
(2022) 10 DEL CK 0215

In the Delhi High Court

Case No : Civil Suit (COMM) No. 51 Of 2016, I.A. No. 1110 Of 2016

Travellers Exchange Corporation Limited & Ors

APPELLANT

Vs

Celebrities Management Private Limited

RESPONDENT

Date of Decision : 20-10-2022

Acts Referred:

Code Of Civil Procedure, 1908 — Order 14 Rule 1, Order 39 Rule 1, Order 39 Rule 2, Order 39 Rule 4

Trade Marks Act, 1999 — Section 9, 11, 11(1)(a), 29, 29(1), 34, 47, 57, 124, 124(1) (b)(ii)

Trade and Merchandise Marks Act, 1958 — Section 46, 56

Citation : (2022) 10 DEL CK 0215

Hon'ble Judges : Jyoti Singh, J

Bench : Single Bench

Advocate : J. Sai Deepak, Sangeeta Goel, Mohit Goel, Sidhant Goel, Aditya Goel, Karmaya Dev Sharma, R. Abhishek, Jayant Mehta, Abhishek Puri, Surbhi Gupta, Abhishek Tiwari, Amrit Singh

Final Decision : Allowed

Judgement

Jyoti Singh, J

I.A. 12318/2019 (under Section 124 of Trade Marks Act, 1999 r/w Section 151 CPC, by Plaintiffs)

1. This application has been preferred on behalf of the Plaintiffs under Section 124 of the Trade Marks Act, 1999 (hereinafter referred to as the 'Act') seeking permission to file rectification/cancellation petition against registrations of Defendant's trademark TRAVELXP in different classes, as mentioned therein. It is pertinent to mention that during the course of hearing of the application, learned counsel for the Plaintiffs, on instructions, sought to confine the relief sought in the application to classes 16, 35, 38, 39 and 43, in which the Defendant has registrations and this stand is incorporated in writing in the written submissions.

2. Present suit was instituted by the Plaintiffs seeking permanent injunction

against the Defendant from inter alia infringing Plaintiffs' trademark 'TRAVELEX' as well as passing off.

3. Plaintiffs No. 1 and 2 are companies incorporated under the laws of United Kingdom while Plaintiff No. 3 is incorporated under the Companies Act, 1956. Plaintiffs claim to have adopted the mark TRAVELEX in 1976 for providing services in relation to currency exchange business including supplying currency online at airports, shopping malls, for financial institutions etc. In India, Plaintiffs have obtained registrations for the trademark TRAVELEX in Classes 16, 35 and 36.

4. Plaintiffs state that they trade in over 80 currencies and have business in nearly 50 countries with approximately 1100 stores and 900 ATMs across the world. Plaintiffs' sales turnover, amounts expended on promotion, awards received and presence on several websites are reflective of their transborder reputation and distinctiveness of the trademark. Plaintiffs are also engaged in providing services in Travel and Trip insurance at least since 19.04.2002, the date of domain name registration for www.travelexinsurance.com.

5. On 25.01.2016, when the suit was listed, an ex parte ad interim injunction was granted in favour of the Plaintiffs by the Court, observing in the order that the rival marks bear visual and phonetic resemblance and the services offered by the Plaintiffs relating to foreign exchange go hand in hand with the services of the Defendant. Subsequently, on an application filed by the Defendant seeking vacation of the injunction order, Court modified the order dated 25.01.2016 qua the classes in which the Defendant was registered but with a prima facie finding that the services of the Defendant are allied and cognate to those of the Plaintiffs. As a matter of record, both the interim orders are continuing to operate till date.

6. Defendant filed written statement dated 18.04.2016 to the original plaint and one of the defences taken against the alleged infringement was that Defendant has registration in the mark TRAVELXP in Classes 38, 39, 41, 42 and 43. Defendant claimed to be a continuous user of TRAVELXP trademark since the year 2009 and averred that its business activities primarily involve booking of tickets and lodgings for travellers under TRAVELXP and running of TV channel TRAVELXP HD. Defendant also stated that its usage of the registered trademark has been honest and keeping in view its flourishing reputation in travel consultancy and travel programmes, Defendant is also entitled to a defence under Section 34 of the Act.

7. Upon learning of Defendant's registration of the trademark TRAVELXP in various classes from the written statement, Plaintiffs took the plea of invalidity of Defendant's registration in the mark, in the replication and filed an application under Section 124 of the Act, being I.A. 1152/2017. However, Court was of the view that plea of invalidity is required to be pleaded in the plaint and vide order dated 31.01.2019 permitted the Plaintiffs to withdraw the application, with

liberty to seek amendment of the plaint. Pursuant to the liberty granted, Plaintiffs filed an application for amendment of the plaint, to incorporate the plea of invalidity, being I.A. 4121/2019. Vide order dated 22.08.2019, the application was allowed and the amended plaint was taken on record. Subsequent thereto, the present application was filed by the Plaintiffs.

8. By this application, Plaintiffs seek framing of an additional issue regarding invalidity of Defendant's trademark registrations to avail the remedy of cancellation/rectification. Arguing in support of the application, learned counsel for the Plaintiffs contended that: (a) Plaintiffs' trademark TRAVELEX is a coined word, invented due to Plaintiffs' imagination and skilful allusion, on account of which the mark is inherently distinctive and exclusively associated with the Plaintiffs and none else; (b) Plaintiffs are prior adopters and users of the trademark, adopted in the year 1976, whereas admittedly, Defendant adopted the impugned trademark TRAVELXP in 2009; (c) rival trademarks are phonetically similar, which fact has been admitted by the Defendant in its counter statement filed before the Trade Marks Registry viz: 'there is a phonetic similarity insofar as the words TRAVELXP DAKSHIN/TRAVELEX are concerned...'; (d) rival marks are also structurally and visually deceptively similar; (e) Defendant has adopted a deceptively similar mark with a mala fide and dishonest intent to create confusion in the minds of the consumers and members of the trade and encash upon Plaintiffs' formidable goodwill and reputation; (f) Defendant's services are allied and cognate to the services provided by the Plaintiffs, applying the tests laid down by this Court in FDC Limited v. Docsuggest Healthcare Services Pvt. Ltd. & Anr., 2017 SCC OnLine Del 6381, as the respective use, users, intended purpose, physical nature of the services, sector and trade channels are the same; (g) this Court has rendered a prima facie finding that the services offered by the Defendant are allied and cognate to those of the Plaintiffs in the order dated 25.01.2016, modified vide order dated 09.05.2016, both of which hold the field today; (h) plea of invalidity has been taken by the Plaintiffs in the amended plaint, stating therein that the registrations obtained by the Defendant are invalid and liable to be rectified and removed from the Register of Trade Marks, in view of Sections 9 and 11 of the Act; (i) the plea is prima facie tenable as this Court has rendered a prima facie finding that Defendant's trademark bears visual and phonetic resemblance to Plaintiffs' trademark and the respective services go hand in hand leading to likelihood of confusion, which connotes that Defendant's mark is vulnerable and registration ought to be cancelled under Section 11 of the Act; and (j) ingredients of Sections 9 and 11 of the Act are mirror images of Section 29 of the Act, which becomes evident when grounds of refusal under Section 11(1)(a) are compared with grounds of infringement under Section 29(1). This is fortified from the fact that in Amritdhara Pharmacy v. Satya Deo Gupta, AIR 1963 SC 449, the Supreme Court applied the test of purchaser with average intelligence and imperfect recollection in proceedings arising from rectification petition, whereas this Court relied on Amritdhara Pharmacy (supra), in Inter Ikea Systems BV v. Annanya Gautam,

2018 SCC OnLine Del 11665, which was a trademark infringement suit.

9. Learned counsel relied on the law laid down in the judgment of the Supreme Court in *Patel Field Marshal Agencies and Another v. P.M. Diesels Limited and Others*, (2018) 2 SCC 112, to contend that plea of invalidity of registration of Defendant's mark is *prima facie* tenable and, therefore, an issue be framed, enabling the Plaintiffs to seek cancellation of registration of the impugned trademark and consequent rectification of the Register. Reliance was also placed on the judgments in *Bacardi and Company Limited v. Bahety Overseas Private Limited and Others*, 2021 SCC OnLine Del 4956; *Encore Electronics Ltd. v. Anchor Electronics & Electricals Pvt. Ltd.*, 2007 SCC OnLine Bom 147 and *Amritdhara Pharmacy (supra)*, in support of phonetic and visual similarity of the rival marks. Judgments in *Ruston & Hornsby Ltd. v. Zamindara Engineering Co.*, (1969) 2 SCC 727; *Kaviraj Pandit Durga Dutt Sharma v. Navaratna Pharmaceutical Laboratories*, AIR 1965 SC 980 and *Cadila Health Care Ltd. v. Cadila Pharmaceuticals Ltd.*, (2001) 5 SCC 73, were cited for showing the tests laid down for determining deceptive similarity. To support the plea that *prima facie* view of a Court on infringement is a relevant consideration for *prima facie* tenability of invalidation plea, reliance was placed on *Abbott Healthcare Pvt. Ltd. v. Raj Kumar Prasad & Anr.*, 2018 SCC OnLine Del 6657 and *Arun Chopra v. Kaka-kha Dhaba Pvt. Ltd. and Others*, 2019 SCC OnLine Del 11166.

10. Per contra, learned Senior Counsel for the Defendant argued that:

a) pleadings in the plaint do not contain material particulars sufficient to frame an issue of invalidity as required by law under Order XIV CPC, even if the plaint is read as a whole;

b) suit as originally filed on 20.01.2016, lacked the plea of invalidity. However, even after the plaint was amended, only paragraph 25 was introduced, which does not contain the required particulars under Sections 47 and 57 of the Act. Plaintiffs have made a generic statement that registrations have been obtained fraudulently by the Defendant, with no material particulars of the alleged fraud. Likewise, with respect to the alleged similarity of rival marks and services being allied and cognate to support the plea of invalidity in view of Sections 9 and 11 of the Act, there are no pleadings or supporting documents. In *Maria Margarida Sequeira Fernandes and Others v. Erasmo Jack De Sequeira (Dead) Through Lrs.*, (2012) 5 SCC 370, the Supreme Court has held that if pleadings do not contain sufficient particulars and details, issues cannot be framed. In *Patel Field Marshal Agencies and Another (supra)*, the Supreme Court has held that an application under Section 124 of the Act can only be allowed if the civil Court is satisfied that an issue with regard to invalidity ought to be framed in the suit and issues can only be framed under Order XIV Rule 1 CPC on the basis of averments in the plaint. This principle was followed and reiterated by this Court in *Abbott Healthcare Pvt. Ltd. (supra)*, holding that for the Court to raise an issue qua the plea of invalidity, provisions of Order XIV Rule 1 CPC, which provide that issue arises where a material proposition of fact or law is affirmed by one party and

denied by the other, need to be applied and since in the present case, the plaint lacks necessary pleadings, the application deserves dismissal on this ground alone;

c) judgment of this Court in Arun Chopra (supra) cited by the Plaintiffs is distinguishable inasmuch as in that case, the Court after perusing the pleadings came to a conclusion that plea of invalidity of Defendant's trademark was raised in the plaint. Furthermore, in the said case, application under Order XXXIX Rules 1 and 2 CPC was finally disposed of, whereas in the present case, the application under Order XXXIX Rules 1 and 2 CPC, on which the interim order dated 09.05.2016 was passed, heavily relied upon by the Plaintiffs, is pending disposal. Respective trademarks of the parties, i.e., TRAVELEX and TRAVELXP are even otherwise neither phonetically nor visually similar and there is no likelihood of confusion even when used in respect of Classes 38, 39 and 43;

d) Defendant's user of the impugned trademark dates back to 2009, a fact not denied by the Plaintiffs and therefore, any challenge in 2019 to the registrations of the Defendant, is barred by acquiescence, delay and laches;

e) the services offered by the respective parties are wholly dissimilar. Merely because the services offered by the Defendant pertain to travel, it cannot be urged by the Plaintiffs that their services relating to travel exchange, travel insurance, etc. are similar or even allied and cognate to Defendant's services. When examined in the light of the tests/parameters laid down by this Court in FDC Limited (supra), it is clear that none of the tests are satisfied in the present case to enable this Court to hold that services of the Defendant are allied and cognate to those of the Plaintiffs. Another distinguishing feature of the said judgment is that in the said case, the trademark in question was unregistered and the judgment was not rendered in the context of Section 124 of the Act; and

f) plaintiffs have chosen a generic and descriptive word 'TRAVEL' to feature predominantly in their trademark. In the landmark judgment of the House of Lords in Office Cleaning Services, Ltd., v. Westminster Window and General Cleaners, Ltd., [1946] UKHL J0121-2, where the competing trade names were 'Office Cleaning Services Ltd' and 'Office Cleaning Association', it was held that Courts will not readily assume that the use by a trader as a part of his trade name of descriptive words already used by another trader is likely to cause confusion. In Nandhini Deluxe v. Karnataka Cooperative Milk Producers Federation Limited, (2018) 9 SCC 183, the Supreme Court held that a person cannot claim monopoly of a trade name in respect of all goods in the same class, let alone in different classes.

11. I have heard learned counsels for the parties and examined their respective contentions.

12. Present application is to be decided in accordance with provisions of Section 124 of the Act. At this stage, the Court is only required to render a prima facie view regarding tenability of the plea of invalidity of Defendant's registered

trademark. Law on Section 124 is no longer *res integra* and I may only allude to the judgment of the Supreme Court in case of Patel Field Marshal Agencies and Another (*supra*), relevant paras of which are as follows:

"31. Rather, from the résumé of the provisions of the 1958 Act made above, it becomes clear that all questions with regard to the validity of a trade mark is required to be decided by the Registrar or the High Court under the 1958 Act or by the Registrar or the IPAB under the 1999 Act and not by the civil court. The civil court, in fact, is not empowered by the Act to decide the said question. Furthermore, the Act mandates that the decisions rendered by the prescribed statutory authority [Registrar/High Court (now IPAB)] will bind the civil court. At the same time, the Act (both old and new) goes on to provide a different procedure to govern 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 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.

32. Conversely, in a situation where the civil court does not find a triable issue on the plea of invalidity the remedy of an aggrieved party would not be to move under Sections 46/56 of the 1958 Act but to challenge the order of the civil court in appeal. This would be necessary to avoid multiple proceedings on the same issue and resultant conflict of decisions.

33. The 1958 Act clearly visualises that though in both situations i.e. where no suit for infringement is pending at the time of filing of the application for rectification or such a suit has come to be instituted subsequent to the application for rectification, it is the Registrar or the High Court which constitutes the tribunal to determine the question of invalidity, the procedure contemplated by the statute to govern the exercise of jurisdiction to rectify is, however, different in the two situations enumerated. Such difference has already been noted.

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.”

13. Plain reading of Section 124(1)(b)(ii) of the Act shows that two ingredients are required to be met for an Applicant to succeed viz: (a) plea of invalidation; and (b) prima facie tenability. In view of the aforesaid binding dicta of the Supreme Court, the first point that needs examination is if the Plaintiffs have raised a plea of invalidity of registration of the impugned mark. Learned Senior Counsel for the Defendant is right in his submission that provisions of Section 124 of the Act require that a party must satisfy the Court that the plea of invalidity of registration of the Opponent’s mark is prima facie tenable and for the Court to raise an issue, provisions of Order XIV Rule 1 CPC are attracted, which provide that issues arise when a material proposition of fact or law is affirmed by one party and denied by the other. This proposition needs no reiteration and the principle is re-stated by this Court in Abbott Healthcare Pvt. Ltd. (supra). With this backdrop, pleadings in the present suit need to be analysed to see if Plaintiffs have laid the foundation supporting the plea of invalidity.

14. It is an undisputed position that the plea of invalidity of registration of Defendant’s trademark is not set out in the plaint, as according to the Plaintiffs, this fact was disclosed in the written statement. Plaintiffs thereafter sought amendment of the plaint, which was allowed and therefore, for the purpose of the present application, it is the amended plaint which requires to be examined. From a perusal of the amended plaint, it is evident that Plaintiffs have pleaded that Plaintiffs’ trademark TRAVELEX is a coined and invented trademark, inherently distinctive and registered in multiple Classes and that it is also prominently used along with other trademarks/trade names of the Plaintiffs in all promotional and advertising material. With reference to the impugned mark, Plaintiffs have pleaded phonetic, visual and structural identity/deceptive similarity between the rival trademarks and also averred that Defendant is using the infringing mark with mala fide intent to obtain undue monetary benefits by encashing on the substantial goodwill and reputation attached to Plaintiffs and their affiliate/ group companies. Plaintiffs have also pleaded that continued user of the infringing trade name by the Defendant for its business activities is likely to result in dilution, diminution and eventual erosion of the reputation in the trademark TRAVELEX. Allegations of erosion in the reputation and goodwill, assiduously built over the years by the act of the Defendant, which would reduce the capacity of the public to identify and distinguish services of the Plaintiffs originating from a particular source, also find mention in the plaint, in addition to identity/deceptive similarity in the activities of the respective parties. Significantly, in para 25, Plaintiffs also aver that the registrations have been obtained by the Defendant fraudulently and the same being invalid, deserve to be struck off from the Register of Trade Marks. Plea of violation of provisions of Sections 9 and 11 is also asseverated in the plaint, reserving the right of the Plaintiffs to take appropriate steps to initiate rectification proceedings. In my view, the pleadings are sufficient to lay a foundation for the plea of invalidity as

required under Section 124 of the Act and, therefore, the judgement in Maria Margarida (supra), will have no applicability in the present case. Even otherwise, it has been held in Abbott Healthcare Pvt. Ltd. (supra) that a litigant ought not to suffer for poor pleadings, and I quote para 39 of the judgment as under:-

"39. Though I have hereinabove observed that the pleas in the plaint pointed out by the counsel for the plaintiff are not requisite but following the principle enunciated in Teva Pharmaceutical Industries Ltd. v. Natco Pharma Ltd. (2014) 210 DLT 591 (DB) that the litigant ought not to suffer for poor pleadings and in view of the fact that Patel Field Marshal Agencies supra is of recent vintage and the counsels, on enquiry, state that there is no precedent on the said aspect, I am of the view that benefit should be given to the plaintiff and the aforesaid weakness in the pleadings of the plaintiff should not be allowed to come in the way of the plaintiff to now have an issue on the said aspect framed."

15. Looking at the plea of invalidity raised by the Plaintiffs on account of the alleged phonetic and visual similarity between the rival trademarks and the commonality of activity, which view is supported by the interim orders granted by this Court on 25.01.2016 and 09.05.2016, this Court is of the view that plea of invalidity is prima facie tenable. Learned Senior Counsel for the Defendant had emphatically articulated that the interim orders passed by this Court cannot be relied on by the Plaintiffs, as the threshold of an application under Section 124 of the Act is much higher. Albeit subtly, an argument was also raised that in some classes, registration is post the interim orders and the mark TRAVELXP carries suffixes such as HD, TAMIL, 4K HDR etc. and when seen as a whole are wholly different. Dissimilarities in the nature of services rendered and field of activities were also raised. In my view, these arguments cannot come to Defendant's aid at this stage. No doubt, the injunction orders passed by this Court are only interim orders, but they continue to operate till date and reflect the prima facie view of the Court. In any case, at this stage, this Court is only examining if the plea of invalidity raised by the Plaintiffs is prima facie tenable and the final decision on the validity of registration of the impugned mark will be taken only in the rectification petition, if and when filed. It would be open to the Defendant to defend its registrations on all grounds available in law, including alleged dissimilarity of marks which carry suffixes, if any and the services offered by the respective parties.

16. Contention of the Defendant that there is a delay in raising the issue of invalidity, only deserves to be rejected. Plaintiffs have averred in the plaint that in July, 2015, they discovered the use of the infringing trade name on cyber space and immediately served a cease and desist notice on the Defendant on 10.07.2015. However, when the Defendant failed to respond, the present suit was filed. As the record shows, the suit was originally filed on 20.01.2016. In the order dated 09.05.2016, on an application filed by the Defendant under Order XXXIX Rule 4 CPC, Plaintiffs stated that they were not aware of the registration of Defendant's trademark while the plea of the Defendant was that Plaintiffs had

concealed the registrations of the Defendant in Classes 38, 39, 41, 42 and 43. Taking note of the submissions, the Court modified the ex parte injunction order dated 25.01.2016, however, restraining the Defendant from offering its services under the impugned trademark in Classes 16, 35 and 36. Thereafter, Plaintiffs filed an application under Section 124 of the Act on 25.01.2017, which was withdrawn on 31.01.2019, with liberty to amend the plaint, since at that stage, the plaint was bereft of pleadings with respect to the plea of invalidity of Defendant's trademarks. Amendment application was thereafter filed and the same was allowed vide order dated 22.08.2019. Pursuant to the amendment in the plaint, the present application was filed on 03.09.2019. The sequence of events and dates does not, in my view, support the stand of the Defendant that there is a delay in raising the plea of invalidity.

17. As the issues have not been framed in the suit, it is deemed appropriate to frame an issue necessary for disposal of the present application. Accordingly, the following issue is framed:-

"Whether the registrations of the Defendant's mark TRAVELXP under application nos. 2015719 in class 16; 3415619 and 2827560 in class 35; 1791996 and 4193598 in Class 38; 1793715, 3415616 and 2827562 in Class 39 and 2015720 in Class 43 are invalid and liable to be cancelled/rectified? OPP"

18. In view of the provisions of Section 124(1)(b)(ii) of the Act, proceedings are adjourned for a period of three months, to enable the Plaintiffs to take appropriate steps, in accordance with law, to raise the plea of invalidity by preferring rectification proceedings, before the appropriate forum.

19. Application is accordingly allowed and disposed of.

CS(COMM) 51/2016

20. List before the learned Joint Registrar on 01.12.2022.