

1985 March 1

[L. LOIZOU, J.]

IN THE MATTER OF ARTICLE 146  
OF THE CONSTITUTION

PHILIP MORRIS INCORPORATED COMPANY, OF U.S.A.,  
*Applicants,*

v.

THE REGISTRAR OF TRADE MARKS,  
*Respondent.*

*(Cases Nos. 214/76, 215/76).*

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*Trade marks—Registration—Objections to—Discretion of the Registrar—Court cannot substitute its discretion for that of the Registrar—Latter not bound to consider whether the trade-mark in question was registered in other countries—Though burden of proof lies on applicant to establish his case position different where the facts sought to be established are peculiarly within the knowledge of the Registrar—Who failed to consider applicants' submission concerning the existence of other registrations on the ground that he failed to file evidence establishing the existence of such registration—And though he could have ascertained it from the files in his possession—Discretion of Registrar improperly exercised due to his failure to conduct the necessary inquiry.* 5 10

*Administrative Law—Inquiry—Due inquiry—Lack of—In itself a ground for annulment.* 15

In March, 1976, the applicants duly applied on the prescribed form for registration of the trade mark "Merit" and "Merit" with a device in respect of tobacco raw or manufactured, smokers' articles and matches, in Part "A" of the Register of trade marks under class 34 of the Trade Marks Rules, 1951-1971. 20

The respondent objected to the registrations on the grounds that the proposed trade marks (a) had a direct

reference to the character or quality of the goods (b) were devoid of any distinctive mark; and (c) that there was also objection on the basis of the provisions of s. 13 of the Trade Marks Law, Cap. 268. There followed a hearing before the respondent for the purpose of determining the objections in the course of which Counsel for the applicants submitted that there existed registration of words which had reference to the quality or character of the goods and which were susceptible, to a greater extent, to the objections raised by the respondent in this case. The respondent rejected them and did not accept the applications having held that the above allegations were not based on any evidence filed by applicants to prove positively the existence of such registrations and the circumstances under which the alleged marks were registered.

Upon a recourse by the applicants it was submitted that it was the Registrar's duty, after counsel indicated to him at the hearing the existence of certain other registrations to investigate from his own files, which were in his possession, the existence of those registrations and the circumstances under which they were accepted and registered and not to expect the applicants to prove their existence.

*Held*, that though as a general rule the burden of proof lies on the applicant to establish his case, the position is different where the facts sought to be established are peculiarly within the knowledge of the other party, as in the present case, where the Registrar was the person who had possession of the files of all registrations of trade marks, and had personal knowledge of such registrations or could have easily ascertained their existence and the circumstances under which they were registered; that this being the position he had a duty to make the necessary inquiry from his files and find out what he expected counsel for the applicants to prove by evidence; and that, therefore, the discretion of the Registrar was improperly exercised due to his failure to conduct the necessary inquiry; and that, accordingly, the sub judice decision must be annulled.

*Held, further*, (1) that this Court cannot substitute its own discretion for that of the Registrar; and that the Re-

gistrar was not bound to consider the fact that the word "merit" was registered in other countries.

*Sub judice decision annulled.*

Cases referred to:

*HjiPaschali v. Republic* (1980) 3 C.L.R. 101; 5

*Merck v. Republic* (1972) 3 C.L.R. 548;

*Curzon Tobacco Co. v. Republic* (1979) 3 C.L.R. 151.

**Recourses.**

Recourses against the decision of the respondent whereby applicant's application for the registration of the word "Merit" as a trade mark with a device was dismissed. 10

*G. M. Nicolaidis*, for the applicants.

*R. Gavrielides*, Senior Counsel of the Republic, for the respondent.

*Cur. adv. vult.* 15

L. LOIZOU J. read the following judgment. The applicants in both cases is a company incorporated in New York, U.S.A., and pray for the following relief:

1. That the act and/or decision of the respondent dated 29th June, 1976, with regard to application No. 16810 for registration of the word "Merit" as a trade mark be declared null and void and of no effect whatsoever; and 20

2. That the act and/or decision of the respondent dated 29th June, 1976, dismissing application No. 16820 for registration of the trade mark "Merit" with a device, be declared void and of no effect whatsoever. 25

At the request of the parties these recourses were heard together in view of the fact that the same issues were raised and the objections of the respondent were based on the same grounds but counsel for the applicants in the course of his address laid more stress in recourse No. 215/76. 30

The facts are briefly as follows:

In March, 1976, the applicants duly applied on the prescribed form (Appendix 'A') for registration of the trade mark "Merit" (application No. 16810 in Case No. 214/76) and "Merit" with a device (application No. 16820 in Case No. 215/76), in respect of tobacco raw or manufactured, smokers' articles and matches, in Part 'A' of the Register of trade marks under class 34 of the Trade Marks Rules, 1951-1971.

The respondent objected to the registrations and communicated his objections to applicants' counsel by similar letters dated 26th March, 1976 (attached to the Oppositions in both recourses as Appendices 'B'). The objections in both cases were based on the grounds that the proposed trade marks (a) had a direct reference to the character or quality of the goods; (b) were devoid of any distinctive mark; and (c) that there was also objection on the basis of the provisions of s. 13 of the Trade Marks Law, Cap. 268.

Applicants' counsel then applied under the provisions of rule 32 for a hearing which was fixed on the 24th June, 1976, for the purpose of determining the objections. At the hearing counsel for applicants made his representations which were based on two grounds: (1) that certain other words were accepted for registration which, presumably in his view, had direct reference to the character or quality of the goods; and (2) that the word "Merit" does not necessarily mean reward or praise with regard to quality or excellence nor does it necessarily mean something as an advantage of disadvantage to be said to have reference to character.

The respondent after considering the matter informed the applicants through their counsel of his decision by similar letters dated 29th June, 1976 (attached to the Opposition in each recourse) which read as follows:

"I wish to refer to your hearing dated the 24th June, 1976, with regard to the above mark and to inform you that your application was re-examined on the basis of what you submitted at the hearing, but it was not found possible to accept it. Therefore, my objection continues to exist and is hereby confirmed.

You may, if you so wish, appeal against my decision to the appropriate Court.”

The full grounds of the decision of the respondent were communicated to counsel for applicants, upon his request under the provisions of rule 34, on the 30th August, 1976, and they are attached to the application in each recourse. 5

The recourses which were filed on the 9th September, 1976, are based on the following grounds of law:

1. The respondent acted in excess and/or abuse of powers and/or wrongly exercised his discretionary powers by deciding that the proposed mark as well as the word “Merit” has a direct reference to the character or quality of the goods or is devoid of any distinctive mark or there is a possibility of confusion especially in view of the fact that the proposed mark as a whole is of a strikingly distinctive character. 10 15

2. The respondent did not act in accordance with the principle of equality and the applicants were not treated alike with other persons but on the contrary were discriminated against. 20

3. The respondent wrongly overlooked and/or did not investigate from the material in his department the submission of the agent—counsel for the applicants concerning the registration of other trade marks in Cyprus of words susceptible, to a greater extent, to the objections raised by the respondent in the present case such as “Fifth Avenue”, “Viscount”, “Flair”, “Royal”, “Win”, “Grand-Master”, on the ground, as he says, that positive evidence regarding them was not adduced by the applicants. 25 30

Counsel for applicants has argued his cases starting with ground 3. The part of the Registrar’s decision to which this ground relates is to be found at p.4, paragraph 9, of the decision. It reads as follows: 30

“... His submission at the hearing of 24th June, 1976, (vide para. 6 above) regarding the existence of registration of words which, in accordance with his allegations, have reference to the quality or character of the goods, are not based on any evidence filed by 35

him to prove positively the existence of such registrations and the circumstances under which such marks were registered; such registrations, if any, might have been registered after submission of existence of distinctiveness as provided in sections 11(2) (3) (a) (b) or 12(2) (3) (a) (b) of the Trade Marks Law, Cap. 268, or under the proviso to paragraph (e) of sub-section (1) of s. 11 of the same Law (since repealed by Law 33/62).”

10 With regard to this ground counsel for applicants submitted that it was the Registrar's duty, after counsel indicated to him at the hearing the existence of certain other registrations of words susceptible to a greater extent to the objections raised by him in the present case, to investigate from his own files which were in his possession the existence of those registrations and the circumstances under which they were accepted and registered and not to expect the applicants to prove their existence as stated in the extract of the decision cited above.

20 Counsel for the respondent, in so far as this ground is concerned, confined his address in explaining how the registrations referred to by counsel for the applicants were accepted, in an endeavour to show that they were properly accepted. I do not consider it necessary to go into counsel's explanations because they are no answer to the argument of counsel for the applicants but they only amount to ex post facto reasoning of the omission of the Registrar, presumably based on some sort of investigation carried out at some later stage, as it is quite clear from the Registrar's decision that no investigation was carried out concerning the existence of such registrations and the circumstances under which they were accepted, before the decisions challenged were taken. And this cannot in my view satisfy the need for due inquiry required in administrative Law, nor can it cure the lack of such inquiry where necessary.

40 It will be noted from the extract of the decision of the Registrar cited above that he gives no other reason or ground for failing or refusing to carry out an inquiry as suggested by counsel for the applicant other than the fact that he failed to adduce evidence to prove positively the

existence of such registrations and the circumstances under which they were registered.

This, to my mind, amounts to a misconception on his part for although as a general rule the burden of proof lies on the applicant to establish his case, the position is different where the facts sought to be established are peculiarly within the knowledge of the other party, as in the present case, where the registrar was the person who had possession of the files of all registrations of trade marks, and had personal knowledge of such registrations or could have easily ascertained their existence and the circumstances under which they were registered. This being the position he had, in my view, a duty to make the necessary inquiry from his files and find out what he expected counsel for the applicants to prove by evidence. And his failure to do so amounts to lack of due inquiry which is in itself a ground for annulment. (See *Hjipaschali v. The Republic*, (1980) 3 C.L.R. 101).

The position might, possibly, have been different if the Registrar had put forward any other cogent grounds for not carrying out such inquiry as for instance that any facts which might be ascertained from such inquiry would be irrelevant or that, even assuming, that the allegation of counsel that the words accepted for registration in the earlier cases were more susceptible to the objections raised in the present case was correct, this fact would not entitle the applicants to similar treatment if in the earlier registrations an erroneous view of the Law was taken.

But, be that as it may, the fact remains that the respondent gave no other ground for his failure to carry out the inquiry suggested which would at least enable him to have a clear picture with regard to the policy and practice followed in his department and the manner in which other cases were dealt with before. As this was a matter for the exercise of a discretion by the respondent Registrar it is not for this Court to speculate how he would have exercised such discretion and what conclusion he would have reached had he informed himself as to the existence and circumstances of the earlier registrations especially as he does not rule out the possibility that such information might be a useful consideration in reaching his decision.

In the light of the above, and although the decision may not be open to criticism in other respects, I feel bound to hold that the discretion of the Registrar was improperly exercised due to his failure to conduct the necessary inquiry on the ground given by him.

Having come to this conclusion I do not consider it necessary or appropriate to deal with the other grounds raised except to touch briefly on two other points raised by counsel for the applicants. He submitted in effect that this Court had the same discretionary powers as those of the Registrar and could substitute its own discretion for that of the Registrar; and secondly, that he should have considered the fact that the word "merit" was registered in other countries.

I find myself in disagreement with both propositions. Relevant in this respect are the cases of *Merck v. The Republic* (1972) 3 C.L.R. 548 and *Curzon Tobacco Co. v. The Republic* (1979) 3 C.L.R. 151.

In the result, these recourses are allowed and the sub judice decisions are annulled on the grounds of lack of due inquiry and wrong exercise of discretion.

There will be no order as to costs.

*Sub judice decisions  
annulled. No order as to  
costs.*