

(2013) 01 KL CK 0156
In the High Court Of Kerala
Case No : O.P. (C) No. 2160 of 2012

Sakthi Ceramics	Vs	APPELLANT
Supreme Ceramics and Another		RESPONDENT

Date of Decision : 03-01-2013

Acts Referred:

Civil Procedure Code, 1908 (CPC) — Order 23 Rule 1(3), Order 41 Rule 23
Criminal Procedure Code, 1973 (CrPC) — Section 11, 151

Citation : (2013) 1 ILR (Ker) 505 : (2013) 1 KHC 340 : (2013) 1 KLJ 568

Hon'ble Judges : Thomas P. Joseph, J

Bench : Single Bench

Advocate : Siby Mathew, Sri Philip J. Vettickattu and Sri B. Premnath E, for the Appellant; N. Subramaniam and Sri M.S. Narayanan, for the Respondent

Final Decision : Allowed

Judgement

Thomas P. Joseph, J.—The main question urged for a decision is whether the trial court, after remand of the case to it for a fresh decision, is vested with the power to allow withdrawal of the suit with liberty to file fresh suit in respect of the same subject-matter? The respondent filed O.S. No. 1 of 2001 in the Additional District, Thrissur for a decree for prohibitory injunction against the petitioners passing off their goods as if that of the respondents. The respondents claimed to have been engaged in the business of floor tiles and clay products, to have acquired Goodwill in that business and that while so, the petitioners started passing off their goods as if that of the respondents thereby affecting the Goodwill of the respondents resulting in damages to them. The respondents also prayed for a decree for mandatory injunction to direct the petitioners return the dies.

2. The petitioners raised various contentions disputing the claim of the respondents.

3. The trial court granted a decree granting prohibitory injunction. The prayer for mandatory injunction was disallowed.

4. Aggrieved by the decree for prohibitory injunction, the petitioners filed A.S. No. 431 of 2002 in this Court. The respondents filed a Cross Objection challenging dismissal of the prayer for mandatory injunction.

5. This Court disposed of the appeal and Cross Objection by Ext. P-1, Judgment dated 17-8-2011. This Court found that the trial court had confined its finding only to the question whether the goods passed off by the petitioners are deceptively similar to that of the respondents but did not go into the question whether the respondents have acquired Goodwill in the business they professed to have and whether any damage was caused or is likely to be caused to the respondents on account of act of the petitioner. The appeal was allowed by way of remand and the suit was remitted to the trial court for a fresh decision. The trial court was also directed to consider grievance of the respondents in the Cross Objection.

6. After Ext. P-1, Judgment, the respondents filed Ext. P-2, application under Rule 1(3) of Order XXIII of the CPC (for short, "the Code") seeking permission to withdraw the suit with liberty to file fresh suit in respect of the same subject-matter.

7. The respondents claimed in Ext. P-2, application that during the pendency of the appeal, they had obtained registration for their trade mark and hence they intended to sue for a decree for prohibitory injunction based on the registered trade mark. The petitioners resisted that application on various grounds.

8. The trial court, by Ext. P-5, order allowed Ext. P-2, application and allowed withdrawal of the suit with liberty to file fresh suit. The suit was dismissed as withdrawn with costs. Exhibit P-5, order is under challenge in this Original Petition.

9. The learned counsel for the petitioners has advanced the following contentions:

(a) that, in view of the remand order of this Court, the trial court had no power to allow withdrawal of the suit with liberty to file a fresh suit;

(b) that, there was no "formal defect" in O.S. No. 1 of 2001 or other sufficient grounds which enabled the respondents to withdraw that suit with liberty to file a fresh suit;

(c) that, the claim that the respondents have acquired registration for their trade mark ought to have been raised in A.S. No. 431 of 2002 since according to the respondents, registration was acquired during the pendency of the appeal. Failure of the respondents to raise that question in the appeal precludes the respondents from filing a fresh suit based on registration of the trade mark in view of Explanation IV to Sec. 11 of the Code; and,

(d) that, at any rate cause of action for a suit based on registration of the trade mark is different from the cause of action for a suit against passing off and hence the question of withdrawal of the present suit with liberty to file a fresh suit does

not arise.

10. The learned counsel for the respondents contended that the remand order has only effaced the Judgment and decree of the trial court requiring it to decide the issues involved in the suit afresh as directed in the remand order, but does not oust power the trial court otherwise has under the Code. So far as the question regarding "formal defect" for the suit is concerned, it is argued that a fresh suit was necessitated in view of registration, of the trade mark in the name of the respondents and that even when there is no "formal defect", if there exists other sufficient grounds, that is suffice to grant: permission to withdraw the suit with liberty to file a fresh suit.

11. So far as the difference in the cause of action pleaded by the petitioners is concerned, it is contended that even in a suit for injunction based on registered trade mark, the respondents have: to show that products of the petitioners are deceptively similar to that of the respondents and that such deceptive similarity gave right of action to the respondents to file O.S. No. 1 of 2001. Hence it is argued that the cause of action in the suits takes in common elements.

12. On the question whether the trial court has the power to allow withdrawal of the suit with liberty to file fresh suit under Rule 1 (3) of Order XXXIII of the Code after the suit is remanded to it for fresh decision, I have to refer to the relevant provisions and Ext. P-1, Judgment.

13. Rule 23 of Order XLI of the Code permits the appellate court to remand the case to the trial court for fresh decision. Such remand may either be to decide all the issues or any of the issue after the appellate court confirms other issues answered by the trial court. The effect of a remand of the case (though in another context) was considered by the Supreme Court in *United Bank of India, Calcutta Vs. Abhijit Tea Co. Pvt. Ltd. and Others*, . It was held:

an order of remand by the appellate court to the trial court which had disposed of the suit revived the suit in full except as to matters if any, decided finally by appellate court. Once the suit is revived, it must, in the eye of law to be deemed to be pending from the beginning when it was instituted. The judgment disposing of the suit passed by the Single Judge which is set aside gets effaced altogether and the continuity of the suit in the trial court is restored, as a matter of law.

14. The learned counsel for the petitioners relied on the decision in *George Kutty v. Ouseph Varkey* 1990 (1) KLT 452. There, in paragraph 4, it is held that the parties to a remand order are bound by the said order and that the jurisdiction to try the case/matter/issue/question is circumscribed by the order of remand. Reference was made to the decision in *Achuthan Nair v. Raman and others* 1979 KLT 119.

15. The decision in *George Kutty v. Ouseph Varkey* (supra) was not in relation to the power of the trial court, after remand, to allow withdrawal of the suit with liberty to file a fresh suit. Instead, learned Judge was considering the scope of a

remand order and the enquiry the trial court is required to make pursuant to the remand order.

16. There could be no doubt that the power of the trial court so far as enquiry on the issues is concerned, could be circumscribed by the directions in the remand order--if the remand is open, the trial court has to answer all the issues afresh. If the remand is for a limited purpose, scope of enquiry by the trial court will also be limited. As pointed out by the Supreme Court in *Union Bank of India, Calcutta v. Abhijit Tea Co. Pvt. Ltd.* (supra) when there is a remand, the judgment of the lower court (s) is effaced and the suit must be deemed to be pending from the time of its institution. Hence it can only be with respect to the scope of enquiry on the issues/points/matters/questions, that the power of the trial court could be said to be circumscribed by the order of remand. I am unable to understand the decision relied on by the learned counsel for the petitioners as laying down the law that power of the trial court in other respects is also circumscribed by the remand order. The trial court, notwithstanding the remand order continues to possess (except as circumscribed by the remand order, in the matter of enquiry into the issues) all the powers conferred on it by the Code. Hence the contention that in view of Ext. P-1, judgment the trial court lacked the power to allow withdrawal of the suit with liberty to file fresh suit cannot be accepted. I have to hold that notwithstanding remand of the case, the trial court had the power to entertain and decide the application under Rule 1(3) of Order XXIII of the Code if appropriate circumstances existed.

17. Then the question is whether there existed any ground on which the trial court could allow O.S. No. 1 of 2001 to be withdrawn with liberty to file a fresh suit? Rule 1(3) of Order XXIII of the Code states that where the court is satisfied that a suit must fail by reason of some formal defect or that there are sufficient grounds for allowing the plaintiff to institute a fresh suit for the subject-matter of a suit or part of a claim, it is within the power of the court to allow the suit to be withdrawn with permission to file a fresh suit in respect of the same subject-matter or part of the claim on such terms as the court thinks fit

18. A reading of the said provision informs me that even in the absence of a "formal defect", it is within the power of the court to allow withdrawal of the suit with liberty to file fresh suit if there are other sufficient grounds for allowing the plaintiff to do so. As held in *Homeo Dr. T.K. Prabhawati Vs. C.P. Kunhathabi Umma and Others*, , the expression "sufficient grounds" occurring in clause (b) of Rule 1(3) of Order XXIII of the Code is not to be read ejusdem generis with the expression "formal defect" occurring in Clause (a). Hence, "sufficient grounds" referred to in Clause (b) need not be similar to a "formal defect" as referred to in Clause (a). Even in the absence of a "formal defect" for the suit, if there are "sufficient grounds" it is within the power of the court to allow withdrawal of the suit with permission to file a fresh suit.

19. O.S. No. 1 of 2001 was based on passing off action. While the appeal and cross objection from the decision was pending, the respondents claim to have

obtained registration for their trade mark. Based on registration of the trade mark, the respondents wanted to file a fresh suit. I am inclined to think that the above is a sufficient ground to allow the respondents file fresh suit after withdrawing O.S. No. 1 of 2001.

20. The next question is whether the claim made by the respondents pursuant to the registration of their trade mark pending the appeal ought to have been raised in A.S. No. 431 of 2002 and having not raised, it is hit by Explanation IV to Sec. 11 of the Code? According to the learned counsel, the respondent had filed Ext. P-4, application (LA. No. 4100 of 2005 under Sec. 151 of the Code) in A.S. No. 431 of 2002 to accept the certificate of registration concerning their trade mark. Hence it was necessary for the respondents to claim appropriate relief in the appeal based on the said certificate of registration. The learned counsel has placed reliance on the decisions in *Forward Construction Co. and Others Vs. Prabhat Mandal (Regd.)*, *Andheri and Others*, , and *Ayichuutty v. State of Kerala* 2002 (2) KLT 125 (paragraph 4).

21. The above decisions refer to the application of Explanation IV to Sec. 11 of the Code. The doctrine of constructive res judicata is not an essential part of the doctrine of res judicata, but a technical content of Sec. 11 of the Code. To attract Explanation IV, the plea which "might" and "ought" to have been raised by the respondents in O.S. No. 1 of 2001 and the appeal therefrom, should have been available to them at that time. If the plea became available to the respondents only subsequently, the theory of "might" and "ought" should not apply. In O.S. No. 1 of 2001, the respondents prayed for a decree for prohibitory injunction based on passing off action. At that time, the trade mark of the respondents had not been registered. So, the respondents could not then sue for reliefs based on infringement of the trade mark. They could only seek relief against passing off the goods of the petitioners as if it is of theirs. In a suit based on passing off action, the respondents were required only to prove that products of the petitioners are deceptively similar to that of the respondents, that the respondents have acquired Goodwill based on the particular product and that the action of the petitioners has resulted/would result in damage to the respondents. In that suit the question whether the trade mark of the respondents was registered in their name was not an issue. If that be so, in the absence of pleading to that effect in the plaint in O.S. No. 1 of 2001 as their trade mark was registered only later, the respondents could not have, even if Ext. P-4, application was allowed and the certificate of registration was marked in evidence, sought relief in A.S. No. 431 of 2002 based on registration of the trade mark. Hence the rule of "might" and "ought" and consequently, the application of Explanation IV to Sec. 11 of the Code does not arise. It is also not as if Ext. P-4, application was allowed by this Court in A.S. No. 431 of 2002 but relief was declined to the respondents based on the registration of the trade mark.

22. The next argument is that though in respect of the same subject-matter, the cause of action pleaded in O.S. No. 1 of 2001 and to be pleaded in the proposed

suit are different and hence it was not necessary to grant permission under Rule 1 (3) of Order XXIII of the Code. The learned counsel has placed reliance on the decision in *Neelakanta Pillai v. Madhava Kurup* 2007 (2) KLT 340 (paragraph 7).

23. What is held in that decision is that the expression "in respect of the same subject-matter" occurring in Rule 1(3) of Order XXIII of the Code must be understood with reference to the cause of action pleaded. "Cause of action", it is time and again held, is the bundle of material facts necessary for the plaintiff to prove, in order to succeed in the suit. It is the bundle of facts which gives the plaintiff a right of action.

24. True that a suit against passing off is different from a suit based on a registered trade mark. In the latter, it is based on infringement of right over registered trade mark. But in both cases, the common question would be whether products of the petitioners are deceptively similar to that of the respondents. In a suit against passing off, the respondents have to show that the petitioners are passing off their goods which are deceptively similar to that of the respondents. The same situation arises in a suit based on registered trade mark as well. There again, the respondents have to show that the products of the petitioners are deceptively similar to that of the respondents and thus there is infringement of the right under the registered trade mark. In short, to have a right of action based on the registered trade mark the respondents have to show that products of the petitioners are deceptively similar to that of the respondents. The deceptive similarity of the products of the petitioners with that of the respondents is thus part of bundle of material facts which gives a right of action for the respondents to sue based on infringement of the trade mark. The question whether products of the petitioners are deceptively similar to that of the respondents is thus part of the cause of action even in a suit for injunction based on registered trade mark. Hence the contention that the cause of action in the two suits are different cannot be accepted. At least in part, the cause of action in a suit against passing off is involved in a suit for injunction based on registered trade mark as well.

25. It is pointed out by the learned counsel for the petitioners that though in Ext. P-5, order the trial court has granted permission to the respondents to file fresh suit, in Ext. P-6 order allowing withdrawal of suit, such permission is not reserved. In my view it is irrelevant. The reasons are that in Ext. P-2, application the respondents had specifically prayed for permission to file a fresh suit. The court has no jurisdiction to bifurcate the reliefs and grant one while rejecting the other. The application, can only be allowed or dismissed in toto. In Ext. P-5, order, permission to file fresh suit is specifically granted. Hence the absence of such a permission in Ext. P-6, order by which (consequent to Ext. P-5, order) the suit was dismissed as withdrawn is of no consequence. In the light of the above I do not find merit in the Original Petition.

The Original Petition is dismissed.