

(2020) 06 GUJ CK 0138

In the Gujarat High Court

Case No : R/Special Civil Application No. 19408 Of 2018

Maharshi Packaging Machines Pvt. Ltd.

APPELLANT

Vs

M/S Maharshi Udyog Thru Partner, Bhagvat Vitthaldas Shah

RESPONDENT

Date of Decision : 23-06-2020

Acts Referred:

Code Of Civil Procedure, 1908 — Order 6, Rule 2, Order 8, Order 8 Rule 3 Order 8 Rule 4, Order 8 Rule 5, Order 14, Order 14 Rule 1
Trademarks Act, 1999 — Section, 47, 57, 124, 125
Trade And Merchandise Marks Act, 1958 — Section 45, 46, 56, 107, 111

Citation : (2020) 06 GUJ CK 0138

Hon'ble Judges : N.V.Anjaria, J;Dr Ashokkumar C. Joshi, J

Bench : Division Bench

Advocate : Atin Y Trivedi, Pratik K Chaudhary, Rh Bhansali, Saurin Mehta, Tejas S Trivedi

Final Decision : Dismissed

Judgement

N.V.Anjaria, J

1. Heard learned advocate Mr.Pratik K. Chaudhary for the petitioner and learned advocate Mr.Saurin Mehta for respondent No.1, at length. None

appeared for respondent Nos.2 to 4, though served.

2. The challenge in this petition is directed against order dated 30th November, 2018 passed by learned Judge, Commercial Court at City Civil Court,

Ahmedabad below Exh.116 in Commercial Trademark Suit No.20 of 2017. The application below Exh.116 by the petitioner- defendant was to get

framed an additional issue in the suit as â?" â??Whether the plaintiffâ??s registration over the trademark Maharshi Udyog is validâ??. The said

prayer for framing of the issue came to be rejected.

3. Respondent No.1-the plaintiff herein M/s.Maharshi Udyog, a partnership firm, instituted aforesaid Commercial Suit, praying for permanent injunction against the defendants from using the mark containing 'Maharshi' and/or any other name or mark identical or deceptively similar to the plaintiff's registered trademark 'Maharshi'. Injunction was also prayed for from using the similar name or mark in manufacturing or marketing the goods and services, and further to restrain the defendants from committing the act of passing-off. Also was the prayer seeking rendition of accounts and for praying compensation for loss and damages claim to have occurred to the plaintiff because of the use of the said name/mark by the defendants.

3.1 The plaintiff firm was engaged in the business of manufacturing and marketing of labelling machines, that is, stickers and wet glue and other tools and machines and allied goods and services. The case of the plaintiff was inter alia that the said goods and services manufactured and marketed by it were sold in the market using the trade name 'Maharshi', openly and uninterruptedly for which the reputation was acquired. As per the plaintiff it was using the trade name since 1989, and in the year 1997 plaintiff's website was registered as www.maharshi.com. It was averred that the trade name Maharshi was its business identification, which was infringed.

3.2 It was stated that the plaintiff had occasion to institute Civil Suit No.257 of 2014 before the City Civil Court, Ahmedabad for infringement and passing-off action for the said trademark. In the said suit, consent terms were filed. Defendant No.4 undertook not to adopt and use the identical and deceptively similar mark 'Maharshi' which was that of plaintiff. The decree was accordingly passed in favour of the plaintiff. It was contended that however recently between 19th May, 2016 to 21st May, 2016 all the defendants, in collusion of one another, again started using the identical name Maharshi for their goods and services. It was inter alia contended that the registration of the plaintiff's aforesaid mark was in force and valid till date.

3.3 The commercial suit instituted as above was opposed by defendant No.1- Maharshi Packaging Machines Private Limited only and was not contested by other defendants. The contesting defendant No.1 filed its written statement to raise various contentions inter alia to contend that the

word 'Maharshi' was common and well-known and was in use in the various commercial and institutional fields by the business groups in the

market. It was contended that the word Maharshi was not registered or applied for registration by the plaintiff and the trademark registered was

M/s. Maharshi Udyog. It was contended that the trade name Maharshi was generic and several other prior users had been using the mark

Maharshi giving no exclusive right to the plaintiff and that the word was not registered in the name of the plaintiff. It was stated that the trademark

Maharshi Udyog was in no way identical or similar to Maharshi Packaging Machines Private Limited. As regard the earlier suit, it was stated that

defendant No.1 was not party to the suit. Various other contentions were raised which are necessary to elaborate here.

3.4 The petitioner-defendant No.1 had preferred a rectification application under Section 57 of the Trademarks Act, 1999 before the Intellectual

Property Appellate Board during the pendency of the Suit. What is prayed before the Intellectual Property Appellate Board (IPAB) is to rectify the

register of trademarks by ordering for cancellation and removal of the trademark being the 'Maharshi Udyog' of the registered proprietor-

respondent No.1 before IPAB-the plaintiff in the suit and take the same off the registration.

3.5 By filling the application Exh.116, defendant No.1 Maharshi Packaging Machines Private Limited prayed for framing of issue regarding validity of

the plaintiff's registration over the trademark Maharshi Udyog. The plea for framing of the said issue was rested inter alia on the contention that

as per the decision of the Supreme Court in Patel Field Marshal Agencies v. P.M. Diesels [(2018) 2 SCC 112], the principle was laid down that once

the defendant has challenged the validity of plaintiff's registration over the trademark, the trial court is required to frame an issue with regard to

the validity of the plaintiff's trademark registration. Learned Judge of the Commercial Suit rejected application Exh.116 for the reasons spelt out in

the order.

4. The impugned order was sought to be assailed by the petitioner contending that in rejecting the application to frame the issue, the Commercial Court

did not properly apply the provisions of Order XIV of the Code of Civil Procedure, 1908, together with Sections 47, 57 and 124 of the Trademarks

Act, 1999. It was submitted that the petitioner had elaborately pleaded in his written statement about the legality of the plaintiff's registered

trademark and that the issue about its validity ought to have been framed by the court. It was next submitted that under the provisions of the

Trademarks Act, the suit proceedings were required to be stayed in view of the pendency of rectification petition by either party against the registered

trademark filed before the Registrar of Trademarks or before the IPAB, as the case may be. A heavy reliance was placed on the decision of the

Apex Court in *Patel Field Marshal Agencies* (supra).

4.1 On the other hand, it was the contention of the respondent-original plaintiff that in the facts of the case the decision in *Patel Field Marshal*

Agencies (supra) would not apply. According to submission, the framing of issue was dependent upon pleadings and as the validity of trade mark

asserted by plaintiff was not traversed by the defendant, the court rightly did not frame the issue.

5. Having noticed the basic facts and the rival contentions above, when it comes to the question of framing of an issue in any suit, the court trying the

suit will have to follow provisions of Order XIV of the Code of Civil Procedure, 1908, which deals with framing of issues. Rule 1 of Order XIV says

that issues arise when a material proposition of fact or law is affirmed by the one party and denied by the other. What are material propositions are

explained in Rule 2 to state that the material propositions are those propositions of law or fact which a plaintiff must allege in order to show a right to

sue or a defendant must allege in order to constitute his defence. Each material proposition affirmed and denied would form the subject of a distinct

issue. The issues are of two kinds - the issues of fact and the issues of law.

5.1 While it would be a moot aspect as to whether the tests regarding framing of issue as envisaged in Order XIV CPC are satisfied or not, since

reliance is placed on the decision of the Apex Court in *Patel Field Marshal Agency* (supra), it would be apposite to consider the said decision so as to

ascertain its applicability to the facts of the present case.

5.1.1 The facts in *Patel Field Marshal Agencies* (supra) were inter alia that respondent in the Civil Appeal before the Apex Court was the registered

owner of three trademarks. The common feature of all the three trademarks was the words 'Field Marshal'. In the year 1982, the appellant-Patel

Field Marshal & another applied for registration of the trademark 'Field Marshal' for their use. In 1989, suit came to be instituted by the respondent in the Delhi High Court in infringement of the trademark, rendition of accounts and profits earned by the appellant from the use of mark 'Field Marshal' and perpetual injunction to restrain the appellants from using the trading styles 'Patel Field Marshal Agencies' and in 'Patel Field Marshal Industries'.

5.1.2 The defendants in the said suit, that is appellant before the Supreme Court, contested the claim of the respondent-plaintiff on the ground of jurisdiction as well as on merits. In the written statement filed, the appellant-defendant also contested the validity of the registration of the respondent's trademark 'Field Marshal' and claimed that the same was liable to be rectified in the trademark registration. An issue to the said effect was framed in the suit. During the pendency of the suit, appellants initiated parallel proceedings in the year 1997 seeking rectification of the registration of the trademark granted to the respondent. The appellants had filed three rectification applications under Sections 46 and 56 of the Trade and Merchandise Marks Act, 1958 for removal and cancellation of the three trademarks registered in favour of the petitioners. Learned Single Judge of the High Court dismissed all these rectification applications by order dated 15th April, 1998 which order came to be affirmed in the appeal by the Division Bench of the High Court.

5.1.3 When the matter reached before the Supreme Court in respect of the order on injunction, the question fell for consideration before the Apex Court, the following question arose for consideration in the context of Trade and Merchandise Marks Act, 1958 to be live also in view of the pari materia provisions of Sections 47, 57, 124 and 125 of the Trademarks Act, 1999. 'In a situation where a suit for infringement is pending wherein the issue of validity of the registration of the trade mark in question has been raised either by the plaintiff or the defendant and no issue on the said question of validity has been framed in the suit or if framed has not been pursued by the party concerned in the suit by filing an application to the High Court for rectification under Section 111 read with Section 107 of the Trade and Merchandise Marks Act, 1958, whether recourse to the remedy of rectification under Sections 45/46 of the 1958 Act would still be available to

contest the validity of the registration of the trade mark.â??

5.1.4 Section 111 of 1958 Act deals with stay of proceedings where the validity of registration of the Trademark is questioned. In para 29 of Patel

Field Marshal Agencies (supra), the Supreme Court explained the scope and purport of the said provision and thereafter observed that the resume of

the provisions of 1958 Act makes it clear that all questions with regard to the validity of Trademark is required to be decided by the statutory authority

concerned, which under the 1991 Act, is the Registrar or Intellectual Property Appellate Board and that the civil court is not empowered to decide the

said question.

5.1.5 It was thereafter observed,

â??At the same time, the Act (both old and new) goes on to provide a different procedure to gov- ern the exercise of the same jurisdiction in two

different situations. 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 jur- isdiction 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.â?? (Para 31)

5.1.6 The Apex Court stated that conversely any situation where the civil court does not find a tenable issue on the plea of invalidity, the remedy of an

aggrieved party would not be to move to the court under section 46/56 of the Act but to challenge the order of the Civil Court in appeal.

5.1.7 It was thereafter pertinently observed, â??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.â??

(Para 34)

5.2 What flows from the above total observations of the Supreme Court, when appreciated in the context of the present controversy, a situation is

possible that in an infringement suit, an issue may or may not be required to be framed on the aspect of validity of registration of trade mark. If the

Trial Court is satisfied that such issue is tenable to be framed, it may frame the same and the consequence of the provisions of the Trade Mark Act

would then ensue. The situation is equally possible where in the Trade Mark suit issue on validity of registration may not arise to be framed. Whether

issue arises or to be properly framed or not, depends upon the kind and nature of the pleadings by the parties. If plea is disputed by either party and

consequently the validity aspect becomes an area of dispute, the Trial Court may proceed to frame the issue keeping in view the provisions of Order

IV of Code of Civil Procedure, 1908. The provisions of the Trade Mark Act would operate in their own force in the above situations. What is to be

emphasised is that the Civil Court may not find a tenable issue on the aspect of invalidity of registration of Trade Mark or alternatively may find such

issue to be arising from the pleadings. The condition precedent for framing the issue would be that a specific plea raised by one party is denied by the

other side. It cannot be a proposition that in a Trade Mark Suit framing of issue on the validity of registration of Trade Mark will arise irrespective of

pleadings, in all suits and in all circumstances. There would be no gain saying that the Trial Court has to be satisfied itself on the basis of the pleadings

and that there must be pleadings sufficiently, adequately and pointedly made to give rise to such an issue.

6. In order to address the moot question whether the issue on validity of registration was frameable in the instant Commercial Suit, recollecting and

falling back on the provisions of Order XIV, CPC noted above, they contemplate that from the material propositions asserted and denied by the

parties, the issues arise. It is from the material propositions and the pleadings that real dispute could be culled out. When an assertion by the plaintiff

about a fact or statement is specifically denied by the defendant, thereby emerges an area of dispute which would require framing of issues.

Differently stated, an issue is the expression of gist of the controversy on particular aspect of dispute gathered and capable of being gathered from

the pleas raised and specifically denied in the pleadings by the parties.

6.1 The provisions of Order XIV when read with Order VI, Rule 2 and Order VIII, would re-emphasize the propositions for framing the issue. Order

VI Rule II says that every pleading shall contain, and contain only a statement in concise form of the material facts on which the party pleading relies

for his claim or defence as the case may be. Order VIII, CPC deals with the written statement. Rule 2 thereof says that the defendant must raise by

his pleadings all matters which show the suit not to be maintainable etc.. Rule 3 states that denial in the written statement should be specific. Rule 4 is

about evasive denial, whereas Rule 5 mentions about the specific denial stating that every allegation of fact if not denied specifically etc. shall be taken

to be admitted. The need for denying the assertions in the plaint by the plaintiff specifically in the written statement, is underlined when the

aforementioned provisions are conjointly read. It follows that the court cannot and should not determine the issue which does not arise on the basis of

the pleadings.

6.2 In *Gyan Chand and Brothers vs. Rattanlal @ Ratinsinh* [(2013) 2 SCC 606,] the Supreme Court stated that Rule 3, 4 and 5 of Order VIII, CPC

form an integral code dealing with the manner in which allegations of facts in the plaint should be traversed and the legal consequences from its non-

compliance. It was observed that it was obligatory on part of the defendant to specifically deal with each allegation in the plaint and when the

defendant denies any such fact, he must not do so evasively but answer the point of substance. It was observed that it shall not be sufficient for a

defendant to deny generally the grounds alleged by the plaintiff, but he must be specific with each allegation of fact. It was observed further referring

to Rule 4 and Rule 5 of Order VIII that defendant must not evasively answer the point of substance. Rule 5, it was stated, lays down that every

allegation in the plaint, if not denied, specifically

6.3 Coming back to Now the present case, the issue which the defendant No.1 wanted the Court to frame was on the validity of the trademark. Given

the basic postulates and principles in Order XIV of CPC, 1908, the plea in that regard by one party and the traversing thereof specifically was to be an

indispensable emergence from the pleadings for raising the issue on that count. When the averments and the pleadings are seen, the plaintiff has raised

in specific terms the plea about the validity in paragraph-9 of the plaint.

6.4 Paragraph-9 as a whole is reproduced hereinbelow.

9. That, to protect such reputation and goodwill and also to get statutory rights and protection under The Trade Mark Act, 1999, the plaintiff has filed trade mark application for registering its distinctive trade mark MAHARSHI in respect of goods fall in Class-07. The plaintiff submits that the plaintiff has followed legal procedure before The Trade Marks Registry and become the registered proprietor of mark MAHARSHI under registered Trade Mark No.1086660 in Class- 07 under the provisions of The Trade Marks Act, 1999. The plaintiff become the exclusive owner and registered proprietor of mark MAHARSHI. The plaintiff submits that the plaintiff has renewed said mark time and again and the said registered trade mark of the plaintiff becomes conclusive. The plaintiff submits that the registration of the plaintiff's said mark is in force and valid till date. The plaintiff is, thus, the exclusive proprietor/owner of said mark and legally entitled to use and to restrain any other person, firm and/or company from using said mark and/or any other mark, which may be identical and/or deceptively similar to said mark. (emphasis supplied)

6.5 Thus, the plaintiff has specifically averred that the plaintiff submits that the registration of the plaintiff's said trademark is in force and is valid till date. While the defendant No.1-petitioner herein filed its elaborate written statement in response to the case set up by the plaintiff in the plaint, on an attentive reading of the pleas taken in defence, it could be seen that the assertion of the plaintiff stating about the validity of registration of its trademark is not specifically traversed. The averments in paragraph-9 in the plaint are dealt with in paragraph-6 of the written statement. The trademark is in force and valid till date is not specifically traversed or denied in the said paragraph or elsewhere in the written statement, even as several general contentions are raised.

6.6 Whether the plaintiff's trademark is validly registered or not is a material proposition which the plaintiff has alleged in his plaint, which forms part of right to sue and to seek relief by the plaintiff. The defendant ought to have denied the same specifically in order to seek a framing of issue on that count. There is no such denial or traversing by the plaintiff on that score. Learned Commercial Court rightly reasoned that the plaintiff has made the clear averments regarding the validity of its trademark which has not been

controverted by the defendant in the written statement.

6.7 Therefore, when the pleadings did not permit the trial court to raise the issue on the validity of registration of the trademark, since such assertion

on that count by the plaintiff was not found to have been denied by the defendant, the order passed by the Commercial Court refusing to frame the

issue was justified. The decision in Patel Field Marshal Agencies (supra) would not automatically therefore apply. The framing of issue was to be

based on the pleadings in that regard to be present in the background. When necessary pleadings to raise the issue were not found, the issue on the

validity of registration was rightly not framed and application Exh.116 could be said to have been rightly rejected.

7. For all the aforesaid discussion and reasons, the Court does not find that the impugned order dated 30th November, 2018 passed by learned Judge,

Commercial Court at City Civil Court, Ahmedabad below Exh.116 in Commercial Trademark Suit No.20 of 2017 rejecting the prayer to frame issue, is

required to be interfered with. Accordingly, the petition is dismissed. Notice is discharged. Interim order stands vacated.