IN THE HIGH COURT OF JUDICATURE AT MADRAS

Reserved on : 29.01.2015

DATED : 10.03.2015

CORAM

The Hon'ble MR.**SANJAY KISHAN KAUL, CHIEF JUSTICE**
**and**
The Hon'ble MR.JUSTICE **M.M.SUNDRESH**

**W.P.No.1256 of 2011**

Shamnad Basheer,
Ministry of HRD Chair Professor in
Intellectual Property Rights
West Bengal National University of
Juridical Sciences,
NUJS Bhavan, 12 LB Block,
Salt Lake City, Sector III
Kolkata – 700 098, India. .... Petitioner

Vs.

1. Union of India,
   represented by its Secretary,
   Department of Industrial Policy & Promotion,
   Ministry of Industry & Commerce,
   Government of India,
   Udyog Bhavan,
   New Delhi – 110 011

2. Intellectual Property Appellate Board,
   represented by its Registrar,
   Annex-I, Guna Complex, II Floor,
   443, Anna Salai, Teynampet,
   Chennai – 600 018.

3. Intellectual Property Rights Bar Association
(Regn.No.48/2011), rep.by its President,
Mr.K.Rajasekaran, III Floor, YMCA Building,
No.223, NSC Bose Road, Chennai – 600 001. ...Respondents

Respondent No.3 has been impleaded as per order of this Court dated 27.06.2011 in M.P.No.2 of 2011 in W.P.No.1256 of 2011.

**Prayer:** Writ Petition filed under Article 226 of the Constitution of India seeking for the relief of issuance of Writ of Declaration declaring Chapter XI of the Trade Marks Act, 1999, and Chapter XIX of the Patents Act, 1970 as ultra vires Articles 14, 19(1)(g), 21, 50, 245 of the Constitution of India and violative of the basic structure of the Constitution and hence void ab initio, in so far as it establishes the Intellectual Property Appellate Board (IPAB) and vests important judicial functions on this Board.

For Petitioner : Mr.Aravind P.Datar
Sr.Counsel for
M/s.Vineet Subramani

For Respondents : Mr.G.Rajagopal,
Addl. Solicitor General
assisted by
Mr.A.S.Vijayaraghavan,
SCGSC for R.1
Mr.K.Rajasekaran for R.3

**ORDER**

**THE HON'BLE CHIEF JUSTICE & M.M.SUNDRESH,J.**

The petitioner has called for our studied scrutiny of Section 85 of the Trade Marks Act, 1999 (47 of 1999) qua the qualification and selection of Chairman, Judicial Member and Technical Member of the Intellectual

Property Appellate Board (in short, "IPAB") alleging a grave affront to the basic structure enshrined in the Constitution of India.

**2.** We have heard Mr.Aravind P.Datar, learned Senior Counsel appearing for the petitioner, Mr.G.Rajagopal, learned Additional Solicitor General assisted by Mr.A.S.Vijayaraghavan, Senior Central Government Standing Counsel for the 1st respondent and Mr.K.Rajasekaran, learned counsel appearing for the 2nd respondent and also perused the written submissions of either side.

**3.** As the issues that are germane to the writ petition have been substantially dealt with by the Honourable Supreme Court in the cases in point, we would like to highlight the guiding principles enunciated therein.

**S.P.Sampath Kumar Vs. Union of India (AIR 1987 SC 386):-**

**4.** In this case, a challenge has been made to the vires of the Administrative Tribunals Act, 1985. The provisions, which contained the qualification and appointment of the Chairman and an Administrative Member were also tested by the Supreme Court. Though the decision was consentaneous, two judgments have been written one concurring with another giving separate reasons. The aggregate of it is deduced

hereunder:-

The Office of the Chairman for all practical purposes has to be equated with the office of the Chief Justice of High Court. Section 6(1)(c) was directed to be omitted which provides for the eligibility of a Secretary to Government to be appointed as a Chairman. Such an appointment to the post of Chairman will have to be made by a High Powered Committee with a sitting Judge of the Supreme Court to be nominated by the Chief Justice of India to ensure selection of proper and competent persons. A person sans legal or judicial training and experience would not only fail to inspire confidence in the public mind but make the Tribunal less effective and efficacious, especially, when the jurisdiction vested in the High Court was supplanted by its creation. Therefore, when such a supplanting is done it should be filled up with men of legal training and experience. In the fitness of things, it would be appropriate that a District Judge or an advocate, who is qualified to be a Judge of the High Court, should be regarded as eligible for being Vice-Chairman since the existing provisions having been tilted in favour of the members of the Services.

**5. Union of India Vs. R.Gandhi, President, Madras Bar Association, ((2010) 11 SCC 1)**:-

**5.1.** In this case, a challenge was made to the constitutional validity of Chapters IB and 1C of the Companies Act, 1956 (inserted by Companies (Second Amendment) Act, 2002 which *inter alia* provide for the constitution of National Company Law Tribunal and the National Company Law Appellate Tribunal. In the said decision, the Supreme Court was pleased to deal with the Westminster Model, selection of the members, including the selection of Chairman and Vice-Chairman, extent of judicial review, independence of judiciary, separation of powers and the role of both judicial and technical members. All these principles have been considered on the touchstone of basic structure, which is one of the fulcrum of the Constitution of India.

**5.2.** The Independence of Judiciary was dealt with by the Supreme Court in the following paragraphs:

> "46. Impartiality, independence, fairness and reasonableness in decision making are the hallmarks of Judiciary. If 'Impartiality' is the soul of Judiciary, 'Independence' is the life blood of Judiciary. Without independence, impartiality cannot thrive. Independence is not the freedom for Judges to do what they like. It is the independence of judicial thought. It is the freedom from
>
> interference and pressures which provides the judicial

> atmosphere where he can work with absolute commitment to the cause of justice and constitutional values. It is also the discipline in life, habits and outlook that enables a Judge to be impartial. Its existence depends however not only on philosophical, ethical or moral aspects but also upon several mundane things - security in tenure, freedom from ordinary monetary worries, freedom from influences and pressures within (from others in the Judiciary) and without (from the Executive).
>
> .....
>
> 52. Independence of Judiciary has always been recognized as a part of the basic structure of the Constitution (See : *Supreme Court Advocates-on-Record Association vs. Union of India - (1993 (4) SCC 441), State of Bihar vs. Bal Mukund Sah,((2000) (4) SCC 640), Kumar Padma Prasad vs. Union of India,((1992) (2) SCC 428) and All India Judges Association vs. Union of India,((2002) (4) SCC 247)*."

**5.3.** The concept of separation of powers was dealt with in extenso after taking note of the decisions rendered in **Indira Nehru Gandhi Vs. Raj Narayan, (1975 Supp SCC 1)** and **L.Chandra Kumar Vs. Union of India, ((1997) 3 SCC 261)**. Accordingly, it was reiterated that doctrine of separation of powers is part of the basic structure of the Constitution. The following paragraphs are apposite:

"53. In *Ram Jawaya Kapur vs. State of Punjab,(AIR 1955 SC 549 = (1955) 2 SCR 225)*, this Court explained the doctrine of separation of powers thus : (AIR p.556, para 12)

> "12. ..... The Indian Constitution has not indeed recognised the doctrine of separation of powers in its absolute rigidity but the functions of the different parts or branches of the Government have been sufficiently differentiated and consequently it can very well be said that our Constitution does not contemplate assumption, by one organ or part of the State, of functions that essentially belong to another."

54. In *Chandra Mohan vs. State of UP,(AIR 1966 SC 1987)*, this Court held : (AIR p.1993, para 14)

> "14. .....The Indian Constitution, though it does not accept the strict doctrine of separation of powers, provides for an independent judiciary in the States; it constitutes a High Court for each State, prescribes the institutional conditions of service of the Judges thereof, confers extensive jurisdiction on it to issue writs to keep all tribunals, including in appropriate cases the Governments, within bounds and gives to it the power of superintendence over all courts and tribunals in the territory over which it has jurisdiction. But the makers of the Constitution also realised that "it is the Subordinate Judiciary in India who are brought most closely into contact with the people, and it is no less important, perhaps indeed even more important, that their independence should be placed beyond question than in the case of the superior Judges." Presumably to secure the independence of the judiciary from the executive, the

> Constitution introduced a group of articles in Ch. VI of Part VI under the heading "Subordinate Courts". But at the time the Constitution was made, in most of the States the magistracy was under the direct control of the executive. Indeed it is common knowledge that in pre-independent India there was a strong agitation that the judiciary should be separated from the executive and that the agitation was based upon the assumption that unless they were separated, the independence of the judiciary at the lower levels would be a mockery. So Article 50 of the Directive Principles of Policy states that the State shall take steps to separate the judiciary from the executive in the public services of the States. *Simply stated, it means that there shall be a separate judicial service free from the executive control*.
>
> (emphasis supplied)

55. In *Indira Nehru Gandhi vs. Raj Narain,(1975 Supp SCC 1),* this Court observed that the Indian Constitution recognizes separation of power in a broad sense without however there being any rigid separation of power as under the American Constitution or under the Australian Constitution. This Court held thus :

> "60. It is true that no express mention is made in our Constitution of vesting in the judiciary the judicial power as is to be found in the American Constitution. But a division of the three main functions of Government is recognised in our Constitution. Judicial power in the sense of the judicial power of the State is vested in the Judiciary. Similarly, the Executive and the Legislature are vested with powers in their spheres. Judicial power has

lain in the hands of the Judiciary prior to the Constitution and also since the Constitution. It is not the intention that the powers of the Judiciary should be passed to or be shared by the Executive or the Legislature or that the powers of the Legislature or the Executive should pass to or be shared by the Judiciary. (SCC pp. 44-45, para 60)

* * *

"555. .... '[The] Constitution' has a basic structure comprising the three organs of the Republic: the Executive, the Legislature and the Judiciary. It is through each of these organs that the sovereign will of the people has to operate and manifest itself and not through only one of them. None of these three separate organs of the Republic can take over the functions assigned to the other. This is the basic structure or scheme of the system of Government of Republic..... (SCC p.210, para 555)

688. ..... But no Constitution can survive without a conscious adherence to its fine checks and balances. Just as courts ought to enter into problems entwined in the `political thicket", Parliament must also respect the preserve of the court. The principle of separation of powers is a principle of restraint .... SCC p.260, para 688)

56. In *L. Chandra Kumar Vs.Union of India, ((1997) 3 SCC 261)*, the seven-Judge Bench of this Court referred to the task entrusted to the superior courts in India thus : (SCC p.301, para 78).

"78. .... The Judges of the superior courts have been entrusted with the task of upholding the Constitution and

> to this end, have been conferred the power to interpret it. *It is they who have to ensure that the balance of power envisaged by the Constitution is maintained and that the legislature and the executive do not, in the discharge of their functions, transgress constitutional limitations.* It is equally their duty to oversee that the judicial decisions rendered by those who man the subordinate courts and tribunals do not fall foul of strict standards of legal correctness and judicial independence."
>
> (emphasis supplied)
>
> 57. The doctrine of separation of powers has also been always considered to be a part of the basic structure of the Constitution *(See : Keshavananda Bharati vs. State of Kerala,((1973) 4 SCC 225), Indira Nehru Gandhi vs. Raj Narain, (1975 Supp SCC 1), State of Bihar vs. Bal Mukund Shah, ((2000) 4 SCC 640) and I.R. Coelho vs. State of Tamil Nadu,((2007) 2 SCC 1)*."

**5.4.** The Supreme Court then proceeds to state that all Courts are Tribunals and any Tribunal to which any existing jurisdiction of court is transferred should also be a Judicial Tribunal. The natural corollary of it would be, its members should have their rank, capacity and status akin to that of a Court. Coming to the role of a technical member, it was held that such a member should be a person with expertise in the field of law, rather than a mere experience in civil service. A word of "caution" was sounded

as an extrapolation qua the control of the Tribunal by the Executive by filling up the posts of technical members with its officers. It was also observed that the prescription of qualification/eligibility criteria by the Legislature is subject to judicial scrutiny. Accordingly, the provisions which paved the way for the appointment of technical member without adequate experience in law by merely being holder of a office were held to be bad. The Supreme Court went on to hold that the function of the Tribunal, being judicial, primacy should be given to judicial members.

**5.5.** The constitution of the selection Committee was also dealt with. The provision, which paved way for the five member selection Committee, was found not acceptable. Accordingly, it was duly re-constituted assigning a predominant role to the judiciary. The Supreme Court pointed out the necessary corrections to be brought forth. Some of them, which are apposite for our case, are placed below:-

> "(i) Only Judges and Advocates can be considered for appointment as Judicial Members of the Tribunal. Only the High Court Judges, or Judges who have served in the rank of a District Judge for at least five years or a person who has practised as a Lawyer for ten years can be considered for appointment as a Judicial Member. Persons who have held a Group A or equivalent post under the Central or State Government with experience in the Indian Company Law Service (Legal Branch) and Indian Legal Service (Grade-1) cannot be considered for appointment as judicial

members as provided in sub-section 2(c) and (d) of Section 10FD. The expertise in Company Law service or Indian Legal service will at best enable them to be considered for appointment as technical members.

(ii) As the NCLT takes over the functions of High Court, the members should as nearly as possible have the same position and status as High Court Judges. This can be achieved, not by giving the salary and perks of a High Court Judge to the members, but by ensuring that persons who are as nearly equal in rank, experience or competence to High Court Judges are appointed as members. Therefore, only officers who are holding the ranks of Secretaries or Additional Secretaries alone can be considered for appointment as Technical members of the National Company Law Tribunal. Clauses (c) and (d) of sub-section (2) and Clauses (a) and (b) of sub-section (3) of section 10FD which provide for persons with 15 years experience in Group A post or persons holding the post of Joint Secretary or equivalent post in Central or State Government, being qualified for appointment as Members of Tribunal is invalid.

(iii) A 'Technical Member' presupposes an experience in the field to which the Tribunal relates. A member of Indian Company Law Service who has worked with Accounts Branch or officers in other departments who might have incidentally dealt with some aspect of Company Law cannot be considered as 'experts' qualified to be appointed as Technical Members. Therefore Clauses (a) and (b) of sub-section (3) are not valid.

(iv) The first part of clause (f) of sub-section (3) providing

that any person having special knowledge or professional experience of 15 years in science, technology, economics, banking, industry could be considered to be persons with expertise in company law, for being appointed as Technical Members in Company Law Tribunal, is invalid.

(v) and (vi) .....

(vii) Only Clauses (c), (d), (e), (g), (h), and later part of clause (f) in sub- section (3) of section 10FD and officers of civil services of the rank of the Secretary or Additional Secretary in Indian Company Law Service and Indian Legal Service can be considered for purposes of appointment as Technical Members of the Tribunal.

(viii) Instead of a five-member Selection Committee with Chief Justice of India (or his nominee) as Chairperson and two Secretaries from the Ministry of Finance and Company Affairs and the Secretary in the Ministry of Labour and Secretary in the Ministry of Law and Justice as members mentioned in section 10FX, the Selection Committee should broadly be on the following lines:

(a) Chief Justice of India or his nominee - Chairperson (with a casting vote);

(b) A senior Judge of the Supreme Court or Chief Justice of High Court - Member;

(c) Secretary in the Ministry of Finance and Company Affairs - Member; and

(d) Secretary in the Ministry of Law and Justice - Member.

(xiii) Two-Member Benches of the Tribunal should always have a judicial member. Whenever any larger or special benches are constituted, the number of Technical Members shall not exceed the Judicial Members."

The Supreme Court, while upholding the creation of National Company Law Tribunal as well as Appellate Tribunal, held Chapters 1B and 1C of the Act as unconstitutional.

**5.6.** The said judgment reveals that the principles laid down therein have got application to all the Tribunals and it was not rendered on the fact situation alone. That is the reason why a specific direction was given that the administrative support for all Tribunals should be from the Ministry of Law and Justice. The principal issue decided qua the basic structure of the Constitution, ensures the separation of powers and independence of the Judiciary from the clutches of the Executive.

6. **Madras Bar Association Vs. Union of India, ((2014) 10 SCC 1)**:-

6.1. The Madras Bar Association is the petitioner in this case as well. A challenge was made to the constitutional validity of the National Tax Tribunal. The challenge pertains to the formation of the Tribunal, its constitution and violation of basic structure of the Constitution qua the power of judicial review vested in the High Court. By the majority judgment,

the creation of the Tribunal was held constitutionally valid, but not its composition, being anathema to the basic structure of the Constitution of India. By a separate judgment, while concurring with the result qua the composition of the Tribunal it was held that the very creation itself as unconstitutional.

**6.2.** The Supreme Court in the said judgment once again dealt with in extenso the concept of independence of judiciary, basic structure and the power of judicial review and the earlier decision rendered in **Union of India Vs. Madras Bar Association, ((2010) 11 SCC 1)** was referred to with approval. It also recorded its understanding of the judgment referred supra with reference to the stature of members of Tribunal, which has been created to supplant the functions of the High Court. It has been held that the members of the Tribunals discharging judicial functions could only be selected from among those who possess expertise in law and competent to discharge judicial functions. The role of a technical member is meant to use his expertise in the relevant field and not otherwise.

**6.3.** The following passage deals with the understanding of the Supreme Court of the earlier judgment of **Union of India Vs. Madras Bar Association, ((2010) 11 SCC 1)*:***

"107. In *Union of India v. Madras Bar Assn., ((2010) 11 SCC 1)*, all the conclusions/propositions narrated above were reiterated and followed, whereupon the fundamental requirements which need to be kept in mind while transferring adjudicatory functions from courts to tribunals were further crystallised. It came to be unequivocally recorded that tribunals vested with judicial power (hitherto before vested in, or exercised by courts) should possess the same independence, security and capacity, as the courts which the tribunals are mandated to substitute. The members of the tribunals discharging judicial functions could only be drawn from sources possessed of expertise in law and competent to discharge judicial functions. Technical members can be appointed to tribunals where technical expertise is essential for disposal of matters, and not otherwise. Therefore, it was held that where the adjudicatory process transferred to tribunals did not involve any specialised skill, knowledge or expertise, a provision for appointment of technical members (in addition to, or in substitution of judicial members) would constitute a clear case of delusion and encroachment upon the independence of the judiciary and the "rule of law". The stature of the members, who would constitute the tribunal, would depend on the jurisdiction which was being transferred to the tribunal. In other words, if the jurisdiction of the High Court was transferred to a tribunal, the stature of the members of the newly constituted tribunal, should be possessed of qualifications akin to the judges of the High Court. Whereas, in case, the jurisdiction and functions sought to be transferred were being exercised/performed by District Judges, the Members appointed to the tribunal should be possessed of equivalent qualifications and commensurate stature of District Judges. The conditions of service of the members should be such that they are

> in a position to discharge their duties in an independent and impartial manner. The manner of their appointment and removal including their transfer, and tenure of their employment, should have adequate protection so as to be shorn of legislative and executive interference. The functioning of the tribunals, their infrastructure and responsibility of fulfilling their administrative requirements ought to be assigned to the ministry of Law and Justice. Neither the tribunals nor their members, should be required to seek any facilities from the parent ministries or department concerned. Even though the legislature can reorganise the jurisdiction of judicial tribunals, and can prescribe the qualifications/ eligibility of members thereof, the same would be subject to "judicial review" wherein it would be open to a court to hold that the tribunalisation would adversely affect the adjudicatory standards, whereupon it would be open to a court to interfere therewith. Such an exercise would naturally be a part of the checks and balances measures conferred by the Constitution on the judiciary to maintain the rule of ''separation of powers'' to prevent any encroachment by the legislature or the executive.''

**6.4.** The Supreme Court once again reiterated the position that the proceedings before the Tribunal are judicial in nature and accordingly it adopted the Westminster policy, which prescribes the qualification akin to that of a judicial officer who was dealing with such matters prior to the creation of a Tribunal. Thus, it was held that a Tribunal will have to be established with the similar characteristics and standards of the Court, which is sought to be substituted. The following passage would be relevant

in this regard:

> "113.2. We have given our thoughtful consideration to the submission advanced at the hands of the learned counsel for the petitioners insofar as the first perspective is concerned. We find substance in the submission advanced at the hands of the learned counsel for the petitioners, but not exactly in the format suggested by the learned counsel. A closer examination of the judgments relied upon lead us to the conclusion, that in every new Constitution, which makes separate provisions for the legislature, the executive and the judiciary, it is taken as acknowledged/conceded that the basic principle of "separation of powers' would apply. And that, the three wings of governance would operate in their assigned domain/province. The power of discharging judicial functions which was exercised by members of the higher judiciary at the time when the Constitution came into force should ordinarily remain with the court, which exercised the said jurisdiction at the time of promulgation of the new Constitution. But the judicial power could be allowed to be exercised by an analogous/similar court/tribunal with a different name. However, by virtue of the constitutional convention while constituting the analogous court/tribunal it will have to be ensured that the appointment and security of tenure of Judges of that court would be the same as of the court sought to be substituted. This was the express conclusion drawn in Hinds v. R., (1977 AC 195 = (1976) 1 All ER 353 (PC)). In Hinds case, it was acknowledged that Parliament was not precluded from establishing a court under a new name to exercise the jurisdiction that was being exercised by members of the higher judiciary at the time when the Constitution came into force. But when that was done, it was critical to ensure that the persons appointed to be members of such a court/tribunal

should be appointed in the same manner and should be entitled to the same security of tenure as the holder of the judicial office at the time when the Constitution came into force. Even in the treatise *Constitutional Law of Canada* by Peter W.Hogg, it was observed: if a province invested a tribunal with a jurisdiction of a kind, which ought to properly belong to a Superior, District or County Court, then that court/tribunal (created in its place), whatever is its official name, for constitutional purposes has to, while replacing a Superior, District or County Court, satisfy the requirements and standards of the substituted court. This would mean that the newly constituted court/tribunal will be deemed to be invalidly constituted, till its members are appointed in the same manner, and till its members are entitled to the same conditions of service as were available to the Judges of the court sought to be substituted. In the judgments under reference it has also been concluded that a breach of the above constitutional convention could not be excused by good intention (by which the legislative power had been exercised to enact a given law). We are satisfied, that the aforesaid exposition of law is in consonance with the position expressed by this Court while dealing with the concepts of "separation of powers", the "rule of law" and "judicial review". In this behalf, reference may be made to the judgments in *L.Chandra Kumar case, ((1997) 3 SCC 261)*, as also *Union of India v. Madras Bar Association, ((2010) 11 SCC 1)*. Therein, this Court has recognised that transfer of jurisdiction is permissible but in effecting such transfer, the court to which the power of adjudication is transferred must be endured with salient characteristics, which were possessed by the court from which the adjudicatory power has

been transferred. In recording our conclusions on the submission advanced as the first perspective, we may only state that our conclusion is exactly the same as was drawn by us while examining the petitioners' previous submission, namely, that it is not possible for us to accept that under recognised constitutional conventions, judicial power vested in superior courts cannot be transferred to coordinate courts/tribunals. The answer is, that such transfer is permissible. But whenever there is such transfer, all conventions/customs/practices of the court sought to be replaced have to be incorporated in the court/tribunal created. The newly created court/tribunal would have to be established in consonance with the salient characteristics and standards of the court which which is sought to be substituted."

**6.5.** The following are the conclusions of the Supreme Court on the Westminster model and the basic structure:

"136. (iii) The "basic structure" of the Constitution will stand violated if while enacting legislation pertaining to transfer of judicial power, Parliament does not ensure that the newly created court/tribunal conforms with the salient characteristics and standards of the court sought to be substituted.

137. (iv) Constitutional conventions pertaining to the Constitutions styled on the Westminster model will also stand breached, if while enacting legislation, pertaining to transfer of judicial power, conventions and salient characteristics of the court sought to be replaced are not incorporated in the court/tribunal sought to be created."

**6.6.** Thus, the Supreme Court was reemphasizing the protection of

judiciary from the Executive qua the basic structure of the Constitution. Even in this case, the conclusions are general in nature, being applicable to all similar Tribunals. In any case, the principle of law would *a fortiori* be applicable to all similar cases.

**7.** Having understood the principles delineated by the Supreme Court with certain amount of regularity in the above stated categorical pronouncements, let us go into the issues raised in this writ petition.

**8.** The presentation of the parties is telescoped hereunder:

**8.1**. **Petitioner**:-

Section 85 of the Trade Marks Act, 1999 impinges upon the independence of judiciary. It violates the doctrine of separation of powers between Executive and Judiciary. The basic structure as expounded by the Supreme Court right from *Kesavananda Bharati's case ((1973) 4 SCC 225)* is being violated. There is no statutory prescription for the selection process of members, Vice-Chairman and Chairman of IPAB. The procedure adopted for selection is contrary to the decision rendered in **Union of India Vs. R.Gandhi, President, Madras Bar Association, ((2010) 11 SCC 1)**. What was sought to be avoided by the Supreme Court in the earlier decisions has come into being and the Tribunal is functioning

at times with the majority of technical members. The role of "technical member" impinges upon the independence of the judiciary. A person without practising as a lawyer is sought to be appointed as a technical member and thereafter as Vice-Chairman and Chairman merely based on the office held by him earlier, which is totally illegal. There is a discrepancy between the qualification of a Registrar under the Trade Marks Act and a Controller under Patent Act. In view of the same, a person with lesser number of years of service is likely to be appointed without adequate qualification. The consultative procedure under Section 85(6) of the Trade Marks Act is illusory, as the consultation with the Chief Justice of India for appointment of Chairman is made subject to the approval of the appointment Committee of the Cabinet. The entire administration of the IPAB is controlled by Government and not left to the Chairman. The scheme governing Section 85 would demonstrate imposition of Executive within the judicial sphere. The learned Senior Counsel concluded his argument by sprinkling with the references which we dealt with already.

**Respondents**:-

**8.2.** Learned Additional Solicitor General sought to distinguish the decisions rendered by the Supreme Court by stating that the power of judicial review over a decision rendered by the IPAB available to the High

Court under Article 226/227 has not been taken away and as such the decisions of the Supreme Court do not have any application. Even on the principle of law, the earlier decisions of the Supreme Court do not have any application. Specific qualifications have been prescribed for the Registrars. They hold Law Degrees apart from other requisite qualifications. Therefore, it cannot be said that they cannot be allowed to function either as Technical members, Vice-Chairman and thereafter as Chairman. There is a specific procedure adopted for the selection of members. In the absence of any arbitrariness the same cannot be questioned. There is nothing wrong in the recommendation of the Chief Justice of India being submitted for approval of the appointment Committee of Cabinet in appointing the Chairman. As certain element of expertise is required, assistance of the technical members becomes necessary.

**Discussion**:-

**9.1.** Before we proceed with the matter on merits, we are alive to the extent of judicial review that can be exercised in a given case. While a Constitutional Court can declare a provision as unconstitutional, it should stop short of giving any direction to legislature to make an enactment in a particular way. Judicial restraint is being hailed as a virtue. However, we are dealing with a situation where directions have already been issued by

the Supreme Court of India while dealing with the functioning of tribunals qua judicial independence and basic structure. The directions, in our considered view, are not recommendatory, but binding on the 1st respondent. If they are not followed in letter and spirit we are duty bound to see their proper implementation. The stand taken in the counter affidavit qua the position of Committee on the understanding of the earlier decisions of the Supreme Court would only exhibit the conduct of the 1st respondent as reticent. The 1st respondent has looked at the decisions of the Supreme Court in a furtive manner. The directions issued to alleviate the difficulties as they stood on that day *a fortiori* would be applicable to all other cases as well. We are also of the view that a Court of law has to strive to bring forth a statutory harmony. The process might require at times a judicial craftsmanship to alleviate the possible difficulties. Thus, we approach this case with the above premise.

**9.2.** At this juncture, we may point out that during the course of hearing, we made a suggestion to the learned Additional Solicitor General to inform the 1st respondent to have a re-look at the impugned provisions and take remedial measures in the light of the two decisions referred supra. During the subsequent hearing, we were informed that the 1st respondent was not willing to undertake the said exercise. Accordingly, we proceeded

to decide the matter on merits.

**9.3.** **<u>Constitution of the Committee</u>**:- Before dealing with the qualifications for appointment as Chairman, Vice-Chairman and Members of IPAB, we would like to first deal with the constitution of the Committee meant for appointments to the Board. A Search-cum-Selection Committee has been constituted based on the guidelines of the Government as contained in the Department of Personnel and Training. The Search-cum-Selection Committee constituted recently comprises -

(1) Secretary – Department of Industrial Policy and Promotion – Chairman
(2) Chairman, Intellectual Property Appellate Board – Member
(3) Secretary – Department of Legal Affairs – Member
(4) Director General, Council for Scientific and Industrial Research – Member.

Based on the recommendations of the Search-cum-Selection Committee, as per qualification stipulated in Section 85(2) of Trade Marks Act, 1999 and subject to approval of Appointment Committee of Cabinet, appointments are made to the posts of Vice Chairman and Technical Members.

**9.4.** As the Constitution of the Committee, as referred above, is

obviously loaded in favour of Executive, which is impermissible in law, as held by the Supreme Court in the judgments referred above, the then Chairman of IPAB raised an issue about the role assigned in the selection process. However, it was decided to stick on to the very same procedure notwithstanding the decision rendered in **Union of India Vs. R.Gandhi, President, Madras Bar Association, ((2011) 10 SCC 1)** with a justification that it does not have any bearing on the present case. Resultantly the selection process has been left entirely to the Executive, though the functions of the Tribunal are judicial. This act is a direct affront to the basic structure, which is fundamental to the Constitution of India. The 1st respondent has totally overstepped and acted in disregard to the law laid down by the Supreme Court in **Union of India Vs. R.Gandhi, President, Madras Bar Association, ((2011) 10 SCC 1)** by turning a blind eye. The directions issued therein are meant to be applicable to all the Tribunals. The 1st respondent cannot take a stand that for one enactment they can maintain basic structure by their action and violate through another. The need to protect the independence of judiciary has been dealt with and decided in all the decisions referred supra. It has been consistently held that the judiciary should have a substantial role in the selection. It was also held that the process of appointment should substantially be that of members of judiciary. We also note that under the

Constitutional Scheme for the State Subordinate Judiciary, it is the High Court, which has got the primacy along with its administrative control. The directions issued in paragraphs (viii), (xii) and (xiii) of its conclusion in **Union of India Vs. R.Gandhi, President, Madras Bar Association, ((2011) 10 SCC 1)** with regard to the composition are binding on the 1st respondent and therefore they ought to have followed the same. The Committee as it exists today is packed with an over-dose of Executive with the lone voice of the Chairman of IPAB is restricted to that of a member.

**9.5.** Apropos recommendation of search cum selection committee required to be approved by the appointment Committee of the Cabinet for the post of Vice-Chairman and other members, we hold that the said methodology is also totally unconstitutional as it impinges upon the independence of the judiciary. Therefore, such an yardstick prescribed is also struck down in the light of the decisions of the Supreme Court referred supra. This exercise is done to alleviate the concern and to see that the independence of the judiciary is not destroyed by an indirect method. We also draw our support from the following passage of the judgment of the Supreme Court in the case of **State of Maharashtra v. Labour Law Practitioners' Association, ((1998) 2 SCC 688)**.

**9.6.** We are quite aware of the settled position of law that a Court of law is required to adopt a dignified reluctance before contemplating to enter upon the field earmarked for the Legislature or Executive, as the case may be. Composition of Search-cum-Selection Committee is the function entrusted to the 1st respondent. However, in the light of the principles deduced from the judgments of the Supreme Court referred supra, we may state with conviction that such a composition should exhibit the leading role of the judiciary. Thus, we feel that the 1st respondent may consider inclusion of judges from the higher judiciary signalling its greater participation, rather than filling the Committee from the Executive.

**Section 2(k) of the Trade Marks Act, 1999:-**

**9.7.** Section 2(k) of the Trade Marks Act, 1999 defines a "judicial member", which is as follows:-

> "Judicial Member" means a Member of the Appellate Board appointed as such under this Act, and includes the Chairman and the Vice-Chairman"

This Section seeks to provide an expanded meaning to the word "Judicial Member". We would like to express our understanding of this provision when we discuss the impugned provisions.

**Provisions of Section 85 of the Trade Marks Act, 1999**:-

**9.8.** Chapter XI of the Trade Marks Act, 1999 deals with the Appellate Board qua the establishment, composition, qualifications for appointment, term of office, functioning, salaries, etc.,

**9.9.** Section 85 deals with the qualifications for appointment as Chairman, Vice-Chairman or other Members. Now, we are dealing with the constitutionality of this provision. For better appreciation, the said provision is reproduced hereunder:

> "(1) A person shall not be qualified for appointment as the Chairman unless he--
>
> (a) is, or has been, a Judge of a High Court; or
>
> (b) has, for at least two years, held the office of a Vice-Chairman.
>
> (2) A person shall not be qualified for appointment as the Vice-Chairman, unless he--
>
> (a) has, for at least two years, held the office of a Judicial Member or a Technical Member; or
>
> (b) has been a member of the Indian Legal Service and has held a post in Grade I of that Service or any higher post for at least five years.
>
> (3) A person shall not be qualified for appointment as a Judicial Member, unless he--
>
> (a) has been a member of the Indian Legal Service and has held the post in Grade I of that Service for at least three years; or
>
> (b) has, for at least ten years, held a civil judicial office.

(4) A person shall not be qualified for appointment as a Technical Member, unless he--

(a) has, for at least ten years, exercised functions of a tribunal under this Act or under the Trade and Merchandise Marks Act, 1958 (43 of 1958), or both, and has held a post not lower than the post of a Joint Registrar for at least five years; or

(b) has, for at least ten years, been an advocate of a proven specialised experience in trade mark law.

(5) Subject to the provisions of sub-section (6), the Chairman, Vice-Chairman and every other Member shall be appointed by the President of India.

(6) No appointment of a person as the Chairman shall be made except after consultation with the Chief Justice of India."

**Technical Member**:-

**9.10.** The Supreme Court in **Madras Bar Association Vs. Union of India ((2014) 10 SCC 1)**, after taking note of the earlier decisions was pleased to hold that the role of a technical member is rather limited. Though the Legislature has got a power to appoint technical member, it has to decide its necessity first. Considering the nature of the Tribunal and the steps that are being dealt with, we do not find any error in the provisions, which require appointment of a technical member.

**9.11**. The qualification for the post of Senior Joint Registrar of Trade

Marks and Geographical Indications is prescribed hereunder:

> "(i) Degree in Law from a recognised University;
>
> (ii) Twelve years practice at a Bar or Twelve years experience in a State Judicial Service or in the Legal Department of a State Government or of the Central Government or in the processing of applications for registration filed under the Trade Marks Act or Geographical Indications Act or in teaching law in a recognised University or Institute.
>
> or
>
> Masters Degree in Law of a recognised University with ten years' experience in teaching law or in conducting research in law in a recognised University or Research Institution."

**9.12.** In the present case, a technical member takes part on equal terms along with a judicial member in the decision making process. The qualification is also prescribed as 12 years of practice at the bar or 12 years experience in a State Judicial Service with a Degree in Law. With the above said qualification, along with other qualifications, there cannot be any difficulty in appointing such a person as a technical member. However, the problem would possibly arise when a person sought to be appointed as a technical member merely because he works in the Legal Department of a State Government or Central Government or involved in the process of applications for registration filed under the Trade Marks Act or

Geographical Indications Act or in teaching law in a recognised University or Institute. Similarly, a Masters Degree in Law of a recognised University with ten years' experience in teaching law that may be a qualification for appointment of a Registrar cannot be termed as a qualification requisite for appointment of a technical member. The Scheme of the Act also provides for the appointment of a technical member as a Vice Chairman and then as Chairman. Therefore such persons cannot be made eligible. We are fortified in our views by the judgment rendered in **R.K.Jain Vs. Union of India, ((1993) 4 SCC 119),** wherein, the Honourable Supreme Court in paragraph 67 has held as follows:

> "67. The Tribunals set up under Arts. 323A and 323B of the Constitution or under an Act of legislature are creatures of the Statute and in no case claim the status as Judges of the High Court or parity or as substitutes. However, the personnel appointed to hold those offices under the State are called upon to discharge judicial or quasi-judicial powers. So they must have judicial approach and also knowledge and expertise in that particular branch of constitutional, administrative and tax laws. The legal input would undeniably be more important and sacrificing the legal input and not giving it sufficient weightage and teeth would definitely impair the efficacy and effectiveness of the judicial adjudication. It is, therefore, necessary that those who adjudicate upon these matters should have legal expertise, judicial experience and modicum of legal training as on many an occasion different and complex questions of law

which baffle the minds of even trained judges in the High Court and Supreme Court would arise for discussion and decision.

**9.13.** The said judgment has also been taken note of in **Madras Bar Association Vs. Union of India ((2014) 10 SCC 1)** as held above. Accordingly, we hold that under Section 85(4)(a), a person holding the post of not less than the post of Joint Registrar can be qualified for appointment as Technical Member only when he was appointed in the said post of Joint Registrar with 12 years of practice in a State Judicial Service and not otherwise. The said reasoning has been arrived at in order to create a statutory harmony between the various provisions contained in Section 85. We believe by re-defining the qualification there may not be any difficulty for such a technical member with the qualification of a practising lawyer to be considered for a post of Vice-Chairman and then Chairman, being on par with the judicial member. As suggestions have already been made by the Supreme Court in **S.P.Sampath Kumar Vs. Union of India (AIR 1987 SC 386)** and **Union of India Vs. R.Gandhi, President, Madras Bar Association, ((2011) 10 SCC 1)** about the entitlement of a practising lawyer with ten years and the parameters prescribed are also satisfied by adopting this methodology, this approach, we believe, would also uphold the confidence of public apart from increasing the efficiency of the Tribunal. Thus, Section 85(4)(a) of the Trade Marks Act, 1999 will have to

be read down to make eligible only those who held a post not lower than the post of Joint Registrar with the qualification of practice at bar or experience in the State Judicial Service as desired in the Notification dated 17.2.2011 issued by the Ministry of Commerce and Industry. Insofar as Section 85(4)(b) is concerned, there is neither challenge nor there can be any grievance. Therefore, we are not willing to go into the same.

**Judicial Member**:-

**9.14.** The concern expressed by the petitioner is only to Section 85(3)(a), which deals with appointment of judicial member. We find considerable force in the submission made. Both in **S.P.Sampath Kumar Vs. Union of India (AIR 1987 SC 386)** and **Union of India Vs. R.Gandhi, President, Madras Bar Association, ((2011) 10 SCC 1)** this issue has been addressed. In fact, a specific direction has also been issued in **R.Gandhi's case** in this regard. However high one may be in holding an Executive post, the role of a judicial member, being different, such a person cannot be asked to exercise the function particularly as a Judicial Member without any experience. The matter can be looked at a very different angle as well. Even an experienced lawyer with specialised knowledge and expertise is treated only as a technical member under Section 85(4)(b). If that is the case, merely because someone holds the

post in a Government Department he cannot be bestowed with the eligibility of being appointed as a Judicial Member sans experience. Also such a person cannot be treated on par with a Judicial Officer. We do not understand as to how an Officer working with the Executive would satisfy the requirement of legal training and experience. In other words, when such an Officer cannot become a judge, he cannot also act in the said capacity. We only reiterate the reasoning assigned by the Supreme Court in this regard. Therefore, we have no hesitation in holding that Section 85(3)(a) is unconstitutional, particularly, in the light of the directions (i) and (ii) rendered in **Union of India Vs. R.Gandhi, President, Madras Bar Association, ((2011) 10 SCC 1).** Insofar as Section 85(3)(b) is concerned, there is neither any challenge nor do we find any unconstitutionality in it.

**Vice-Chairman:-**

**9.15.** Sub-section 85(2)(b) provides for the qualification for appointment as a Vice-Chairman qua a member of Indian Legal Service, who held a post of Grade I of that service or any higher post for at least for five years. The reasons assigned by us in the preceding paragraphs would *a fortiori* apply to this provision as well. Here again, a judicial function is sought to be entrusted to an Officer of a Government. Accordingly, we hold that the said provision is unconstitutional, as such member do not have

legal training and experience in discharging a judicial function.

**9.16.** Coming to Section 85(2)(a), which deals with the qualification for appointment as Vice-Chairman for a person with prescription of at least two years in the office of judicial Member or technical member. The definition of "judicial member" includes "Chairman and Vice-Chairman" as a deeming provision by which a Chairman and Vice Chairman as the case may be, will have to be construed as judicial member for the purpose of discharging functions in the said capacity. Perhaps, this definition has been introduced to get over clause (xiii) of the decision of **Union of India Vs. R.Gandhi, President, Madras Bar Association, ((2011) 10 SCC 1).** Thus, in the light of the interpretation given by us on the technical member as well as Section 85(3)(a) having been struck down we do not find any impediment in considering such technical members and judicial members for the post of Chairman. With the said interpretation, we further come to the conclusion that such technical members, when they become Vice-Chairman, would also become judicial members. This is because the anomaly is being removed by the earlier part of our order.

**Chairman**:-

**9.17.** Section 85(1) speaks about the qualifications for appointment

of a Chairman. No difficulty is expressed by any one qua Sub-section (1)(a) of Section 85. The challenge is only in respect of Clause (1)(b) of section 85. It is the main contention of the petitioner that a Vice- Chairman, without being a Judicial Member and without having sufficient legal training and experience as a lawyer would become a Chairman. By the yardstick adopted by us with respect to the qualification qua a Technical Member, Judicial Member and Vice-Chairman, the grievance of the petitioner would be addressed sufficiently. Therefore, the qualification of a Vice-Chairman to the post of Chairman will have to be read with the qualification of a Vice-Chairman, Judicial Member and Technical Member, as the case may be.

**9.18.** We have yet another issue on hand. Learned counsel appearing for the petitioner submitted that an attempt is being made to sit over the decision of the Chief Justice of India by subjecting it to the approval of the appointment Committee of the Cabinet. Again, at the cost of repetition, we reiterate that the principle, as we understand in the decision rendered in **R.Gandhi's case**, would govern this issue as well. The word "consultation" has got a different connotation on different fact situations. If we are to interpret the same on the touchstone of separation of powers, judicial independence and basic structure, then the only irresistible conclusion that could be arrived at is that the view of the Chief

justice of India in the appointment of Chairman should be taken note of in the proper perspective.

**9.19.** The Supreme Court in **N.Kannadasan Vs. Ajay Khose and others, ((2009) 7 SCC 1)** held that meaning of "consultation" may differ in different situations depending on the nature of statute. It was further held that the proposal for appointment of President of State Commission must be initiated by the Chief Justice. Before us, there is no material on the procedure governing the appointment of Chairman. Therefore, we are not in a position to go into its correctness. However, we have no hesitation in holding that the view of the Chief Justice of India on the choice of selection to the post of Chairman should be given due weightage. Thus, we hold that the procedure adopted in seeking "approval" by the appointment committee of Cabinet is illegal. From the counter affidavit it is seen that the word "consultation" has been taken as recommendations of the Chief Justice of India. Therefore, we can infer that the recommendations are being made by the Chief Justice of India. Thus, we hold that the recommendations of the Chief Justice of India should have primacy, subject to the approval of the President. Such a recommendation is required to be considered in its perspective in the normal circumstances.

**On further submissions:**

**9.20.** Learned Additional Solicitor General made a submission that the Tribunal, being a creature of a statute, the decisions rendered therein are not applicable to the present case. A further submission has been made that as the power of judicial review is in tact under Articles 226 and 227 of the Constitution of India, the situation as that was prevalent in the decision rendered in **(2014) 10 SCC 1** is not present in this case. The submissions made do not appeal to us. The determination before the IPAB is a judicial one. The IPAB is exercising judicial functions. Therefore, the principles spelt out from the decisions referred supra are applicable on all fours. Merely because a discretionary power of judicial review is available under Article 226/227 of Constitution of India to test the decision making process, it would not mean that the respondents are at liberty to have the composition of the Tribunal as they like violating the basic structure of the Constitution. The High Court in its exercise of power either under Article 226 or Article 227 is not normally supposed to go into the *inter se* factual disputes between the parties, as the power of judicial review is required to be exercised only on the decision making process. Viewing from that angle, a decision of IPAB on the factual dispute acquires more significance. Therefore, the contentions raised are hereby rejected.

**9.21.** The IPAB plays a pivotal role in resolving the commercial

disputes. A good adjudicatory process is a *sine qua non* for the development of the Society, more so, in the filed of Commerce. With India being a rapidly developing Industrial nation, spreading its commercial activities, it is in national interest to have an adjudicatory forum satisfying the needs of various commercial entities. It also creates a good atmosphere of business development and industrial peace. It further enhances the reputation of our justice delivery system from the point of view of other countries. It brings forth an investor's confidence. Hence, from the context of public interest also, the IPAB has got an eminent role to perform.

**9.22.** The learned Senior Counsel for the petitioner submitted that lawyers with experience and knowledge ought to be included as Judicial Members. We are afraid that we cannot take the role of the Legislature. Incidentally, we may also note that even a lawyer with experience in the specialised field has been treated as only a "Technical Member" under Section 85(4)(b). The other submission made regarding the discrepancy under the patent Act as well as the Trade Marks Act qua the qualification also cannot be a ground to declare the provision as unconstitutional. Further, a Court of law will have to do the act of synchronising various enactments to avoid a possible conflict.

**10. <u>Summation</u>**:-

(1) Sub-section 2(b) of Section 85, which provides for a qualification qua a member of Indian Legal Service who held the post of Grade I of service or of higher post at least five years to the post of Vice-Chairman is declared unconstitutional, being an affront to the separation of powers, independence of judiciary and basic structure of the Constitution.

(2) Section 85(3)(a) of the Trade Marks Act, 1999, which provides for the eligibility of a member of the Indian Legal Service and has held the post of Grade I of that Service for at least three years for qualification for appointment to the post of a Judicial Member in IPAB, is declared as unconstitutional, being contrary to the basic structure of the Constitution,

(3) The Constitution of the Committee for the appointment of members, both for the Vice-Chairman, Judicial Member and Technical Member is declared as contrary to the basic structure of the Constitution. In consequence thereof, the 1st respondent will have to re-constitute the Committee providing a predominant role in the selection process to the

judiciary.

(4) A person, in the post of Joint Registrar or above with the qualification of 12 years of practice at bar or 12 years experience in a State Judicial Service with a Degree in Law, along with other qualifications alone is to be considered to be appointed as a Technical member.

(5) Only such a Technical Member with the qualification indicated in (4) above alone can be considered for the post of Vice-Chairman.

(6) For the post of Chairman, apart from a sitting or a Retired High Court Judge, only a person with a qualification mentioned in (4) above and as required for a Technical Member under Section 85(4)(b) can be considered as against a Judicial Member.

(7) Recommendation of the Chief Justice of India to the post of Chairman should be given due consideration by the Appointment Committee of the Cabinet and the process does not involve any "approval".

The writ petition stands disposed of accordingly. However, there is no order as to costs.

**(S.K.K., CJ.) (M.M.S.,J,)**
**10.03.2015**

Index:Yes
usk

To
1. The Secretary,
   Department of Industrial Policy & Promotion,
   Ministry of Industry & Commerce,
   Government of India,Union of India,
   Udyog Bhavan,
   New Delhi – 110 011

2. The Registrar,
   Intellectual Property Appellate Board,
   Annex-I, Guna Complex, II Floor,
   443, Anna Salai, Teynampet,
   Chennai – 600 018.

3. The President,
   Intellectual Property Rights Bar Association
   (Regn.No.48/2011), III Floor, YMCA Building,
   No.223, NSC Bose Road, Chennai – 600 001

**The Hon'ble Chief Justice**
**and**
**M.M.Sundresh,J**

usk

**Order in**
**W.P.No.1256 of 2011**

**10.03.2015**