

SUPREME COURTS BARS CHALLENGE TO “PETER SCOT” ON PRINCIPLES OF ACQUIESCENCE AND/ OR WAIVER

Khoday Distilleries Limited (Now known as Khoday India Limited) filed an appeal against judgment and order dated 12th October, 2007 passed by a Division Bench of the High Court of Judicature at Madras in Trade Mark Second Appeal (TMSA) No. 2 of 1998 affirming the judgment and order dated 25th September, 1998 passed in T.M.A. No.3 of 1989 whereby and whereunder an appeal preferred by the appellant herein under Section 109 of the Trade and Merchandise Marks Act, 1958 arising out of an order dated 12th May, 1979, against rectification of its mark by The Scotch Whisky Association and others before Registrar of Trademarks.

Khoday is a company incorporated under the Companies Act, 1956 and manufactures whisky under the mark “Peter Scot” since May, 1968. Its application for registration of its mark was accepted and allowed to proceed with the advertisement, subject to the condition that the mark would be treated as associated with Reg. T.M. No.249226-B. The said trade mark was registered.

Respondents came to know of the appellants mark on or about 20th September, 1974. They filed an application for rectification of the said trade mark on 21st April, 1986. Appellant by way of affidavit explained coining of the mark “Peter Scot” where “Peter” was his father’s name and “Scot” was his nationality. Another factor behind the coining of this brand name was the internationally known British explorer, Captain Scott, and his son Peter Scott, who is widely known as an artist, naturalist and Chairman of the World Wildlife Fund.

However, the application for rectification was allowed. The appellant then preferred an appeal was preferred there against by the appellant before the High Court in terms of Section 109 of the Act. In one of the affidavit filed on behalf of the respondents affirmed by Ian Barclay it was stated that the respondents were aware of infringement of mark as far back in 1974 but as no action was taken in relation thereto till 1986, the application for rectification was barred under the principles of waiver and acquiescence.

A learned Single Judge of the High Court dismissed the said appeal and as regards the plea of acquiescence held that the acquiescence if it is to be made a ground for declining to rectify, must be of such a character as to establish gross-negligence on the part of the applicant or deliberate inaction which had regulated in the appellant incurring substantial expenditure or being misled into the belief that the respondents though entitled to, had deliberately refrained from taking any action and were unmindful of the use of the mark by the person in whose name it was registered and held that the facts of this case are not such as to warrant the conclusion that there has been acquiescence.

On an appeal a Division Bench of the High Court, dismissed the said appeal and appellant approached the Supreme Court against said order.

Taking into considerations all peculiar facts of the case as well as precedents laid down by Supreme Court it was observed that stand of respondents to object to the evidence that was produced before the learned Single Judge with regard to the

increase in the volume of sale of Peter Scot, on the other hand urging that if a comparison is made of the Indian whisky and Scotch Whisky it would appear that some Indian whiskies are costlier than some of the Scottish brands. The stand taken by the respondents is self contradictory and is not fair and Supreme Court was of opinion that action of the respondents is barred under the principles of acquiescence and/ or waiver.

As regards the question as to consideration is as to whether the use of the term Scot would itself be a sufficient ground to form an opinion that the mark Peter Scot is deceptive or confusing. The Supreme Court relied upon precedents operating in Australia and United States of America.

The Supreme Court observed that we are concerned with the class of buyer who supposed to know the value of money, the quality and content of Scotch Whisky. They are supposed to be aware of the difference of the process of manufacture, the place of manufacture and their origin. Respondent No.3, the learned Single Judge as also the Division Bench of the High Court, therefore, failed to notice the distinction, which is real and otherwise borne out from the precedents operating in the field. The SC further observed that had these tests been applied the matter might have been different. In a given case probably SC would not have interfered but intend to do so only because wrong tests applied led to a wrong result.

It has held that so far as the applicability of the 1999 Act is concerned, having regard to the provisions of Sections 20(2) and 26(2), we are of the opinion that the 1999 Act will have no application.

The Supreme Court vide its judgement dated 27/05/2008 allowed the appeal and dismissed the impugned judgement of High Court, thereby cancelling the rectification proceedings in respect of "Peter Scot" mark and reinstating the Registration.