

THE HON'BLE SRI JUSTICE M.SEETHARAMA MURTI

CIVIL REVISION PETITION No.1528 of 2016

ORDER:

In this revision under Article 227 of the Constitution of India filed by the defendant in OS.no.729 of 2010, the only question that falls for determination is as to whether the learned XIV Additional Chief Judge (Judge, Fast Track Court), City Civil Court, Hyderabad, is justified in passing the order dated 05.02.2016, which reads as under:

'As per clause No.5 of Section 124 of trade mark Act this Court shall not prevent to pass any interlocutory order (including any order granting an injunction directing account to be kept, appointing a receiver or attaching any property), during the period of the stay of the suit. Hence, the memo is not taken into consideration in this petition as per the above said clause, for hearing of the respondent call on 15.02.2016 finally'.

[Reproduced verbatim]

2. I have heard the submissions of Sri D. Madhava Rao, learned counsel appearing for the revision petitioner-defendant ('the defendant', for short) and Sri L. Ravichander, learned senior counsel appearing for the respondent-plaintiff ('the plaintiff', for short). I have perused the material record.

3. The facts which are necessary to be stated as a prelude to this order, in brief, are as follows:

The plaintiff, which is a society, brought the suit against the defendant, a private limited company, under Section 134 of the Trade Marks Act, 1999 (hereinafter, 'Act 47/99') read with Section 26 and Order VII Rule 1 of the Code of Civil Procedure, 1908 ('the Code', for brevity) for the following reliefs:

- a) Permanently restraining the Defendants from using the name of the Plaintiff's Institution i.e. HYDERABAD PUBLIC SCHOOL.
- b) To restrain the Defendant from giving advertisement in daily news papers and publication of pamphlets by using the name of the Plaintiff's Institution.
- c) Costs of the suit be awarded:
- d) Such other and further relief/s be granted to which the Plaintiff is legally entitled to.

While so, the defendant filed IA.no.517 of 2015 in the aforementioned suit under Section 124(1)(b) of the Act 47/99 read with Sections 10 and 151 of the Code requesting to stay the proceedings in the suit until the rectification applications filed by the plaintiff are disposed of by the Intellectual Property Appellate Board. The learned Judge of the trial Court having referred to the provision of Section 124 of Act 47/99 allowed the petition and granted stay of the proceedings in the suit. In the said suit, the plaintiff also filed IA.no.4268 of 2010 under Order XXXIX Rules 1 and 2 of the Code requesting to grant a temporary injunction restraining the defendant from using the name of the plaintiff's institution viz., HYDERABAD PUBLIC SCHOOL (HPS) or from making any paper publication pending disposal of the main suit. Though the suit proceedings are stayed as per orders in IA.no.517 of 2015, the plaintiff requested the trial Court to take up the interlocutory application for temporary injunction for hearing and disposal on merits. Therefore, the defendant, which wanted the trial Court not to take up the IA.no.4268 of 2010 filed by the plaintiff under Order XXXIX Rules 1 and 2 of the Code, filed a memo dated 28.01.2016 before the trial Court stating, *inter alia*, that the Court *vide* order dated 04.12.2015 in IA.no.517 of 2015 was pleased to stay the proceedings in the suit till the disposal of the applications before the Intellectual Property Appellate Board, Chennai, only to avoid multiplicity of proceedings and that therefore the said orders are being brought to the notice of the Court. The trial Court having taken note of the provision of Section 124(5) of Act 47/99, which postulates that the order passed staying the suit shall not preclude the Court from making any interlocutory order (including any order granting an injunction directing account to be kept, appointing a receiver or attaching any property), during the period of the stay of the suit, did not take into consideration the said memo and passed the order impugned in this revision to the effect that it will proceed with the hearing of IA.no.4268 of 2010 filed by the plaintiff for grant of a temporary

injunction and directed the said application to be listed on 15.02.2016 finally. Aggrieved thereof, the defendant filed this revision before this Court.

4. The learned counsel for the defendant while narrating the facts and events, which are not in dispute and which are stated supra, submitted as follows:

The application for temporary injunction was filed along with the suit in the year 2010. The trial Court itself, following the provision of Section 124 of the Act 47/99, by its order dated 04.12.2015 passed in IA.no.517 of 2015 stayed the proceedings in the suit till the disposal of the rectification applications filed by the plaintiff before the Intellectual Property Appellate Board, Chennai. The trial Court agreed with the contentions of the defendant that the suit proceedings are liable to be stayed to avoid multiple proceedings and conflicting decisions. Hence, the trial Court ought to have considered the memo filed by the defendant and ought not to have passed the impugned orders stating that the provision of Section 124(5) of the Act 47/99 does not preclude it from hearing and disposing the application filed by the plaintiff for grant of temporary injunction despite the fact that orders of stay staying the proceedings in the suit are in force. The trial Court did not properly appreciate the legal position. The trial court's order that it will take up the application for temporary injunction for hearing and disposal despite its earlier order staying the proceedings in the suit would amount to the trial court reviewing its own orders. If the trial Court passes an order in favour of the plaintiff in the application for temporary injunction and if the Intellectual Property Appellate Board, Chennai, passes an order in favour of the defendant in the said proceedings, there will be conflicting orders. To avoid such conflicting orders only the provision empowering the Court to stay the proceedings in the suit is contemplated.

Contending so, the learned counsel for the defendant drew the attention of this Court to Sections 27, 134 and 135 of the Act 47/99. He also placed reliance

on the decision dated 02.06.2014 of the Supreme Court in Civil Appeal No.6718 of 2013 in support of the contention that two parallel proceedings cannot be permitted to be pursued and that the plaintiff has to opt for one of the two remedies but not both the remedies, one by way of the civil suit and the other by way of appeal before the Intellectual Property Appellate Board.

5. Per contra, the learned senior counsel for the plaintiff would submit as follows:

The trial Court was justified in invoking the provision of Section 124(5) of the Act 47/99 while passing the orders impugned as the orders granting stay of the proceedings in the suit were also passed under Section 124(1)(b) of the said Act. Section 124(5) clearly postulates that the Court is not precluded from making interlocutory orders in the applications for temporary injunction during the period of the stay of the suit. Since the law empowers the Court to do so, the contention that the order of the trial Court to the effect that it is inclined to take up the application for temporary injunction for hearing and disposal amounts to reviewing its earlier orders of stay is misconceived and untenable. The orders that may be passed in the rectification applications by the Intellectual Property Appellate Board, Chennai, will be binding upon the parties and the trial Court is obligated to dispose of the suit conformably to the said orders insofar as they relate to the issue as to the validity of the registration of the trade mark in question and therefore the order that the trial Court may pass in the application for temporary injunction does not come in conflict with the final order that may be made by the Intellectual Property Appellate Board as the said order eventually supplants the temporary injunction orders and the suit comes to be disposed of in conformity with the orders of the Intellectual Property Appellate Board insofar as the said orders relate to the issue as to the validity of the registration of the trade mark. The contention of the defendant that the trial Court did not appreciate the facts properly and the legal position in the correct perspective is

therefore not correct. The defendant is un-necessarily presuming that the orders to be passed in the temporary injunction application and the final orders that may be passed by the Intellectual Property Appellate Board may come in conflict. The contentions based on such assumption are premature. The trial Court did not pass any orders prejudicial to the interest of the defendant as the trial Court only passed an order to the effect that the application for temporary injunction would be taken up for being heard and disposed of on merits. The revision is devoid of merit and is liable to be dismissed.

6. I have bestowed my attention to the facts and submissions. Before proceeding further, it is necessary to refer to the relevant provisions of Act 47/1999, which read as under:

27. No action for infringement of unregistered trade mark.—(1) No person shall be entitled to institute any proceeding to prevent, or to recover damages for, the infringement of an unregistered trade mark.

(2) Nothing in this Act shall be deemed to affect rights of action against any person for passing off goods or services as the goods of another person or as services provided by another person, or the remedies in respect thereof.

124. Stay of proceedings where the validity of registration of the trade mark is questioned, etc.—(1) Where in any suit for infringement of a trade mark—

(a) the defendant pleads that registration of the plaintiff's trade mark is invalid; or
(b) the defendant raises a defence under clause (e) of sub-section (2) of section 30 and the plaintiff pleads the invalidity of registration of the defendant's trade mark, the court trying the suit (hereinafter referred to as the court), shall,—

(i) if any proceedings for rectification of the register in relation to the plaintiff's or defendant's trade mark are pending before the Registrar or the Appellate Board, stay the suit pending the final disposal of such proceedings;

(ii) if no such proceedings are pending and the court is satisfied that the plea regarding the invalidity of the registration of the plaintiff's or defendant's trade mark is prima facie tenable, raise an issue regarding the same and adjourn the case for a period of three months from the date of the framing of the issue in order to enable the party concerned to apply to the Appellate Board for rectification of the register.

(2) If the party concerned proves to the court that he has made any such application as is referred to in clause (b) (ii) of sub-section (1) within the time specified therein or within such extended time as the court may for sufficient cause allow, the trial of the suit shall stand stayed until the final disposal of the rectification proceedings.

(3) If no such application as aforesaid has been made within the time so specified or within such extended time as the court may allow, the issue as to the validity of the registration of the trade mark concerned shall be deemed to have been abandoned and the court shall proceed with the suit in regard to the other issues in the case.

(4) The final order made in any rectification proceedings referred to in sub-section (1) or sub-section (2) shall be binding upon the parties and the court shall dispose of the suit conformably to such order in so far as it relates to the issue as to the validity of the registration of the trade mark.

(5) The stay of a suit for the infringement of a trade mark under this section shall not preclude the court from making any interlocutory order (including any order granting

an injunction, directing account to be kept, appointing a receiver or attaching any property), during the period of the stay of the suit.

134. Suit for infringement, etc., to be instituted before District Court.—(1) No suit—

- (a) for the infringement of a registered trade mark; or
- (b) relating to any right in a registered trade mark; or
- (c) for passing off arising out of the use by the defendant of any trade mark which is identical with or deceptively similar to the plaintiff's trade mark, whether registered or unregistered, 46

135. Relief in suits for infringement or for passing off.—(1) The relief which a court may grant in any suit for infringement or for passing off referred to in section 134 includes injunction (subject to such terms, if any, as the court thinks fit) and at the option of the plaintiff, either damages or an account of profits, together with or without any order for the delivery-up of the infringing labels and marks for destruction or erasure.

(2) The order of injunction under sub-section (1) may include an ex parte injunction or any interlocutory order for any of the following matters, namely:—

- (a) for discovery of documents;
- (b) preserving of infringing goods, documents or other evidence which are related to the subject-matter of the suit;
- (c) restraining the defendant from disposing of or dealing with his assets in a manner which may adversely affect plaintiff's ability to recover damages, costs or other pecuniary remedies which may be finally awarded to the plaintiff.

(3) Notwithstanding anything contained in sub-section (1), the court shall not grant relief by way of damages (other than nominal damages) or on account of profits in any case—

- (a) where in a suit for infringement of a trade mark, the infringement complained of is in relation to a certification trade mark or collective mark; or
- (b) where in a suit for infringement the defendant satisfies the court—
 - (i) that at the time he commenced to use the trade mark complained of in the suit, he was unaware and had no reasonable ground for believing that the trade mark of the plaintiff was on the register or that the plaintiff was a registered user using by way of permitted use; and
 - (ii) that when he became aware of the existence and nature of the plaintiff's right in the trade mark, he forthwith ceased to use the trade mark in relation to goods or services in respect of which it was registered; or
- (c) where in a suit for passing off, the defendant satisfies the court—
 - (i) that at the time he commenced to use the trade mark complained of in the suit, he was unaware and had no reasonable ground for believing that the trade mark for the plaintiff was in use; and
 - (ii) that when he became aware of the existence and nature of the plaintiff's trade mark he forthwith ceased to use the trade mark complained of.

7. I have gone through the provisions cited and the other relevant provisions of the Act 47/1999.

8. The facts, which are not in dispute, are as follows:

In the suit filed by the plaintiff against the defendant under Section 134 of the Act 47/99 and the provisions of the Code, the defendant filed IA.no.517 of 2015 under Section 124(1)(b) of the Act 47/99 read with Section 10 and 151 of the Code requesting to stay the proceedings in the suit until the rectification applications filed by the plaintiff are disposed of by the Intellectual Property

Appellate Board and the trial Court by order dated 04.12.2015 allowed the said petition and granted stay of the proceedings in the suit; thereafter, the plaintiff requested the trial Court to take up the interlocutory application, filed along with the suit, for temporary injunction for hearing and disposal on merits; hence, the defendant filed a memo dated 28.01.2016 before the trial Court bringing to the notice of the Court, the earlier order dated 04.12.2015 passed by it whereby the proceedings in the suit were stayed; the trial Court, in view of the provision of Section 124(5) of the Act 47/99, has not taken the said memo into consideration and passed the order impugned in this revision to the effect that it will proceed with the hearing of IA.no.4268 of 2010 filed by the plaintiff for grant of a temporary injunction, and further directed the said application to be listed on 15.02.2016 finally for hearing.

9. In the first place, the trial Court, having considered the request of the defendant, stayed the proceedings in the suit pending final disposal of the rectification applications pending before the Intellectual Property Appellate Board. However, when the plaintiff requested for the application for temporary injunction to be taken up for hearing and disposal, the trial Court was inclined to take up the said application accordingly. The defendant raised objection by filing a memo that in view of the stay orders passed by the trial Court in the suit, it is precluded from taking up the application for temporary injunction and making any interlocutory order. Over ruling the said objection of the defendant, the trial Court passed the order impugned. A plain reading of the provisions of law, particularly 124(5) of the Act 47/99, make it manifest that the stay of a suit for infringement of trade mark under the said Section shall not preclude the Court from making any interlocutory order during the period of the stay of the suit. In view of the clear mandate of law under Section 124(5) of the Act 47/99, this Court is of the considered view that the trial Court's order to the effect that it is inclined to take up the interlocutory application filed for grant of temporary

injunction for hearing and disposal cannot be termed as an exercise in contemplation of reviewing its earlier order staying the suit proceedings, as the Court is empowered by a statutory provision to pass an interlocutory order during the period of stay of the suit. Therefore, the trial Court was well within its powers and jurisdiction when it passed the order impugned in this revision.

10. Coming to the decision relied upon by the learned counsel for the defendant, it is to be noted that the subject matter in the said Civil Appeal is about the Patents. The Supreme Court noticed the remedies available to a person interested for raising a challenge to a patent granted to an individual or an entity, under the various provisions of the Patents Act and also options available for revocation of patent under the said Act; whereas the case on hand is one arising under the provisions of the Act 47/99. Further, in the case on hand, the plaintiff is not pursuing two parallel main proceedings simultaneously before two fora. The plaintiff's main proceeding, that is, the suit is stayed by the trial Court by following the relevant provisions of Section 124(1)(b) of the Act 47/99 as proceedings for rectification applications are pending before the Intellectual Property Appellate Board, Chennai. The trial Court is only considering the request of the plaintiff to hear and dispose of, on merits, the application for temporary injunction filed in the said suit though the suit is under stay. As already noted the relevant provision of Section 124 does not preclude the Court from making an interlocutory order during the period of stay of the suit as well.

11. On the above analysis of facts and law, this Court finds that the trial Court is justified in passing the order which is impugned in this revision and that the revision is devoid of merit.

12. Accordingly, the Civil Revision Petition is dismissed confirming the order of the trial Court. There shall be no order as to costs.

Miscellaneous petitions, if any, pending in this revision, shall stand closed.

25th November, 2016
Vjl

M.Seetharama Murthi, J

