
(2008) 07 IPAB CK 0002

In the Intellectual Property Appellate Board

Case No : M.P. No. 13/08 In ORA/209/2007/TM/DEL, ORA/209/2007/TM/DEL

Md. Shariq, Pro. Hunrox Manufacturing Co.

APPELLANT

Vs

Fair International

RESPONDENT

Date of Decision : 04-07-2008

Acts Referred:

Trade And Merchandise Marks Act, 1958 — Section 31, 32, 57, 107, 111, 111(1)(i), 111(1)(ii)

Trade Marks Act, 1999 — Section 9, 11, 18, 30, 47, 57, 124, 124(1)(b)(ii), 124(1)(ii), 124(1)(iii), 124(5), 125

Citation : (2008) 07 IPAB CK 0002

Hon'ble Judges : Z.S. Negi, J;S. Usha, Technical Member

Bench : Division Bench

Final Decision : Allowed

Judgement

S. Usha, Technical Member

1. The Miscellaneous Petition No. 13/08 has been filed by the respondent in the rectification application No. ORA/209/07/TM/DEL (in short main

application) for dismissal of the main petition, on the grounds that there has been no compliance of the provisions of Section 124(1)(ii) of the Trade

Marks Act, 1999 (hereinafter referred to as the Act).

2. The main application has been filed for cancellation of the impugned trade 'MECO' registered under No. 123615 in class 6 or in the alternative

confine the registration of the impugned trade mark so as to exclude the goods, namely ""locks"". The respondent in the main application has obtained

registration of the impugned trade mark and has thus claimed exclusive right to use the same. The applicant in the main application filed a civil suit No.

75/2006 in the District Court, Delhi and the respondent / petitioner herein filed counter claim in the said suit. The applicant filed a suit for infringement

along with an application for interim order. The District Court had dismissed the interlocutory petition against which an appeal was preferred by the

respondent herein which was dismissed by confirming the order of the lower court. The said suit and the counter claim are pending.

3. The respondent herein had filed the main application under Section 47/ 57/ 125 of the Act against the petitioner on the grounds inter alia that they

are aggrieved persons; that the impugned trade mark has been wrongly remaining on the register; that the petitioner herein is not the proprietor; that

the petitioner has obtained registration by fraud; that the petitioner has not bonafidely used the impugned trade mark and that the petitioner has

obtained registration in contravention of the provisions of Sections 9, 11 and 18 of the Act.

4. The case of the petitioner in the miscellaneous petition (respondent in the main application) is that the applicant has filed the main application

without prima facie showing to the satisfaction of the Civil Court where the civil suit is filed and pending that they have sufficient material to be able to

invalidate the registration of the mark of the respondent and obtaining permission of the Court and without the plea as to the validity of the registration

of the trade mark. The petitioner in the miscellaneous petition has quoted the provisions of Section 124 of the Act and also the findings of the Division

Bench of Delhi High Court in the case of Astrazeneca UK Ltd. and Anr. v. Orchid Chemical and Pharmaceuticals Ltd. 2007 (34) PTC 469

It was however submitted on behalf of the appellants/plaintiffs that in view of the provisions of Section 124 of the Act there should have been a stay

of the proceedings when the validity of the registration of the trade mark is in question. However, in the present case, the provisions of Section 124(1)

(b)(ii) would not be applicable. The said provisions are applicable only to an application for rectification, which is already pending, in view of which, the

suit could be stayed, pending final disposal of such a proceeding. The provisions which would be applicable to the facts and circumstances of the

present case are those which envisage that where the application for rectification of the order in such proceedings is not pending, then a party seeking

rectification applies for rectification, subject to a prima facie satisfaction of the court regarding the invalidity of the registration of the mark of the

opposite party. The appellants / plaintiffs, therefore, could not have filed an application for rectification without showing, establishing and obtaining

prima facie satisfaction of the court that they have sufficient material to be able to invalidate the registration of the mark of the respondents /

defendant. The aforesaid rectification proceedings which is filed is still pending consideration. Therefore, the learned single Judge was justified in not

staying the suit. In this connection reference may be made to the provisions of Section 124(5) of the Act, which entitles the court to deal with the

interlocutory petition. Therefore, the submission of the counsel for the appellants/ plaintiffs in this regard is misconceived and cannot be accepted.

5. The petitioner had stated that the respondent being conscious of the registration of the petitioner's registered trade mark No. 1236155 in class 6 did

not file rectification application but preferred to file a suit and faced a counter claim. The applicant for rectification had not followed the procedure laid

down in Section 124 of the Act and, therefore, may not prefer the proceedings de hors the suit and prayed in the above circumstances the main

application be dismissed.

6. The respondent had filed their reply to the miscellaneous petition denying the material averments made in the petition. The respondent stated that

the judgment cited by the petitioner does not apply to the case on hand and stated that the petitioner has not sought any stay of the proceedings in the

civil suit. The respondent had further stated the goods were different. There is no bar to the petitioner to file a rectification application and so the

respondent is not bound to follow the procedure as interpreted by petitioner. The question of taking permission from civil court to file rectification

application does not arise.

7. The matter was taken up for hearing in the Circuit Bench at New Delhi. Learned Counsel Shri Sazid Rayeen appeared on behalf of the applicant

and learned Counsel Shri Shailen Bhatia appeared on behalf of the respondent.

8. Learned Counsel for petitioner mainly submitted that the respondent/applicant in the main application has stated that a civil suit has been filed and a

counter claim made to it and are pending. The petitioner pointed out to the copy of the plaint filed as Annexure A to the main petition and submitted

that the respondent had mentioned about the registration of the impugned trade mark and that the petitioner was not the proprietor of the trade mark.

9. The petitioner further stated that the impugned trade mark was registered as early as 12.09.2003 whereas the civil suit was filed in March, 2006.

The interlocutory petition was dismissed by the civil court and an appeal preferred was also dismissed in the year 2007, but the rectification application has been filed subsequently. The petitioner further submitted that the respondent having not pleaded about the invalidity of the registration has come out with this application for rectification as an after thought which cannot be raised now without following the procedures laid down under the provisions of Section 124 of the Act.

10. The petitioner relied on the judgments reported in *Astrazeneca UK Ltd. and Anr. v. Orchid Chemicals & Pharmaceuticals Ltd.* and 1999 PTC

(19) 718 *Patel Field Marshal Agencies v. P.M. Diesels Ltd.* in support of his contentions in the miscellaneous petition and prayed that the miscellaneous petition be allowed and the main rectification application be dismissed.

11. The counsel for respondent mainly contended that the provisions of Section 124 of the Act deals only with the stay of the suit proceedings and has nothing to say about the cancellation of the registered trade mark. Section 124 of the Act also does not specify as to the obtaining of the permission from the civil court or not and it only deals with the procedure to be followed as to the time within which a rectification application is to be filed and disposed. In reply to the contention that no mention of the interim order has been made by the respondent in the main application, the respondent submitted that the same has been mentioned in para 12 of the main application. The respondent, therefore, prayed that the above miscellaneous petition be dismissed and the main rectification application be proceeded to final hearing.

12. We have carefully heard and considered the contentions of both the counsel and have gone through the pleadings and have decided the issue on the lines of the decided judgments.

13. The foremost and only issue that arises for our consideration is whether the applicant is entitled to file an application for rectification without raising a plea as to the invalidity of the registered trade mark in the suit pending before the civil court and if such plea has been raised in the suit whether the rectification application is maintainable without obtaining permission of the Court after prima facie satisfying the Civil Court where the suit is pending that the respondent has sufficient material to invalidate the impugned

registration. The issue is based on the provisions of Sections 124 and 125 of the Act. It is worth to look into Sections 124 and 125 of the Act for better appreciation of the provisions and the issue to be dealt.

124. Stay of proceedings where the validity of registration of the trade mark is questioned, etc.- (1) Where in any suit for infringement of a trade

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

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 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 issues 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 in so far 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.

Section 124 of the Act is only an enabling provision in relation to the stay of the civil suit. Clause (i) of Sub-section (1) of Section 124 deals with the

position where rectification application is already pending and Clause (ii) deals with a situation where rectification petition is not pending, before the

filing of the civil suit. Sub-section (2) deals with the stay of the trial of the suit until final disposal of the rectification petition. Sub-section (3) deals with

abandonment of the issue as to the validity of the registration as a consequence of not filing an application for registration. Sub-section (4) makes it

clear that the final order in the rectification proceedings shall be binding upon the parties and the Court shall dispose of the suit in accordance with the

same. Sub-section (5) deals with the granting of the interim orders in a interlocutory petition in the main suit during the period of stay of the civil suit.

125. Application for rectification of register to be made to Appellate Board in certain cases.

125. Application for rectification of register to be made to Appellate Board in certain cases.-(1) Where in a suit for infringement of a registered trade

mark the validity of the registration of the plaintiff's trade mark is questioned by the defendant or where in any such suit the defendant raises a

defence under Clause (e) of Sub-section (2) of Section 30 and the plaintiff questions the validity of the registration of the defendant's trade mark, the

issue as to the validity of the registration of the trade mark concerned shall be determined only on an application for the rectification of the register

and, notwithstanding anything contained in Section 47 or Section 57, such application shall be made to the Appellate Board and not to the Registrar.

(2) Subject to the provisions of Sub-section (1), where an application for rectification of the register is made to the Registrar under Section 47 or

Section 57, the Registrar may, if he thinks fit, refer the application at any stage of the proceedings to the Appellate Board.

Section 125 deals with the forum where an application for rectification can be filed. The application for rectification can be filed either before the

Appellate Board or before the Registrar. The application should be filed before the Appellate Board wherein any suit for infringement of the registered mark is questioned.

14. The two judgments referred to by the petitioners are 1999 PTC 19 718 Patel Field Marshal Agencies v. P.M. Diesels Ltd. and. Astrazeneca UK

Limited and Anr. v. Orchid Chemicals and Pharmaceuticals Ltd. While the Gujarat High Court decision was under Section 111 of the Trade and

Merchandise Marks Act, 1958, whereas the Delhi High Court decision was under Section 124 of the Act. The provisions of Section 111 of the 1958

Act is in pari materia with Section 124 of the Act.

15. Here, we borrow the observations made by this Appellate Board in a similar case in M.P. No. 131/06 in ORA/50/06/TM/KOL where the same issue was raised.

19. The Division Bench of the Gujarat High Court in Field Marshal's case (supra) after observing that Section 111 unfolds the scheme envisaged

under the Act for deciding the issue as to the validity of a registered trade mark, where a suit for its infringement has been filed, by the forum

prescribed for rectification of the entry in the register of Trade Marks, before the trial of suit can proceed further and not by the court trying the suit

held that the question of determination of issue as to invalidity of the registered mark and abandonment of it due to non prosecution are interwoven in

the scheme of the Act. Therefore, it was further held that once the suit for infringement has been instituted by the proprietor of the registered mark

and the plea of invalidity has been raised by the defendant parties must adhere to follow the rectification proceedings as envisaged under Section 111

(corresponding Section 124).

Another significant observation is:

Once the suit for infringement of trade mark is filed the same that is entwined between Section 107 and 111 becomes operative. Firstly, in that event

jurisdiction of the registrar to entertain such an application is barred and the application only lies to High Court. That is the effect of filing of suit

simpliciter. If the right to move rectification thereafter could be exercised independent of raising the plea, there could be no necessity to enact Section

107 for confining proceedings after filing of suit to a forum which is a civil court and whose decision operates as final. The issue of invalidity of mark,

which is a subject matter of suit cannot be tried by the court trying the suit for infringement, but can only be tried through independent rectification

application and that too not by making a reference by the court but on an application by the person aggrieved. That is to say if a plea as to invalidity is

not raised, no question of filing the application arises, and the operation of Section 111 remains dormant. As soon as the plea of invalidity is raised

Section 111 would spring into operation. If the plea has been raised after approaching the rectification forum, Clause (i) of Sub-section (1) may apply

to such plea. If the plea is raised in the suit itself, for the first time the court would at that stage examine prima facie tenability of such plea and make

an order of raising an issue if it is so satisfied and Clause (ii) of Sub-section (1) would be operative and the objector shall get a right to move an

application for rectification in accordance with Sub-section (2) of Section 111. In case, at this stage, civil court finds that there is no substance in the

plea for the purpose of raising the issue in the trial, the resultant position would be the same as if the plea has been raised initially and found not

tenable even prima facie to merit trial. The scheme is wholesome to avoid multiplicity of proceedings on frivolous grounds that withhold the

proceedings which is founded on a trade mark which carried with it a presumption of validity whether rebuttable under Section 31 or conclusive under

Section 32.

20. The Delhi High Court in Kedarnath's case (supra) while dealing with an application for stay of proceedings pending the final decision of the

rectification petition held:

The defendant cannot file an application subsequent to the institution of the suit under Section 111(1)(i) and claim that the plaintiff's suit for

infringement must be stayed. If no proceeding for rectification of the register is pending on the date of the institution of the suit by the plaintiff then

Section 111(1)(ii) is attracted and a Court may adjourn the case for a period of three months in order to enable the defendant to apply to the High

Court for rectification of the Register. In that case the Court must be satisfied that the contention as to the validity of the defendant's registration is

bonafide and prima facie sustainable.

21. In the recent judgment in Astrazeneca case 2006 (32) PTC 733 (Del) the Delhi High Court has followed the dicta in Kedarnath's case as well as

the Division Bench judgment of the Gujarat High Court. Certain passages from the judgment are extracted hereunder:

31. "On plain reading of this provision, it is apparent that the plaintiffs could not file the application for rectification without showing and obtaining

prima facie satisfaction of the Court about their plea of the invalidity of the registration of the Defendant.

At page 751 of the report in para 32 it was further held that

The plea of substantial compliance of the requirements of Section 124 by the plaintiffs is also not sustainable. Either there is compliance of the said

provision or non-compliance in the facts and circumstances. Compliance will be when after the institution of the suit, if an application for rectification

is to be filed, prima facie invalidity of the opposing mark is to be demonstrated to the Court. The fact that the application could not be filed prior to the

institution of the suit will not entitle a party to circumvent the prima facie satisfaction of the Court.

In 2007 (34) PTC 469 (DB) (Del) being an appeal against the order in 2006 (32) PTC 733 (Del), the judgment of Hon'ble learned single judge of the

Delhi High Court was upheld by the Division Bench of the Delhi High Court.

Even in the said recent Division Bench judgment of the Delhi High Court while dealing with the applications based on Section 124 of the Act, 1999 it

was held (see para 13 of the report) as under:

The provisions which would be applicable to the facts and circumstances of the present case are those which envisage that where the application for

rectification of the order in such proceedings is not pending, then a party seeking rectification applies for rectification, subject to a prima facie

satisfaction of the Court regarding invalidity of the registration of the mark of the opposite party. The appellants/plaintiffs therefore could not have

filed an application for rectification without showing establishing and obtaining prima-facie satisfaction of the court that they have sufficient material to

be able to invalidate the registration of the mark of the respondent/defendant. The aforesaid rectification proceedings which is filed is still pending for

consideration. Therefore, the learned single judge was justified in not staying the suit.

Once a suit for infringement of Trade Mark is instituted the objector gets a right to move an application for rectification after the Civil Court, trying the

suit based on infringement of the Trade Mark, has examined prima facie tenability of the plea with respect to invalidity of the registered mark and makes an order raising an issue in the suit. If no plea as to invalidity of registered Trade Mark is raised in the infringement suit no question of filing rectification application arises. The parties to the suit must adhere to the procedure prescribed in Section 124 with respect to the filing of rectification proceedings. The question of determination of issue as to invalidity of the registered mark and abandonment of it due to non-prosecution are interwoven in the scheme of the Act. Therefore, if there is abandonment of the plea as to the validity of the mark albeit for the purposes of the suit the objector is not entitled to move rectification application as he would have disentitled himself to plead for judgment in the light of the decision, if any, obtained dehors the procedure prescribed therefore under Section 124. In case a plea is deemed to have been abandoned, the only remedy of the party concerned may be to approach that very court, to extricate himself from the consequence of abandonment, or higher forum.

16. On a plain reading of the provisions of Section 124 of the Act; we do not find any specific requirement of permission for filing the rectification petition from the Civil Court where the suit is pending. The Division Bench of the Gujarat High Court in Patel Field Marshal case (supra) had decided this issue under Section 111 Trade and Merchandise Marks Act, 1958. The Division Bench has held that once a person has abandoned the plea as to the invalidity of the mark cannot raise a fresh plea de hors the suit by filing a rectification petition and resume such a plea. If on discovery of sufficient documents the defendant was to raise a plea of invalidity of the trade mark, could do so by inviting the attention of the civil court as to the tenability of the issue and after satisfaction approach the rectification court.

17. The Division Bench of the Delhi High Court in Astrazeneca case (supra) held that when a petition for rectification is filed subsequent to the suit, the party seeking rectification can apply for the same subject to a prima facie satisfaction of the court regarding the validity of the registration of the trade mark.

18. The Division Bench of the Madras High Court in B. Mohamd Yousuff v. Prabha Singh, Jaswant Singh (unreported) has taken a contrary view to the Gujarat and Delhi High Court's judgments. The view taken by the Madras

High Court is given below:

(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-section (2) to (5) of Section 124, which deals with the consequence of filing and not filing an application for

rectification. In other words, 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 or 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 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).

19. The views taken by all the Courts are taken into consideration and the view of the Delhi High Court in Aztrazeneca case (supra) is being followed

in the case. Though there are different views taken by different High Courts, the matter having been heard at the Circuit Bench sitting at New Delhi,

the jurisdictional court here in the instant case is the Delhi High Court, and that is the reason we follow the Delhi High Court view.

20. In this instant case, it is not clear as to whether the plea of invalidity of the mark was raised in the suit and whether issues as to the validity of the

mark has been framed in the pending suit. On perusal of the main application and the annexures, namely the copy of the plaint in civil suit No. 75/06

and the counter claim, there is no plea questioning the registered trade mark except for a statement in the plaint - ""The 1st defendant claims to be the

proprietor of the trade mark MECO annexed herewith as Annexure B and which is alleged to be registered under the Trade Marks Act, 1999 in

respect of hardware goods in class 6. From the annexure, we understand the suit is pending, but at what stage is not clearly mentioned. Therefore, if

there is abandonment of the plea as to the validity of the mark in the suit by the petitioner, the petitioner is not entitled to file rectification application

based on the above judgment of the High Court of Delhi.

In the above circumstances, we are of the view that the miscellaneous petition No. 13/08 can be allowed for non compliance of the provisions of

Section 124(1)(iii) of the Act and accordingly, the miscellaneous petition is allowed. Consequently the main application abates. However, there shall be

no order as to costs.