



A.No.3981 of 2023

IN THE HIGH COURT OF JUDICATURE AT MADRAS

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DATED: 04.08.2023

CORAM

THE HONOURABLE **MR.JUSTICE SETHILKUMAR RAMAMOORTHY**
A.No.3981 of 2023

in C.S.No.163 of 2018

King Point Enterprise Co. Ltd.
U-IF.No.2, Chung Shan 2nd Road,
Chien Jen Dist, Kaohsiung,
Taiwan, Republic of China.

... Applicant

vs.

M/s.Maarg (India)
No.194/3, Rasappa Street,
Park Town, Chennai-600 003
Tamil Nadu, India
A Registered Partnership Firm
Represented by its Partner
Mutahir Gulam Hussain.

... Respondent

PRAYER: This application has been filed under Order XVI Rule 8 of the Madras High Court Original Side Rules read with Section 124(1)(a)(i) of the Trade Marks Act, 1999, read with Section 151 of the Code of Civil Procedure, 1908 to stay the suit in C.S.No.163 of 2018



A.No.3981 of 2023

pending the final disposal of the rectification proceeding in
(T)OP(TM) No.32 of 2023.

For Applicant : M/s.K.Premchandrar,
Chitra Subbiah, L.Ramprasad,
N.C.Vishal

For Respondent : Ms.J.Pooja
for M/s.Maarg India

ORDER

Learned counsel for the defendant/petitioner in the connected rectification petition [(T)OP(TM)/32/2023] seeks a stay of C.S.No.163 of 2018 because a defence was raised in the suit that the registration of the trademark is invalid and a rectification petition was filed. Although both the rectification petition and the suit are pending before this Court, learned counsel contends that the statute mandates that the rectification petition be decided first and that the suit be stayed until then. In support of this contention, he places emphasis on sub-sections (1) and (4) of section 124 of the Trade Marks Act, 1999 (The Trade Marks Act). Section 124 is set out below:

"(1) Where in any suit for infringement of a trade



A.No.3981 of 2023

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 High Court, stay the suit pending 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 High Court 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 issue 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 insofar as it relates to the issue as to the validity of the registration of the trademark.

(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."

2. He also places reliance upon an order of this Court dated 06.12.2019 in A.No.8547 of 2019 in C.S.No.410 of 2017, particularly paragraphs 18 and 19 thereof. He further relies upon the judgment of the Supreme Court in *Patel Field Marshal Agencies and another -vs- P.M.Diesels Limited and others (Patel Field Marshal)*, reported in (2018) 2 SCC 112, particularly paragraph 37 thereof, where the Court, in relevant part, held that "the issue of invalidity which would go to the root of the matter should be decided in the first instance and a decision on the same would bind the parties before the civil court".

3. In order to further substantiate this contention, learned counsel draws inspiration from the Trade and Merchandise Marks Act, 1958, and contends that section 111 thereof, which is *in pari*



A.No.3981 of 2023

materia with the Trade Marks Act, provided for a stay of the suit although the power of rectification was vested only with the High Court. Therefore, he contends that the statutory mandate that the rectification petition should be decided in the first instance continues to operate notwithstanding the fact that the two proceedings may be before the same forum. As the person seeking rectification, he submits that the petitioner has the statutory right to insist on the rectification petition being decided before the civil suit is taken up for consideration.

4. Because a decision on this issue may have an impact on several other matters pending before this Court, I called upon other counsel who practice in this area to make brief submissions. In summary, their submissions are as under:

(i) the scope of the civil suit may include an action for passing off and as regards passing off, the suit is not liable to be stayed.

(ii) a rectification petition may be filed on the ground of non-



A.No.3981 of 2023

use of the relevant mark. In such cases, the statute does not provide for stay of the suit.

(iii) these provisions were introduced as a procedural device to ensure that there is no conflict between the decision of the statutory authority/High Court, which decides the validity of registration of the trade mark, and the civil court deciding the action for infringement and/or passing off.

(iv) Especially after the enactment of the Commercial Courts Act, 2015 (the Commercial Courts Act) and the constitution of the Intellectual Property Division, the object of expeditious disposal would be defeated if the rectification petition is decided first and the civil suit thereafter.

(v) the order passed in the rectification petition may be appealed against and would result in the suit being stayed for a long duration.

5. In light of these submissions, the statutory scheme in relation



A.No.3981 of 2023

to the following situations should be noticed: (i) both a civil suit and rectification petition are pending; or, (b) pending suit, a rectification petition is proposed to be filed. Under the Trade Marks Act, the power of rectification is vested both on the statutory authority/Registrar and the High Court. Therefore, in order to obviate a situation where a decision of the Registrar on the validity of registration could becoming binding on a civil court (i.e. District Court or High Court exercising original jurisdiction, as the case may be); in cases where the validity of registration of the plaintiff's trademark is questioned by way of a defence in an infringement action or where the civil court concludes that the plea of invalidity of the relevant trade mark is *prima facie* tenable and, therefore, permits the filing of a rectification petition, the rectification petition is required to be filed only in the High Court and not before the Registrar (Sections 124(1)(a) or (b)(ii) and 125(1) of the Trade Marks Act).



A.No.3981 of 2023

6. Sub-sections (1) and (2) of section 124 of the Trade Marks Act

provide for the stay of a suit/stay of trial of a suit for infringement of a trade mark only if the defendant or plaintiff, as the case may be, pleads that the registration of the counter party's trade mark is invalid and initiates proceedings for rectification. Such rectification petition may be filed prior or subsequent to the suit. If the rectification petition is filed subsequent to the suit, by virtue of the judgment in *Patel Field Marshal*, leave of the civil court is necessary so as to preclude the filing of frivolous rectification petitions, especially to frustrate the prosecution of a suit. As is evident from Section 57 read with Section 124 of the Trademarks Act, the statutory intent is that the validity of registration of the trade mark should be decided only in the rectification action and not in the civil suit. Since the civil court (the jurisdictional district court or high court exercising original jurisdiction) and rectification forum (the Registrar or the High Court concerned) may be different or the forum may be the same (the High Court) but the judge may be different, the statute provides for a stay



A.No.3981 of 2023

of the civil suit so as to preclude inconsistent conclusions. In such situations, the issue of validity of registration of the trade mark is required to be decided first in the rectification petition before the infringement suit is decided because the validity of registration would be the foundation of the infringement action. Therefore, subsection (4) of section 124 provides that the final order in the rectification proceeding shall be binding on the parties and that the civil court should dispose of the suit in accordance therewith insofar as it relates to the validity of the registration of the trademark. This leads to the inference that the civil suit should be stayed and the rectification petition should be decided prior to the infringement action if either forum or adjudicator of the civil suit and rectification petition are different.

7. On the contrary, in a situation where both the civil suit and the rectification petition are pending before the same forum and judge, as in this case, there is no likelihood of inconsistency.



A.No.3981 of 2023

Additionally, the manner in which the suit and rectification petition are dealt with, by consolidation or otherwise, may be tailored to meet the specific requirements of the proceedings before the Court while also satisfying the mandate of sub-section (4) of Section 124. By way of illustration, if the civil suit is only for infringement and the defence of invalidity of registration of the trade mark is raised in such suit and is accompanied by a prior or subsequent rectification petition, it may be appropriate to frame and decide a preliminary issue on the validity of the registered trade mark because the fate of the suit would hinge thereon. On the other hand, if the civil suit is both for infringement and passing off, the decision on the validity or otherwise of the registered trade mark would impact the suit only insofar as it relates to infringement, but would have no bearing on the relief of passing off. In such cases, a joint trial would be appropriate albeit by framing issues and directing the conduct of the joint trial in such manner as to enable the petitioner in the rectification petition to first lead evidence on the alleged invalidity of



A.No.3981 of 2023

the registered trade mark. There would be no purpose or necessity to stay the suit in any of these circumstances. Most importantly, if the procedure is tailored to suit the specific requirements in the manner aforesaid, the statutory mandate would be adhered to both in letter and spirit. It would also promote the just and expeditious resolution of commercial disputes, which is in consonance with the objects of the Commercial Courts Act.

8. For reasons set out above, the request for a stay of the civil suit is declined by dismissing A.No.3981 of 2023 without any order as to costs.

04.08.2023
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Index : Yes/No

Internet : Yes/No

Neutral Citation: Yes/No
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A.No.3981 of 2023

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A.No.3981 of 2023
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04.08.2023