

IN THE HIGH COURT OF JUDICATURE AT MADRAS

RESERVED ON : 04.01.2017

PRONOUNCED ON 11.01..2017
CORAM

THE HON`BLE MR.JUSTICE N.SATHISH KUMAR

Application No.3571 of 2016 in cs.426 of 2013

M/s. Eris Life Science Pvt.Ltd.,
AF-10, Kanchan Pharma House,
National Highway No.8
Aslali, Ahmedabad - 382 427 .. Applicant /defendant
vs.

M/s.Micro Labs Ltd
Rep.by its Company Secretary
Yogesh K.Shenoy
No.27, Race Course Road
Bangalore -560 001 .. Respondent/Plaintiff

Application filed under Section 124 of Trademarks Act 1999 and Section 151 of Civil Procedure Code to stay the suit proceedings in view of the rectification application filed by the applicant / defendant before IPAB for removal Trademark "OLAMIN" vide Application No.451348 in Class 5 registered in the name of the respondent / plaintiff until the final disposal of rectification proceedings.

For applicant :Mr. Dr.Venkat Reddy Donthi
For respondent : Mr. D.Bharatha Chakravarthy

ORDER

The captioned application has been filed by the original respondent to stay the proceedings in the suit,

until final disposal of the Rectification Proceedings for removal of Trademark "OLAMIN", which is pending before the Intellectual Property Appellate Board, Chennai (*In short* "IPAB").

2. It is the case of the applicant /original defendant that the trademark "OLAMIN" of the respondent/original plaintiff is not registrable as it is INN name which cannot be registered as per Section 13 of Trademarks Act, 1999 and the respondent/original plaintiff is not the *bona fide* user among other grounds. When the matter came up before this Court, this Court, permitted the applicant/original defendant to file a Rectification Application within six weeks. Pursuant to the said order, the applicant/original defendant filed a Rectification Application being Application No.451348 in clause-05 before the IPAB within the stipulated time, seeking direction to remove and expunge the trademark "OLAMIN", which is erroneously registered in the name of the plaintiff. According to the applicant/original defendant since the proceedings are pending before IPAB, which is the competent authority to decide the matter of Rectification, the suit has to be stayed until the finality reached in the said proceedings.

3. Denying the allegations, a counter affidavit has been filed by the respondent/original plaintiff stating that the application filed for Rectification before the IPAB is not at all maintainable in law as well as facts. It is stated that since the applicant/original defendant has copied the registered trademark "OLAMIN", the suit has been filed for infringement as well as passing off along with Interlocutory Applications, being O.A.Nos.472 and 473 of 2013. It is further stated that taking advantage of the fact that this Court did not grant any *ex parte* interim order, the applicant/original defendant has filed the said proceedings before IPAB in order to delay and protract the proceedings. It is also stated that originally, the applicant/original defendant filed a petition to reject the plaint and the same was negatived by this Court and even the SLP filed against the said order was also dismissed. Thereafter only, the applicant/original defendant has filed the Rectification Proceedings before the IPAB, which is not at all maintainable.

4. According to the respondent/ original plaintiff, their trademark came to be registered in the year 1986 and renewed from time to time and in in force as of now. But

the applicant/original defendant has filed Rectification Application after 30 years of registration of the trademark in favour of the respondent/Original plaintiff. No direction or time limit was given by this Court for filing the Rectification Application. Therefore, mere filing the application for rectification does not entitle the applicant/original defendant for an immediate stay of the suit proceedings. Hence, the respondent/original plaintiff prayed for dismissal of the captioned application.

5. Heard the learned counsel appearing for the applicant/original defendant and the learned counsel appearing for the respondent/original plaintiff.

6. It is the contention of the learned counsel for the applicant/original defendant that the registered trademark "OLAMIN" of the respondent/original plaintiff is not put to use whereas the respondent/original defendant is doing business in the trademark "OLMIN". The marks are obtained from the ingredients of pharmaceutical product. The applicant / original defendant is dealing with the pharmaceutical product for treating the Anti Hyper tension whereas, the respondent/original plaintiff product is only shampoo and used for external application. There is no

confusion arises in between these two products. In fact, the respondent/original plaintiff's trade mark not put in use and only proposed to be used. The applicant/original defendant has filed an application exercising statutory right provided under Section 124 of the Trademarks Act, 1999, for Rectification of the trademark. Therefore, it is the contention of the learned counsel for the applicant/original defendant that once the Rectification Application is filed and pending before the IPAB, the suit has to be stayed. Further, absolutely, there is no documents to show that how the confusion or deception found out between two products. Hence, the learned counsel for the applicant/original defendant prayed for staying the suit.

7. In support of his arguments, the learned counsel for the applicant/ original defendant has placed reliance on the judgments of the Hon'ble Supreme Court in (2009) SCC Online Delhi 3983 (***Siel Edible Oils Limited v. M/s. Khemka Sales (p) Ltd.***; 1981- PTC-260 (***S.Karam Singh v. Master Machine and Service and others***) ; 2016 65 CTC 209 Delhi (***Data Infosys Ltd., Ors., v. Infosys Technologies Ltd.,***) and 2008 38 PTC 576 Mad (***B.Mohamed Yousuff v. Prabha Singh Jaswant Singh and others***).

8. On the contrary, it is the contention of the learned counsel for the respondent/original plaintiff that "OLAMIN" is the respondent/ plaintiff registered trade mark. It is the contention of the learned counsel for the respondent/ Original Plaintiff that since the applicant/original defendant has failed in succeeding the rejection of plaint, they have filed the present application in order to protract the proceedings. The trademark of the respondent/ original plaintiff is registered in the year 1986 and Rectification Application was filed only recently. The above conduct clearly indicate that the applicant/original defendant is interested only in protracting the issues. It is the contention of the learned counsel for the respondent/ original plaintiff that the original plaintiff's trademark has been copied and if injunction is not granted, they will be put into serious hardship and loss. It the submitted by the learned counsel for the respondent/ original plaintiff that before filing the suit, no application whatsoever, filed before before the IPAB for Rectification.

9. It is the contention of the learned counsel for the respondent/original plaintiff that only two on situations,

the suit can be stayed, i.e. (1) if any proceedings for Rectification is already pending before the Registrar before filing the suit, the suit has to be stayed and (2) when no such proceedings are pending at the time of institution of the suit, the Court has to satisfy the plea with regard to invalidity of the registration of the plaintiff's or defendant's trademark is *prima facie* tenable. Only after the Court comes to the *prima facie* conclusion that such plea is maintainable, the party can approach before the IPAB for Rectification. Whereas in this case, no such adjudication whatsoever, made by the Court accepting the plea of invalidity as alleged by the applicant/original defendant. The applicant/original defendant himself made statement before the Court that he will take out the Rectification application before the IPAB and only on that ground, the matter has been adjourned from 10.6.2016 to 25.07.2016.

10. Therefore, it is the contention of the learned counsel for the respondent/original plaintiff that without the Court being satisfied the plea regarding the invalidity of the registration of the respondent/original plaintiff, mere filing of the Rectification Application at a later point of time, itself will not be a ground to stay

the proceedings of the suit. Hence, the learned counsel for the respondent/original plaintiff prayed for dismissal of the application.

11. In the light of the above submissions, now the only point arises for consideration in the captioned application is as to whether the suit is liable to be stayed, in view of the Rectification Application pending before the IPAB?

12. The suit has been filed by the respondent/original plaintiff for permanent injunction restraining the applicant/defendant from infringing the respondent's/plaintiff's trade mark "OLAMIN" and passing off. From the typed set filed by both sides, it is seen that the respondent/original plaintiff's mark "OLAMIN" was registered in the year 1986. The respondent/original plaintiff is the manufacturer of OLAMIN CALCI LOTION. It is also admitted fact that the applicant/original defendant is carrying on business in the pharmaceutical product in the name of "OLMIN".

13. It is the admitted fact that the applicant/original defendant is manufacturing the

pharmaceutical product in the form of Tablet for internal use by the people and the respondent/original plaintiff have obtained drug licence and their product relates to Dermatological applications and used for skin diseases and the same pertains to external applications. The respondent/original plaintiff's mark "OLAMIN" and the applicant's/original defendant's mark "OLMIN" though appear to be deceptively and phonetically similar, the nature of the products of the respondent/original plaintiff and the applicant/original defendant are totally different. It is the contention of the learned counsel for the applicant / original defendant that the respondent's/original plaintiff's mark has not put in use and no documents have been produced to establish their sales.

14. Be that as it may, the typed set of papers filed by the applicant/original defendant clearly indicate that they are objecting the use of trademark "OLAMIN" by the respondent/ original plaintiff and hence, they filed an application for Rectification of trademark on 17.07.2016, which is also received by the IPAB on 20.7.2016.

15. In these background, it is useful to refer Section 124 of the Trademarks Act, 1999, which reads as follows:

124. Stay of proceedings where the validity of registration the trade mark is questioned, etc.-

(i) Where in any suit for infringement of a trade mark-

(a) 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 if 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 issue in this case.

(4) The final order may 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 insofar 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.

16. On reading of the above Section, it is clear that two situation arises for staying the suit. (i) If any proceedings for Rectification is already pending, prior to the filing of the suit, the subsequent suit has to be necessarily stayed (ii) if no such proceedings are pending, at the time of filing the suit, the Court when satisfy the plea regarding the validity of registration of the plaintiff or defendants trademark is *prima facie* tenable, has to raise the issue regarding the same and adjourn the case for a period of three months. Sub clause (ii) of clause (b) of Section 124 of the Trademark show as if there must be adjudication to the above aspect.

17. In this context, it is useful to refer the judgment reported in 2009 SCC Online Delhi (***Siel Edible Oils Limited v. M/s. Khemka Sales (p) Ltd.,***), wherein, the Hon`ble Apex Court has held as follows:

"... .. Under Section 124 of the Act, in a suit for infringement of trade mark, if

the court trying the suit finds that any proceeding for rectification of the register in relation of plaintiff's or defendant's trade mark is pending before the Registrar or Appellate Board, the court has to stay the suit pending disposal of such proceedings. In view of this, I consider that the present suit has to be stayed and interim injunction granted by the court has to be vacated. I am supported in my this view by a decision of this court in **Arun Colour Chemical v. Mithumal Essance Mart and Another** in C.S (OS) No. 375 of 2005 decided on 14th September, 2009 wherein this court observed as under :-

14. As far as the question of infringement of the Plaintiff's trade mark and defence of the Defendant that it has a valid registration of an identical mark in its favour, issues no. 2, 3 and 4 have been framed by this Court vide order dated 20th January, 2006. This Court would therefore have to await the outcome of the rectification proceedings referred to hereinabove under Section 124 (4) before deciding those issues. The final order in the rectification proceedings would bind the parties and this Court is required to dispose of the suit in conformity with the said order of rectification proceedings.

15. It was sought to be urged by Mr. Sushant

Singh that normally an order staying the suit seeking permanent injunction for infringement of registered trade mark under Section 124 of the TM Act, 1999 is passed at an interlocutory stage and not when the suit is at the stage of final hearing.

16. This Court is unable to agree with the above submission. The wording of Section 124 (1) does not indicate that an order staying the proceedings cannot be passed at any time before the disposal of the suit or that it can be passed only at an interlocutory stage. Moreover, when the applications for rectification have been filed by the Plaintiff only in October and December 2007, there is no occasion for this Court to have considered earlier whether the provisions of Section 124 of the TM Act stood attracted. It appears to this Court that there is no option but to stay the further proceedings in terms of Section 124 of the TM Act.

17. It is then submitted by Mr. Sushant Singh that since there is no parallel provision in the CR Act no stay of the proceedings qua the reliefs of permanent injunction for infringement of copyright can be granted. No doubt issue nos. 4, 5 and 7 deal with the issue of infringement of copyright and there is no provision parallel to Section 124 of the TM Act in the CR Act. Nevertheless this Court is bound to take

note of the subsequent development in the form of the pendency of the rectification petition filed by the Plaintiff under Section 50 of the CR Act, challenging the grant of copyright in favour of the Defendant. Here, this Court notices that the defence of the Defendant is that it holds a valid trademark and copyright registration in an identical label. The outcome of the rectification proceedings would, therefore, have a direct bearing on the remaining three issues.

18. The prudent course to adopt would be to await the outcome of the rectification proceedings even as regards the question of its infringement of copyright.

19. This Court accordingly stays further proceedings in the present suit and directs the parties to mention the case for listing after the final order is made in the abovementioned rectification petitions."

18. Similalry, in 1981 -PTC-260 (**S.Karam Singh trading as M/s. Mankoo Engg.Works ETC. Ludhiana vs. Master Machine and Service and others, Kanpur**), the Hon`ble High Court of Delhi has held as follows:

.. .. Keeping in view view the pendency of the rectification proceedings to the trade marks relied upon in the suit by

the plaintiff, this is not a fit case for the grant of an injunction, but in view of the sub section (5) of Section 111 of the Act, the Court is not precluded from giving relief in the intervening period and accordingly, the defendants are directed to furnish security of Rs.10,000/- failing which the question of grant of injunction will be further considered"

19. Similarly, in 2016 (65) PTC 209 (Del), (**Data Infosys Ltd., Ors., v. Infosys Technologies Ltd.,**) , the Hon`ble High Court of Delhi has held as under:

"... .. 1 (a) 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 trade mark. Access to IPAB is not dependent on the civil court's *prima facie* assessment of tenability of a plea of invalidity of trademark registration. In other words, Section 124 of the Trademarks Act does not control the choice of a litigant to seek rectification of a registered Trademark.

(b) the decision in *Astrazeneca UK Ltd. and Anr. V. Orchid Chemicals and Pharmaceuticals Ltd.* 2007(34) PTC 469 (DB) (Del) and all other judgments which hold that the plea of rectification can be raised by a party to an infringement suit, only if the court trying the suit, rules it to be *prima facie* tenable and that if such finding is not recorded, the party cannot avail the remedy of rectification of a registered trade mark, is accordingly overruled.

2. This court holds, by its majority judgment (Vipin Sanghi, J dissenting on this point) that 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 Section 124 (1) (ii)). In the first situation, if such plea exists, before the filing of the suit, the Court has to stay the suit to await the decision of the IPAB. In the second situation, if there is no application for rectification before the IPAB when the suit is filed and a party to the infringement suit, wishes to challenge it after the filing of the suit, it may do so, but the court has to assess the tenability of the invalidity plea - if it finds it *prima facie* tenable, then and then alone, would it stay the suit to enable the party to approach the IPAB within a time

period. If the party does not avail of this, or approaches the IPAB after the period given, the court would proceed with the suit; the plea of invalidity is deemed abandoned in the infringement suit."

In the case on hand also, there is no specific order passed by this Court with regard to the *prima facie* issue and this Court has permitted the applicant / original defendant to file an Application for Rectification and get it adjudicate on that application by IPAB.

20. In this regard, it is useful to refer the Division Bench judgment of this Court reported in In 2008 (38) PTC 576 Mad (**B.Mohamed Yousuff v. Prabha Singh Jaswant Singh and others**) it has been held that

"(N) In our considered view, Section 124 (1)(b)(ii) of the Act is only an enabling provision, Sub clause (i) and sub clause (ii) of Clause (b) of Sub-section (1) of section 124 operates at two different levels for two different situations. 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 conditions laid down in sub clause (ii) are intended to enable a party to obtain stay of the suit and not intended to provide for a discretion for the Court to permit or not to permit any application for rectification. Such a position is made clear by Sub-sections (2) to (5) of Section 124, which deals with the consequences of filing and not filing an application for rectification and of the ultimate outcome of such application for rectification. In other words, the requirements of "raising an issue", "adjourning the case" and a "prima facie satisfaction" spelt out in Section 124(1)(b)(ii) should be read as the requirements for the grant of a stay of the suit and not as a requirement of pre-condition for filing an application for rectification. The plain reading of section 124(1)(b)(ii) shows that it does not mandate a party to obtain the "leave of the Court" or "an

order of the Court", for filing an application for rectification. The right to file an application for rectification is a statutory right conferred upon a party who is aggrieved by an entry made in the Register. The said statutory right cannot be curtailed except by the very provisions of the statute. The said right is circumscribed by certain requirements such as the contravention of the provisions of the Act or failure to observe a condition entered on the Register etc., as spelt out under Sub-sections (1) and (2) of section 57 of the Act. In respect of the "Forum" in which such an application for rectification could be filed, there is a restriction under Section 125, in that such an application could be filed only before the Appellate Board if a suit for infringement was already pending. Apart from these restrictions, we do not see any other restriction with regard to the filing of an application for rectification. To interpret Section 124(1)(b)(ii) to mean that an order should be obtained from the civil Court for filing an application for rectification,

regarding prima facie satisfaction, would amount to imposing one more restriction upon the right of a person to seek rectification of the register. We do not find any such restriction or requirement of the leave/permission of the court, under Section 124(1) (b) (ii). Therefore, with great respect to the learned Judges who were parties to the decisions of the Gujarat and Delhi High Courts, relied upon by the Delhi Party, we are of the considered view that the Tindivanam Party was right in filing an application for rectification, without obtaining the leave of this Court or without getting an issue framed and prima facie satisfaction recorded in C.S.No.726 of 2004."

From the above judgment, it is very clear that right to file an application for rectification of the trademark is a statutory right and the said right cannot be curtailed except by provision of law.

21. In the present case even though the marks are similar, the products are entirely different. Further the respondent/original plaintiff originally registered the

trade mark "OLAMINE", now started with the trade mark "OLAMIN", which creates confusion. The IPAB is the appropriate authority to decide the issue with regard to the trade mark. Therefore, Having regard to the above judgments and the fact that the Rectification Application is pending before the IPAB, this Court is of the view that the suit has to be stayed. Accordingly, the suit in C.S.No.426 of 2013 is stayed.

sd/.N.S.K.J
11.01.2017

//Certified to be a true copy//

Dated this the day of 2017

R.s/20.04.2017

COURT OFFICER

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