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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

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Date of Decision: August 29, 2016

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FAO(OS) 717/2010

TIMES PUBLISHING HOUSE LTD Appellant

Represented by: Kr.Hemant Singh, Advocate with
Mr.K.Datta, Mr.Ashish Verma,
Mr.Shashi P.Ojha and Mr.Rahul
Malhotra, Advocates

versus

FINANCIAL TIMES LTD & ORS Respondents

Represented by: Mr.Sudhir Chandra, Sr.Advocate
instructed by Mr.Gaurav Mukherjee,
Mr.Amol Dixit and Mr.Raghav Paul,
Advocates

FAO(OS) 499/2011

TIMES PUBLISHING HOUSE LTD Appellant

Represented by: Kr.Hemant Singh, Advocate with
Mr.K.Datta, Mr.Ashish Verma,
Mr.Shashi P.Ojha and Mr.Rahul
Malhotra, Advocates

versus

FINANCIAL TIMES LTD & ORS Respondents

Represented by: Mr.Sudhir Chandra, Sr.Advocate
instructed by Mr.Gaurav Mukherjee,
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Advocates

CORAM:

HON'BLE MR. JUSTICE PRADEEP NANDRAJOG

HON'BLE MS. JUSTICE PRATIBHA RANI

PRADEEP NANDRAJOG, J. (Oral)

1. FAO (OS) No.717/2010 lays a challenge to the order dated December 15, 2010 passed by the learned Single Judge dismissing the appellant's application under Section 124 of the Trade Marks Act, 1999 seeking stay of the CS (OS) No.2055/2001 filed by the respondent pending adjudication before the IPAB of rectification proceedings pertaining to the trademark 'FT' obtained by the respondent. FAO (OS) No.499/2011 challenges the order dated May 25, 2011 passed by the learned Single judge declining to settle the issue regarding invalidity of the trademark 'FT' of the respondent.
2. The respondent filed CS (OS) No.2055/2001 claiming to be the registered proprietor abroad as well as in India to the letter mark 'FT' alleging violation thereof by the appellant.
3. The plaint was instituted in the year 2001. In the written statement filed the appellant inter-alia pleaded that it was not using 'FT' as its trademark. It pleaded that the respondent's trademark 'FT' was not distinctive and was invalid and hence was liable to be cancelled. It was pleaded that the appellant is taking steps to seek rectification of the respondent's trademark registration No.468932. In the replication the respondent highlighted that the appellant had also sought registration of the letter mark 'FT' and thus could not plead that the said mark was incapable of being registered.
4. The suit meandered. The respondent took nearly 4 years to file a replication. Thereafter 3 years were spent before a mediator. Mediation failed. The year 2007 came into being.
5. It was only on April 23, 2007 that the appellant filed a rectification petition before IPAB seeking cancellation of respondent's trademark 'FT' granted vide registration No. 468932.
6. An application was filed in the year 2010 praying for the suit to be

stayed and needless to state Section 124 of the Trade Marks Act, 1999 was pressed into aid.

7. Concededly there are two limbs of Section 124; which would be as per clauses (i) and (ii) of sub-Section 1. The first is where the proceedings for rectification are already pending before IPAB when the suit is filed and the second is where no such proceedings are pending. In the former situation the suit has to be stayed without any discretion vested in the Court as held by a Full Bench of this Court in the decision reported as 2016 (65) PTC 209 (Delhi) (FB) Data Infosys Ltd. & Ors. Vs. Infosys Technologies Ltd. But in situation two, the suit has to be stayed upon the Court seized of the suit forming a prima-facie view on the tenability of the plea regarding invalidity of the plaintiff's trademark. The suit has to be adjourned to enable the party concerned to apply to IPAB to cancel the registration granted.

8. As per the impugned order dated December 15, 2010, declining to stay the suit, the learned Single Judge has highlighted that the application for rectification was filed after six years of the suit being filed and stay was being sought after nine years of the suit being filed. The learned Judge has held that any prima-facie opinion regarding tenability of the plea of invalidity of the respondent's trademark would invariably colour the competent tribunal's view and tilt the proceedings unfairly in favour of either party. The learned Single Judge has opined that issue of tenability i.e. prima-facie view concerning temporary injunction would have a fine distinction viz-a-viz opinion qua tenability prima-facie formed for stay of the suit. The decision culminates by recording that taking the entire conspectus of the facts the Court was not inclined to stay the suit.

9. On May 25, 2011, while settling the issues, the Court did not settle any issue concerning validity of the registration of the trademark 'FT' obtained by

the respondent on the ground that decision qua the same would be taken by IPAB.

10. Concededly proceedings before IPAB have concluded in favour of the respondent. Vide decision dated April 04, 2012 the mark 'FT', registration whereof has been obtained by the respondent vide No.468932 has not set aside. For record we note that registration pertaining to the mark 'Financial Times' in class 9 and 16 have been revoked. We are not concerned with the same.

11. The Full Bench decision of this Court in Data Infosys's case has opined in paragraph 31 and 41 as under:-

“31. Section 124(1)(ii) textually indicates that premised on the plea of invalidity of the registration of the trade mark (of the defendant, or the plaintiff-as the case may be), the Court would frame the issue pertaining to the invalidity of the trademark to be decided by the IPAB. If the Court is of the view that such invalidity plea is, prima facie, tenable, it would adjourn the suit for a period of three months from the date of such consideration and framing of issue-to enable the party concerned to apply to the Appellate Board for rectification of the registration. When the Court prima facie examines the tenability of the invalidity plea, the clock begins to tick for the party who sets up the plea of un-tenability, to then initiate rectification proceedings before the Appellate Board under Section 47/57 of the Act. That party should initiate the rectification proceedings within 3 months, or such extended time as the Court may, for sufficient cause, allow. If such rectification proceedings are initiated within the period of three months, or within such extended period as the Court may allow for sufficient cause, the trial of the suit “shall stand stayed until the final disposal of the rectification proceedings”. The effect of prima facie evaluation-one way or another, of the tenability of the plea of invalidity, does not impinge on the right of the party raising such a plea to apply to the Appellate Board for rectification. Even where the Court, prima facie, says that the plea of invalidity is not tenable, the party setting up such a plea is not precluded from preferring a rectification application before the Appellate Board. Given the

structure and phraseology of Section 124, the difference between clause (b) (i) and (ii) is the pendency of proceedings before IPAB. If the rectification plea is pending before the filing of the infringement suit, the court has no choice but to adjourn the suit and await the final disposal of the challenge before IPAB. If, on the other hand, no such plea is pending at the time of filing of the suit (for infringement)- the court has to examine. If urged in the written statement, the prima facie tenability of the invalidity plea; if it holds the plea to be tenable, it should adjourn the matter to enable the party to approach IPAB. In case it holds the plea to be not tenable, there is no obligation to adjourn the suit. There is another contingency, which flows from a plain reading of Section 124, which is that if the court grants time to the party to approach the IPAB, and it does not so approach the court within the time, it loses the right to argue that the suit is to be stayed. This view finds support from the decision of the Madras High Court in **B Mohammed Yousuff v. Prabha Singh Jaswant Singh Rep. by its POA Mr. C. Raghu, 2006 Law Suit (Mad) 2267** (“While sub Clause (i) deals with a situation where any proceeding for rectification is already pending, sub Clause (ii) deals with a situation where any proceeding for rectification is not pending. Both the sub clauses focus their field of operation only in relation to the stay of the civil suit.”) The court is of the opinion that Parliamentary intendment is clear that if at the stage of filing of the suit, a rectification application is “pending” before IPAB, there is no choice for the court, but to adjourn the infringement suit. However, if no such application is pending, the court which is later approached with an infringement suit (which “tries” it) has to appraise prima facie tenability of the invalidity plea, whenever taken. It could be urged even by way of amendment. Nevertheless, there cannot be an automatic stay, in view of the express phraseology of Section 124 (1) (ii) which mandates exercise of discretion. To postpone the consideration at the stage of framing issues would be a narrow interpretation, undermining the broad basic distinction between the two contingencies envisioned by Section 124 (1) (b).

The allied issue is when does the court evaluate the necessity of staying the suit. This is when the written statement is filed with the plea that either (a) the rectification proceeding had been

filed before the infringement suit and was therefore “pending” or (b) rectification application is to be preferred, or was preferred after the suit was filed. This court is of the opinion that the use of the expression “court trying the suit” (in Section 124 (1)) does not refer to the stage of the suit, but rather to the court having jurisdiction over the infringement suit. The other view, (i.e. that in contingencies, where the party opposing the registered trademark is either unaware of the registration, or approaches the court, before receiving summons) the court upon being made aware of the existence of the invalidity plea at the stage of framing issues, is bound to adjourn it, and that the question of considering the invalidity plea would arise at the stage of framing issues, does not flow from the grammatical construction of the provision. According to this court, the structure of Section 124 (1) firstly contemplates the parties who might claim invalidity in the infringement suit and secondly deals with the stage when such plea is urged, leading to different contingencies. For instance, the two situations that arise are (1) if the rectification application was filed before the plea is urged (Section 124 (1)(b) (i)- in which event, its disclosure compels the court (“the court trying the suit”) to adjourn the suit) and (2) where the suit is filed before a rectification proceeding/application is preferred (Section 124 (b) (ii)- in which event the court has to first decide whether the invalidity plea is tenable, and then only adjourn the suit to enable the party to approach the IPAB). These, in the opinion of the Court are broad lines demarcated by Parliament in regard to the different contingencies based on when a party approaches the court with a trademark invalidity plea. This conclusion is fortified by the fact that in the first eventuality, i.e where the rectification proceedings are pending, i.e where they chronologically precede the infringement suit- the court has no choice in the matter; it cannot determine the prima facie tenability of the invalidity plea. Such duty is cast only and only where the plea is urged in the suit for the first time when there is no rectification proceeding at the time the suit was filed.

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“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 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.”

12. The first impugned order is sustainable on the reasoning given by the Full Bench and suffice to state on the issue of tenability of the plea for stay of the suit the applicant must show bona-fides and not only seek rectification of the trademark the moment it learns about the plaintiff asserting a right under a trademark but also move the necessary application seeking stay of the suit at the earliest.

13. We write no more because the issue has today become academic inasmuch as on April 04, 2012 IPAB has dismissed appellant’s application seeking rectification. We also find it strange that on the one hand the appellant itself sought registration of the letters mark ‘FT’ claiming distinctiveness in the same and in the same breath questions respondent’s

registration on the plea that the mark is incapable of acquiring distinctiveness.

14. This would also be the reason to hold that an issue regarding invalidity need not be settled now because concededly the Tribunal of Competent Jurisdiction has ruled in favour of the respondent.

15. Of course, both parties are litigating further, having filed writ petitions in this Court and needless to state finality would be accorded when the writ petitions are decided.

16. For the reasons above both appeals are dismissed.

17. No costs.

(PRADEEP NANDRAJOG)
JUDGE

(PRATIBHA RANI)
JUDGE

AUGUST 29, 2016
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