

**(1997) 01 DEL CK 0024**

**In the Delhi High Court**

**Case No :** FAO (OS) No. 130 of 1996 and C.M. No. 1374 of 1996

M/s. Arjies Aluminim Udyog

APPELLANT

Vs

Sudhir Batra, New Delhi

RESPONDENT

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**Date of Decision :** 31-01-1997

**Acts Referred:**

**Citation :** (1997) 2 AD 361 : AIR 1997 Delhi 232 : (1997) 1 ARBLR 298 : (1997) 66 DLT 586

**Hon'ble Judges :** S.N. Kapoor, J; R.C. Lahoti, J

**Bench :** Division Bench

**Advocate :** S.K. Bansal, for the Appellant; Mohan Vidhani and G.D. Chugh, for the Respondent

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## **Judgement**

R. C. LAHOTI, J.—The defendant has come up in appeal feeling aggrieved by the order dated 20-2-96 passed by a learned single Judge of this Court rejecting the defendant's application u/s 10 of the CPC seeking stay of the suit (S. No. 458/95) pending on the Original Side of the High Court until the previously instituted suit filed by the defendant (as plaintiff) in the District Court was decided.

2. For the sake of convenience the parties shall be referred to herein as Appellant and Respondent only and as they are arrayed in this appeal.

3. The dispute relates to trade mark. The mark of the appellant is ARJIES. The mark of the respondent is ARCHIS. It is being claimed in respect of aluminium door and window fittings.

4. On 13th December, 1994, the appellant has filed in the Court of Distt. Judge, Delhi a suit u/s 120 of the Trade and Merchandise Marks Act, 1958 for damages and for restraining groundless threats of legal proceedings. It is alleged, therein that the appellant was the proprietor of ARJIES label having widely advertised and used the same as trade mark. The respondent was issuing groundless threats for legal proceedings to the appellant alleging that his mark was

infringing the respondent's trade mark ARCHIS.

4.1 The reliefs sought for in the suit pending in the Court of Distt, Judge, Delhi therein are as under:--

(i) For a decree for permanent injunction restraining the defendant, his agents, successors and assigns and all others acting for and on behalf of the defendants from issuance of groundless threats for legal proceedings in connection with the use of the plaintiffs trade mark ARJIES label in relation to aluminium door and window fittings.

(ii) For an order for damages caused to the plaintiff on account of issuance of groundless threats for legal proceedings.

(iii) For an order of declaration that the trade mark ARJIES label of the plaintiff is not identical with or deceptively similar to the trade mark ARCHIS of the defendants and moreover, the plaintiff is the proprietor of the trade mark ARJIES label on "account of its honest adoption on 1-9-90 and continuous user thereafter.

(iv) For an order for cost of proceedings.

and

(v) For such further order as this Hon"ble Court may deem fit and proper in the circumstances and facts of the present suit.

4.2 This suit pending in the Court of Distt. Judge, Delhi would be referred to as the "previous suit".

5. On 21-2-95, the respondent has filed a suit on the Original Side of the High Court wherein he claims to be owner of the trade mark ARCHIS complaining of its infringement by the appellant having adopted user of the trade mark ARJIES which was phonetically and deceptively similar with the mark of the respondent.

5.1 The following reliefs are sought for in the suit :--

(i) For permanent injunction against the defendant, its partners, servants, agents, stockists, dealers and all other persons acting on their behalf from selling or offering for sale or advertising the aluminium door and window fittings or any other goods which are builder's hardware made of ferrous/non ferrous metal under the trade mark ARJIES amounting to the infringement of the trade mark ARCHIS No. 479648 of the plaintiff.

(ii) For permanent injunction against the defendant, its partners, servants, agents, stockists, dealers and all other persons acting on" their behalf from selling the aluminium door and window fittings or any other goods which are builder's hardware made of ferrous/non ferrous metal under the trade mark ARJIES amounting to the passing off.

(iii) For permanent injunction against the defendant, and its partners from

carrying on the business of the manufacturing and selling of the aluminium door and window fittings or any other goods which are builder's hardware made of ferrous/non ferrous metal under the trading style of which ARJIES is the part.

(iv) For an order for the rendition of accounts of the profits illegally earned by the defendant on account of the sale of the goods under the trade mark ARJIES and under the trading style as ARJIES ALUMINIUM UDYOG and a decree for the payment of the same to the plaintiff.

(v) For an order for the destruction of the block, dies, films, stationery, and all other things upon which the trade mark/word ARJIES appears.

(vi) Any other or further order/orders which this Hon'ble Court may deem fit and proper in the facts and circumstances of the case be also passed in favor of the plaintiff and against the defendant.

(vii) for costs."

5.2 The suit shall be referred to hereinafter as the present suit.

6. The learned single Judge has formed an opinion that the previous suit was suit of a limited scope governed by Section 120(1) of the Trade and Merchandise Marks Act (Hereinafter "the Act", for short). Sub-section (2) of Section 120 specifically permits suit of the nature of the "present suit" being filed. The provisions of Section 10 of the CPC will not Therefore be attracted.

7. It is submitted by the learned counsel for the defendant-appellant that the issues arising for decision in the present suit are also directly and substantially in issue in the "previous suit" between the parties and Therefore in view of the provisions contained in Section 10 of the CPC the present suit ought to have been stayed.

8. Section 120 of the Act reads as under :--

120. Groundless threats of legal proceedings.-- (1) Where a person, by means of circulars, advertisements or otherwise, threatens a person with an action or proceeding for infringement of a trade mark which is registered, or alleged by the first mentioned person to be registered, or with some other like proceeding, a person aggrieved may, whether the person making the threats is or is not the registered proprietor or the registered user of the trade mark, bring a suit against the first mentioned person and may obtain a declaration to the effect that the threats are unjustifiable, and an injunction against the continuance of the threats, and may recover such damages (if any) as he has sustained, unless the first-mentioned person satisfies the Court that the trade mark is registered and that the acts in respect of which the proceedings were threatened constitute, or, if done, would constitute, an infringement of the trade mark.

(2) The last preceding sub-section does not apply if the registered proprietor of the trade mark, or a registered user acting in pursuance of sub-section (1) of Section 51, with due diligence commences and prosecutes any action against the

person threatened for infringement of the trade mark.

(3) Nothing in this section shall render a legal practitioner or a registered trade marks agent liable to an action under this section in respect of an act done by him in his professional capacity on behalf of a client.

(4) A suit under sub-section (1) shall not be instituted in any Court inferior to a District Court.

9. In the present suit, the plaintiff has alleged having adopted the distinctive mark ARCHIS in the year 1981 and having used it continuously since then. He had also applied for registration of the trade mark which was advertised in the Trade Marks Journal 1032 dated 1st June, 1990. There was no opposition. Registration was allowed to the plaintiff on 9-10-87.

10. A bare perusal of Section 120 shows that it has a very limited field to operate and a very limited object to achieve. Ordinarily a legal action may not lie against a mere threat for it may not even provide a cause of action to proceed against. However, in the commercial world of trade marks a person may be threatened by another person with an action or proceedings for infringement of a trade mark-registered or alleged to be registered. Such threats may be hollow but they are sure to cause an injury to the person threatened because a person issuing threats has registered trade mark or at least claims it to be registered. In such a situation the person threatened may feel aggrieved. He may be a registered proprietor or the registered user of the trade mark or may not be so. The threats issued to him may occasion loss of mental peace or business stability to him. Section 120 permits a suit being filed for a declaration that the threats are unjustifiable. In addition an injunction may be sought for against the continuance of the threats. If the threats have resulted into any damages, the person suing may also claim the damages. Such a suit having been filed the defense available to the person sued within the meaning Section 120 (the one who had issued the threats leading to the filing of the suit) must satisfy the twin test to be a valid defense : (i) that the defendant has a registered trade mark; and (ii) the acts in respect of which the proceedings were threatened amount to an infringement of the trade mark.

10.1 An action for infringement is founded on the exclusive right to the use of a trade mark in relation to certain goods conferred by registration on the proprietor of the mark. The proprietor has an exclusive right to use the trade mark which right is infringed if another person uses in relation to the same goods a trade mark which is deceptively similar therewith and hence is likely to deceive or cause confusion to the customers. A mere prior user (without being registered) would not entitle an action for infringement being initiated though an action for passing off would lie. Thus a threat for initiating an action or proceeding complaining of passing off merely in relation to an unregistered trade mark does not attract applicability of Section 120.

10.2 Section 120 would not apply also if a registered proprietor or registered

user does not stop merely at having issued threats for an action or proceeding but also commences and prosecutes an action against the person threatened for infringement of the trade mark. The commencement of the action must follow the threat and show the quality of due diligence. Prosecuting the action should also have the quality of due diligence. In short, the threat followed by duly diligent commencement and prosecution of an action for infringement of the trade mark would exclude applicability of Section 120 and disentitle the person threatened from initiating an action thereunder.

10.3 A suit filed u/s 120 of the CPC would be liable to be dismissed the minute the defendant has been able to satisfy the Court that his trade mark was registered and the act of the plaintiff (occasioning the threat) amounts to infringement of such trade mark. There may be several other relevant pleas and defenses legally permissible in a trade mark action but they will be beyond the scope of inquiry in a suit u/s 120. Once the Court is satisfied that the threats were neither irresponsible nor unjustified they cease to be "injury" so far as Section 120 is concerned and the person threatened cannot be said to be a person aggrieved. The action u/s 120 would be liable to be dropped. The parties shall be left free to seek adjudication of their rights in an otherwise duly constituted suit.

11. In the case at hand ARCHIS is a registered trade mark. An action for infringement has been initiated by the plaintiff. The rights of the parties would be adjudicated therein. The scope of the two suits is different. The "present suit" which is latter instituted suit is wider in its sweep. It cannot be said that the issues arising for decision in the "previous suit" -- the earlier one which has a limited scope and limited object are the same as arise directly and substantially for decision in the latter instituted suit. That being the situation and keeping in view the underlying object behind sub-section (2) of Section 120 of the CPC, the "present suit" cannot be stayed.

12. Section 10 of the CPC contemplates substantial identity of matter in issue in the two suits. It is not the identity of main issue or all issues but the identity of matter in issue which is the determining test. The decision in one suit must non-suit the other suit -- this must be the phraseology of answer, to win the question whether the matter in issue in the two suits is directly and substantially the same. A suit u/s 120 does not so answer the said question as to dictate stay of a suit complaining of infringement of trade mark instituted by a registered proprietor of registered user.

13. For the foregoing reasons, no fault can be found with the view taken by the learned single Judge. The appeal is held devoid of any merit and liable to be dismissed It is dismissed accordingly, though without any order as to the costs.

14. Appeal dismissed.