

IN THE HIGH COURT FOR THE STATES OF PUNJAB AND
HARYANA AT CHANDIGARH

C.R. No.2591 of 2016 (O&M)

Date of Decision.09.12.2016

2. C.R. No.2997 of 2016 (O&M)

Sachdeva and Sons Industries Pvt. Ltd.

.....Petitioner

Vs

Jain Riceland Pvt. Ltd.

.....Respondent

Present: Mr. Himanshu Arora, Advocate and
Mr. Kamal Kishore Arora, Advocate with
Mr. Gaurav Arora, Advocate
for the petitioner.

Mr. Kamal Sehgal, Advocate
for the applicant-respondent.

CORAM:HON'BLE MR. JUSTICE AMIT RAWAL

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AMIT RAWAL J.

C.M. No.24364-CII of 2016 in C.R. No.2591 of 2016

C.M. No.24590-CII of 2016 in C.R. No.2997 of 2016

Notice in the applications.

Mr. Himanshu Arora, Advocate accepts notice.

Both the parties are at ad idem that instead of pondering upon
the interim applications, the main revision petitions itself be heard.

The applications are disposed of as above.

C.R. Nos.2997 and 2591 of 2016

This order of mine shall dispose of two civil revision petitions.

C.R. No.2591 of 2016 has been filed at the instance of the petitioner-
plaintiff against the impugned order whereby the suit has been stayed on an
application moved under Section 124 of the Trade Marks Act, 1999 as the
rectification proceedings at the instance of the respondent-defendant qua

the “1st revision petition”). C.R. No.2997 of 2016 is at the instance of the petitioner-plaintiff against the order whereby the application moved by the respondent under Section 10 read with Section 115 CPC has been allowed and the suit has been stayed (hereinafter called the “2nd revision petition”).

The application under Section 10 CPC was filed by the respondent-defendant on the premise that they had already filed suit against the petitioner-plaintiff for declaration and permanent injunction under Section 120 of the Trade and Merchandise Marks Act, 1958 (Section 142 of the 1999 Act), Section 60 of the Copyright Act read with the provisions of Specific Relief Act, 1963 against groundless threats of legal proceedings i.e. Civil Suit No.1297 of 2003 for perpetual injunction against petitioner-plaintiff and the Court of Delhi vide order dated 25.6.2003 passed the ex parte ad interim order.

Mr. Himanshu Arora with Kamal Kishore Arora and Gaurav Arora, learned counsel appearing for the petitioner submitted that the suit had been instituted at Delhi under Section 142 of the 1999 Act whereas the suit instituted at the behest of the plaintiff at Amritsar was under Sections 134 and 135 of the 1999 Act i.e. infringement of Trademark Act, much less, the relief of passing off had also been claimed besides other reliefs.

The petitioner-plaintiff is the first and prior adopter, promoter, prior publisher, sole and absolute owner and the true and lawful proprietor of Trade Mark/Label “Pari”. On account of prior adoption and extensive use of the above said trademark/label “Pari”, the petitioner-plaintiff had gained enviable, viable goodwill and reputation in the market. The respondent-defendant had been substituted by Bhupinder Jain vide order dated 22.10.2014 of the trial Court after receiving the summons from the

Delhi Court in the aforementioned composite suit and after further making enquiry into the principal markets it came to the notice of the petitioner-plaintiff that the respondent-defendant had dishonestly and malafidely started to run the business of same kind/description of goods viz. 'rice' under the same identical and deceptively similar trade marks comprising of the words “LAL **PARI**” (with or without the device of “**PARI**”). It is in this backdrop of the matter, the suit aforementioned was filed by invoking the provisions of Section 134 and 135 of the Trade Marks Act, 1999 read with Section 55 of the Copyright Act, 1957. The respondent-defendant had without taking the permission of the Court, much less, before appearance in the aforementioned suit, filed the rectification proceedings i.e. on 10.02.2004 as the present suit was filed on 10.12.2003.

In order to lend support to his aforementioned arguments, he submitted that the matter in issue is not substantially and directly the same as the suit aforementioned filed at Delhi High Court has been stayed vide order dated 15.10.2013, which reads as under, therefore, the application under Section 10 CPC had become infructuous:-

*“TM No.77/2011
15.10.2013*

*Present: Sh. N.K. Manchanda, ld. Counsel for plaintiff.
Sh. Manu Bansal, ld. Counsel for defendant.*

Matter if fixed for arguments on preliminary issues. I have heard both the sides. It is not disputed that proceedings under Section 124 Trade Marks Act are pending before IPAB. As requested jointly, the present matter is liable to be stayed till the outcome of proceedings pending before IPAB. Accordingly, the matter is adjourned sine die with liberty to the parties to get the same revived at the relevant and appropriate time. File be consigned to record room.

-sd-

*(Anju Bajaj Chandna)
ADJ-I (Central) Delhi
15.10.2013”*

In support of his contention, he relied upon judgments rendered by this Court in **Madura Coats Ltd. Vs. Chetan Dev 1984 PLR 763; Ashok Jain and others Vs. M/s Nikkamal Jewellers and others** passed in C.R. No.3669 of 2012 on 21.09.2012 and Delhi High Court judgment in **M/s Arjies Aluminim Udyog Vs. Sudhir Batra, New Delhi 1997 AIR (Delhi) 232.**

The scope and jurisdiction of the trial Court in the suit filed under Section 142 of the Trade Marks Act, 1999 and Section 60 of the Copyrights Act is limited and narrow one, for, the moment the trial Court finds that the party, who gave threats for initiation of legal proceedings, being a registered proprietor of concerned trademark, the suit will be dismissed unlike in suit filed under Section 134 and 135 of the Trademark Act read with Section 55 of the Copyrights Act. When sub-section 2 of Section 142 of the 1999 Act itself provides that Section 142 would not apply, if the registered proprietor of the trade mark, like the petitioner-plaintiff prosecutes an action against the person threatened for infringement of the trade mark, the aforementioned case becomes infructuous and fruitless, rather liable to be stayed or dismissed, thus, there is gross illegality and perversity.

As regards the 2nd revision petition, he submits that the court below has committed illegality and perversity in allowing the application moved under Section 124 Chapter XIII dealing with misc. provisions of 1999 Act. In fact, the provisions of aforementioned Act came to be debated upon in the judgment rendered by Full Bench of Delhi High Court in **Data Infosys Ltd. and others Vs. Infosys Technologies Ltd.** in FAO (OS) 403 of 2012 decided on 05.02.2016 where it has been held that in every case where

the suit for infringement of trade mark has been filed, any person on receipt of notice and before appearing before the Court, may file rectification petition and seek the stay of the suit. It is in this aspect of the matter, the word/expression "pending before the Registrar" has been interpreted. He also relied upon judgment rendered by single bench of Delhi High Court in *Stokley Van Camp Inc and another Vs. Heinz India Private Limited 2012 (193) DLT 4.*

Therefore, the application under Section 124 at the instance of the respondent was liable to be dismissed. It cannot be stayed. Unless and until the trial Court has to form an opinion and assess the tenability of the application only then the suit can be stayed.

He further submitted that the trial Court has failed to take into consideration that the respondent had malafidely filed the rectification petition while intentionally or deliberately avoiding, much less, by passing the necessary requirement of law i.e. prima facie satisfaction. In order to buttress his arguments, he further submitted that it is settled position of law that if the trial court is not prima facie satisfied as to tenability of plea of invalidity of trade mark, the suit cannot be stayed. The respondent-defendant has miserably failed to prove prima facie satisfaction and therefore, the order under challenge is liable to be set aside, rectification proceedings be considered as null and void. The respondent-defendant has not even appeared before the Court for filing the rectification petition as per the provisions of clause (iii) of sub-section 1 of Section 124 of the Act, thus, urges this court for allowing the revision petitions by setting aside the orders under challenge.

Per contra, Mr. Kamal Sehgal, learned counsel appearing on

behalf of the respondent-defendant submitted that the provisions of Section 124 of the Act, needs no interpretation. Even the Full Bench has also given the finding in favour the defendant as non-availability of permission or not filing of the rectification proceedings, does not tantamount to abandoning any right. The respondents-defendants are the subsequent assignees as the defendants' predecessor Bhupinder Jain got the assignment of copyright bearing the title "LAL PARI" from Maheshwari Industries (Assam) Pvt. Ltd. and since there was a threat, respondents-defendants invoked the provisions of Section 124 of the Act by filing the civil suit at Delhi on 20.06.2003 and vide order dated 25.06.2003, ad interim injunction was passed. The defendants appeared before the Delhi Court by filing the written statement on 27.01.2004 and disclosed about the filing the suit which had been filed on 11.12.2003. It is in this aspect of the matter, rectification proceedings were filed on 10.02.2004 and therefore, it was not an afterthought or on receipt of notice of the suit but on disclosure, as noticed above.

In support of his contention, he relied upon the judgments of various High Courts including this High Court viz. **Paras Industries Vs. Paras Special Machine Co. 2003(3) RCR (Civil) 511; Arun Colour Chem and others Vs. Mithumal Essance Mart and another 2010 (167) DLT 285; Nippon Soda Co. Ltd. Vs. V.P. Goyal and another 2014(58) PTC 386 (Del)** and **Lupin Vs. Johnson and Johnson AIR 2015 Bom 50.** He also relied upon Full Bench of Delhi High Court in **Data Infosys Ltd. and others Vs. Infosys Technologies Ltd.** in FAO (OS) 403 of 2012 decided on 05.02.2016.

He further submitted that the petitioner-plaintiff has filed Civil

Suit bearing No.28128/31.10.2003 by invoking the provisions of Section 134 and 135 of the Trade Marks Act, 1999 read with Section 55 and 62 of the Copyright Act, 1957 for permanent injunction restraining the respondents-defendants from committing the unlawful acts of infringement of the plaintiff's registered trade mark in which the trial Court while disposing the application under Order 39 Rules 1 and 2 vide order dated 05.12.2013 specifically framed issues regarding the maintainability of the suit and returned the finding on issue No.1 against the petitioner-plaintiff by holding that the subject matter of suit at Delhi Court and one instituted now in the year 2013 and as well the other suit dated 10.12.2003 in which the present proceedings have arisen, the subsequent suit of the year 2013 was not maintainable. The review petition filed against the same has also been dismissed on 10.11.2014. Copies of the aforementioned orders have been handed over during the course of the hearing.

I have heard learned counsel for the parties, appraised the paper book and the judgments cited at bar. Before advertng to the rival contentions of the parties, in order to appreciate the controversy, it would apt to reproduce the provisions of Section 124 of Chapter XIII of misc. provisions of the Trade Marks Act, 1999:-

“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.

There is no force and merit in the submissions of Mr. Arora viz-a-viz the order passed in second revision petition whereby the suit has been stayed by invoking the provisions of Section 124 of the Act. In fact, the suit has been stayed on two applications. One under Section 10 CPC and another under Section 124 of the Act. The argument with regard to concerned provisions of Section 10 of the Code of Civil Procedure are no longer *res integra*. The matter in the previously instituted and subsequent suit has directly and substantially been the same. As per the order extracted above, the suit at the instance of the respondent in Delhi Court had been stayed on the statements suffered by the parties. In my view, the finding of the trial Court in staying the suit by invoking the provisions of Section 10 CPC is not sustainable as both the suits cannot remain stayed. Therefore, the order passed under Section 10 CPC is not sustainable and hereby set aside and resultantly, the 1st revision petition i.e. C.R. No.2997 of 2016 is allowed.

As regards the 2nd revision petition is concerned, from bare

case of pendency of rectification proceedings, the suit seeking infringement of trade mark is liable to be stayed and further when the defendant, though put in appearance but not availed the remedy, can always seek liberty of the Court seized of the suit for filing such application and the Court shall after recording the satisfaction regarding the tenability of the plea, stay the suit within a period of three months. The facts, revealed above, show that on 25.06.2003, the Delhi Court had passed the ad interim injunction order. The petitioner-plaintiff on appearance in the present suit filed the written statement in the month of March i.e. 15.03.2004 and disclosed the pendency of the suit and before the respondent-defendant herein could put in appearance, they moved application for rectification on 10.02.2004. There is no dispute with regard to ratio decidendi culled out by Full Bench of Delhi High Court **Data Infosys Ltd.'s case** (supra) viz-a-viz availing the right of seeking rectification of the registered trade mark but the parameters culled out by Delhi High Court, which reads as under, do not support the case of the petitioner-plaintiff, much less, the view scribed by Mr. Arora, as even if the party has not sought the permission from the Court on appearance for filing the rectification petition, the right cannot be deemed to have been abandoned:-

“41. This court, for the foregoing reasons, sums up the conclusions as follows:

(1) IPAB has exclusive jurisdiction to consider and decide upon the merits of a plea of trademark registration invalidity - applying [Section 47](#) and [57](#) of the Act- in the context of an infringement suit based on such registered trademark.

(2) The two situations whereby the infringement action is stayed, are when the rectification proceedings are instituted before the filing of the suit ([Section 124](#) (1) (i)) and after the plea of invalidity is held to be prima facie tenable under [Section 124](#) (1) (ii)) to enable the party urging invalidity to approach IPAB.

(3) Where the civil court based on its prima facie assessment states the the invalidity plea is not tenable or where the litigant does not approach the IPAB within the time granted (i.e when the court holds the plea to be prima facie tenable) the only consequence is deemed abandonment of the

invalidity defense in the infringement suit. However, access to IPAB to invoke its exclusive jurisdiction to test the invalidity of a trademark registration is not precluded or barred in any manner whatsoever.”

Keeping in view the aforementioned conspectus of the matter, I am of the view that the order under challenge staying the suit during the pendency of the rectification proceedings is perfectly legal and justified. While giving the aforementioned finding, there has been reference to the same very judgments referred to above as cited by Mr. Sehgal. I did not cite them again to avoid the repetition.

I am also not able to subscribe the view of the Mr. Arora that the Court had not recorded any reasons/tenability of the plea in rectification petition as the copy of the rectification petition was enclosed along with the application moved under Section 124 of the 1999 act seeking stay of the suit. The Court, in my view, should not have pondered upon the merits and demerits of the application for rectification as it would seriously prejudice the rights of the party in the rectification petition, stated to be pending.

I do not intend to differ with the finding rendered by the trial Court/Court of 1st Instance staying the civil suit aforementioned in the 2nd revision petition while allowing the application under Section 124 of the 1999 Act. No ground for interference is made out. The revision petition bearing No.2591 of 2016 is dismissed.

(AMIT RAWAL)
JUDGE

December 09, 2016
Pankaj*

Whether speaking/reasoned	Yes
Whether reportable	Yes