. If I exclude from consideration the agreement dated 22.07.1994 pleaded by the applicant and denied by the Respondent then it must be held that the Respondent has failed to establish assignment. There is no document in writing based upon which the proprietary right claimed by the Respondent can be established.

15. It was for the Respondent to have adduced evidence in support of its application for registration that it was the proprietor of the mark/label/logo applied for registration, that is the requirement of Section 18 of the Trade Marks Act, 1999.

16. A distinction in the service of the applicant and Respondents is sought to be made out by the Respondent by submitting that applicant school is only a primary school whereas the Respondent's school is from Class V onwards is, in my view, distinction without any difference. Both parties before us are running educational institutions (schools).

17. Let us also examine what is the predominant element of the registered mark as it is that element which will fix itself in the minds of the public. I am inclined to agree with Shri Bansal, Learned Counsel for the applicant that the essential feature or the predominant element in the two marks is RIVERDALE. The said element is identical in both the marks in question. When the marks are identical or the essential features of the two marks are identical one cannot have doubt that the impugned mark will cause confusion and deception and as such Section 11(1) is a bar for registration of such mark and if allowed to be registered will be liable to be removed from the register in rectification proceedings on an application by an aggrieved person.

18. In rectification proceedings, as the instant case, the onus is on the applicant to prove its case of earlier user. As admittedly, the applicant is the prior adopter and prior user of the mark in question and the Respondent is the subsequent adopter and user of the mark, it is for the Respondent to establish his proprietary right over the mark. Such claim to proprietorship was sought to be substantiated on the ground of assignment, which as noticed above, the Respondent has failed to substantiate by any documentary evidence. I am of the view that the essential feature 'RIVERDALE' in the two marks being identical and the services covered by the trade mark/trade name are also identical, there is every likelihood of confusion on the part of the public and therefore the Section 11(1) is attracted warranting removal by rectification of the Register.

19. The Respondent, no doubt, was allowed to use the good will in the name of the applicant for which the Respondent paid royalties. Such user in our considered view can only be permissive. In other words, the oral agreement set up by the Respondent coupled with the evidence of payment of royalties for the use of the name can be construed as license and not an assignment of the name/mark itself.

20. The contention of the Respondent that the mark RIVERDALE is the name of the city in USA and therefore no proprietary rights can be claimed or no monopoly can be claimed by any person is a self defeating argument, as it is the Respondent that has got registered the trade mark/name RIVERDALE.

21. In the result the above application filed under Section 57 of the Trade Marks Act, 1999 for removal of the Trade Mark No. 1057177 is allowed and it is directed that the same be removed from the register of Trade Marks. In the facts and circumstances of the case there shall be no order as to costs. Let a copy of the decision be forwarded to the Trade Marks Registry, for necessary action.

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