

(2022) 02 DEL CK 0238

In the Delhi High Court

Case No : Civil Miscellaneous (Main)-IPD No. 6 Of 2022, Civil Miscellaneous Application No. 10457, 10458 Of 2022

KORES (India) Limited

APPELLANT

Vs

DOMS Industries Private Limited

RESPONDENT

Date of Decision : 03-02-2022

Acts Referred:

Code Of Civil Procedure, 1908 — Section 15, Order 14 Rule 5
Trademarks Act, 1999 — Section 124

Citation : (2022) 02 DEL CK 0238

Hon'ble Judges : Prathiba M. Singh, J

Bench : Single Bench

Advocate : A.C. Mishra, Vardhan Anand, Ajay Sahani, Ankur Sangal, Shashwat Rakshit?

Final Decision : Disposed Of?

Judgement

Prathiba M. Singh, J

1. This hearing has been done through hybrid mode.
2. The present petition challenges the impugned order dated 4th January, 2022, passed in CS (COMM) 312/19 titled Doms Industries Private Limited v. Kores India Limited, by which the application of the Petitioner/Defendant (hereinafter "Defendant") under Order XIV Rule 5 CPC for framing of additional issues has been rejected by the Commercial Court.
3. The submission of Mr. Abhishek Mishra, Id. Counsel appearing for the Defendant, is that the suit in this case was filed by the Respondent/Plaintiff (hereinafter "Plaintiff") for permanent injunction restraining infringement of trademarks, unfair trade practice, damages, etc. He submits that initially, prior to registration of the Plaintiff's marks, a suit being TM No.43/2018 titled Doms Industries Private Limited v. Kores (India) Limited, was filed by the Plaintiff against the Defendant, before the Id. ADJ, Saket District Court (South East),

Delhi, with regard to the mark "NEON" on the packaging of pencils. However, no injunction was granted against the Defendant in the said suit. The said decision dated 22nd September, 2018 is stated to have been appealed against before the High Court of Delhi. Thereafter, the present suit being CS (COMM) 312/19 was filed by the Plaintiff on the strength of five trademarks registrations bearing nos. 3689489, 3689490, 3689491, 3689492 and 3689493. In this suit, an interim injunction was granted on 5th November, 2018, which is stated to be the subject matter of challenge in another appeal before the Delhi High Court.

4. All these above trademark registrations relate to 'DOMS PENCILS' which have different colour combinations and colour schemes. The case of the Plaintiff is that the Defendant's products being, "Kores Funcils Neon" is an infringement of the Plaintiff's trademarks/trade dress/etc., as they are identical to the Plaintiff's, "DOMS NEON" pencils.

5. It is the submission of Id. Counsel for the Defendant, that in this suit being CS (COMM) 312/19, when the initial issues were framed on 5th October, 2020, neither of the parties were present and so the issues relating to validity of the said trademarks and some other issues, could not be placed before the Commercial Court at that time. Accordingly, a fresh application was moved under Order XIV Rule 5 CPC read with Section 15 CPC, seeking inclusion of additional issues, which was rejected vide the impugned order.

6. Mr. Sahni, Id. Counsel for the Plaintiff, on the other hand, submits that the Plaintiff has already filed the evidence by way of affidavit and these additional issues are being sought to be canvassed at a very late stage. This ought not to be permitted.

7. Heard the Id. Counsels for the parties. The suit in the present petition relates to the five registered trademarks which are set out above, bearing nos. 3689489, 3689490, 3689491, 3689492 and 3689493. A perusal of the registered trademarks shows that they are in respect of pencils which are in different colour combinations. For quick reference, the marks which are registered are extracted below:

i) TM Application No. 3689489

Class: 16

TM Applied for: DOMS NEON (YELLOW)

Trade Mark Image:

ii) TM Application No. 3689490

Class: 16

TM Applied for: DOMS NEON (BLUE)

Trade Mark Image:

iii) TM Application No. 3689491

Class: 16

TM Applied for: DOMS NEON (GREEN)

Trade Mark Image:

iv) TM Application No. 3689492

Class: 16

TM Applied for: DOMS NEON (ORANGE)

Trade Mark Image:

v) TM Application No. 3689493

Class: 16

TM Applied for: DOMS NEON (PINK)

Trade Mark Image:

8. The case of the Defendant appears to be that there cannot be any monopoly on the said colour combinations. Accordingly, this Court is of the opinion that the Defendant ought to have an opportunity to challenge the validity of the said registrations.

9. Vide the impugned order, the application has been dismissed by the Commercial Court, on the ground that the Court is not to decide on the validity of the trade marks. The relevant portion of the impugned order dated 4th January, 2022, reads as under:

"The suit is for permanent injunction restraining defendants from infringing the trademark or doing unfair trade practice, damages and delivery up etc. On the basis of the pleading of the parties, issues have been framed vide order dated 05.10.2020. This Court has not to decide whether the plaintiff's registration are valid or the registrations have been wrongly done. It is the domain of the Registrar of Trademark. The relief qua permanent injunction is based on equity and it is well settled law that if during evidence it is found that the parties have suppressed the material facts, they would be liable to face consequences. The prayer for additional issues made in the application have already been taken by framing issue no.1. I am of the view that no additional issues are required to be framed. Application being devoid of merit is dismissed."

10. This Court notes that since the Intellectual Property Appellate Board (hereinafter "IPAB") has been abolished with the enactment of Tribunals Reforms Act, 2021, the remedy of filing a rectification petition before the High Court may have to be availed of by the Defendant. However, before the same can be done, the Defendant would have to satisfy the Commercial Court/trial court dealing with the suit under Section 124 of the Trademarks Act, 1999 (hereinafter

"Trademarks Act"), that the marks are prima facie invalid. In fact, in *Patel Field Marshal Agencies v. PM Diesels*, 2018 (2) SCC 112, the Supreme Court has clearly observed that filing of the rectification petition would be contingent on the finding of the trial court/Commercial Court as regards the prima facie tenability of the plea of invalidity of the trademark. The relevant observation of the Supreme Court reads as under:

"31....

In a case where the issue of invalidity is raised or arises independent of a suit, the prescribed statutory authority will be the sole authority to deal with the matter. However, in a situation where a suit is pending (whether instituted before or after the filing of a rectification application) the exercise of jurisdiction by the prescribed statutory authority is contingent on a finding of the Civil Court as regards the prima facie tenability of the plea of invalidity.

XXX

34. The intention of the legislature is clear. All issues relating to and connected with the validity of registration has to be dealt with by the Tribunal and not by the civil court. In cases where the parties have not approached the civil court, Sections 46 and 56 provide an independent statutory right to an aggrieved party to seek rectification of a trade mark. However, in the event the Civil Court is approached, inter alia, raising the issue of invalidity of the trade mark such plea will be decided not by the civil court but by the Tribunal under the 1958 Act. The Tribunal will however come into seisin of the matter only if the Civil Court is satisfied that an issue with regard to invalidity ought to be framed in the suit. Once an issue to the said effect is framed, the matter will have to go to the Tribunal and the decision of the Tribunal will thereafter bind the Civil Court. If despite the order of the civil court the parties do not approach the Tribunal for rectification, the plea with regard to rectification will no longer survive."

11. Thus, the trial court/Commercial Court would have a role to play whenever challenge to the validity of a trade mark is raised in an infringement action. The observation by the Commercial Court/trial court that it is not to go into the validity of the registrations is not correct. The Commercial Court/trial court, has to, in terms of Section 124 of the Trademarks Act, arrive at a prima facie finding, if called upon, on the tenability of the plea of invalidity. If the plea is accepted, the suit for infringement would have to be adjourned for 3 months to enable the Defendant to avail of its remedies for seeking rectification. If the plea of invalidity is rejected by the Commercial Court/trial court at the prima facie stage itself, then the suit would proceed to trial.

12. The issues already framed in the present suit vide order dated 5th October, 2020, are:

"1. Whether the plaintiff is entitled to equitable relief of permanent injunction qua restraining the defendant/its agents etc from manufacturing, selling, offering

for sale, advertising, directly or indirectly dealing in any pencils under the impugned trade dress (page 1 of the document) or any other mark/trade dress identical to or deceptively similar with the plaintiff's trade dress (page 1 of the document) as prayed for in prayer clause (a) and (b) of the plaint? OPP.

2. Whether the defendant is liable to delivery up all the infringing material etc. having the pictures of defendant's pencils with the trade dress as depicted on page 1 of the document? OPP.

3. Whether the plaintiff is entitled to damages, if so, of what amount? OPP.

4. Whether the plaintiff has prayed the same relief in TM No. 43 of 2018 involving the impugned trademark which is pending disposal and in which, issue directly or substantially is the same? OPD.

5. Relief."

13. In view of Section 124 of the Trademarks Act, the ideal course of action for the Defendant would have been to file an application under Section 124 of the Trademarks Act to satisfy the Commercial Court as to the prima facie invalidity of the mark. It is only upon the Commercial Court arriving upon a finding in respect thereof, that the Defendant would be entitled to challenge the registration of the trademarks or file a rectification thereof. Accordingly, in the facts and circumstances of this case, with regard to the proposed additional issue no.1, it is directed as under:

i) The Defendant is permitted to file an application, within four weeks, under Section 124 of the Trademark Act before the Commercial Court in CS (COMM) 312/19, in respect of the five registrations detailed above;

ii) The said application shall be heard in accordance with law and after hearing the parties, the Court shall pass orders thereupon;

iii) If the Commercial Court grants the Defendant permission to challenge the trademark registrations, the Defendant may then avail of its remedies for seeking rectification of the trademarks in accordance with law;

iv) Contingent upon the finding of the Commercial Court and its decision as to allowing the Defendant to challenge the validity of the trademarks, the Plaintiff shall also be permitted to amend its affidavit by way of evidence;

v) The impugned order dated 4th January, 2022 is set aside and the same shall not have any bearing on the decision in the application to be now filed by the Defendant under Section 124 of the Trademarks Act;

vi) The trial in the suit shall now proceed only after the adjudication of the said application.

14. In the application which was rejected by the Commercial Court vide the impugned order, the additional issues which were prayed for being framed are as under. In respect of each of the said issues, this Court directs as under:

ADDITIONAL ISSUE IN THE APPLICATION

DIRECTIONS

a. Additional Issue 1 - Whether the Plaintiff's registered trade marks bearing registration no. 3689489, 3689490, 3689491, 3689492, 3689493 are invalid and/or wrongly registered for reasons set out in detail in the Written Statement.

To be considered as directed above

b. Additional Issue 2 - Whether the Plaintiff has suppressed facts and has claimed a false date of knowledge with respect to the sale of the Defendant's products bearing the Defendant's trade dress and mark Kores Funcils Neon.

Additional issue no.2 shall be considered as part of issue no.1 already framed vide order dated 5th October, 2020;

c. Additional Issue 3- Whether the Plaintiff is estopped from claiming that the Defendant cannot use neon colours in relation to the Defendant's goods, i.e. neon coloured pencils given that the Plaintiff is itself using, neon colours in a descriptive manner so as to describe the nature or characteristics, of the Plaintiff's goods i.e. neon coloured pencils.

Additional issue no. 3 shall be considered as part of issue no.1 already framed vide order dated 5th October, 2020;

d. Additional Issue 4 - Whether the Defendant is using the word "neon" and/or neon colour on the Defendant's goods i.e., neon coloured pencils only in a descriptive manner so as to describe the nature or characteristics of the Defendant's goods i.e. neon coloured pencils.

Additional issue no.4 shall be a defence to infringement, which is covered in issue no.1 already framed vide order dated 5th October, 2020, and therefore shall be treated as a part of the said issue;

e. Additional Issue.5 - Whether the Plaintiff proves that it conceived and conceptualised the Plaintiff's trade dress.

Additional issue no.5 not allowed as an additional issue and shall be considered as part of issue no.1 already framed vide order dated 5th October, 2020;

f. Additional, Issue 6 - Whether the Plaintiff can claim monopoly and/or exclusive rights over the use of a single colour or neon colour or trade dress of a predominantly single colour or neon colour,

Additional issue no.6 shall be considered as part of adjudication of the application under Section 124;

g. Additional Issue 7 - Whether the Plaintiff can show that the said trade dress used on the Plaintiff's goods is distinctive of and/or exclusively identified with, and/or associated with the Plaintiff and/or its goods alone.

Additional issue no. 7 shall be considered as part of adjudication of the application under Section 124.

15. The present petition is disposed of in the above terms. All pending applications are also disposed of.

16. Copy of this order be sent to the Court of Ld. District Judge/Commercial Court-03, New Delhi in CS (COMM) 312/19 titled Doms Industries Private Limited v. Kores India Limited.