

C.R.P.Nos.2463,2464 and 2472 of 2019

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 27.05.2020

C O R A M

THE HONOURABLE MR.JUSTICE M. GOVINDARAJ

CRP Nos.2463, 2464 and 2472 of 2019

&

C.M.P.Nos.16163,16172 and 16179 of 2019

M.Murali

.. Petitioner in all cases

VS

Sri Krishna Sweets Private Limited
represented by its Chief Financial Officer
and Authorised signatory
Mr.K.Venkasubramanian

.. Respondent in all cases

Common Prayer in C.R.P.Nos.2463 and 2464 of 2019: Civil Revision Petitions filed under Article 227 of Constitution of India praying to set aside the judgment and decree dated 16.04.2019 passed by the III Additional District Judge, Coimbatore in I.A.Nos.1038, 1039 of 2018 in O.S.No.425 of 2016 and thereby direct the District Court to frame the additional issue regarding the validity of the petitioner's trademarks namely "404943, 484524

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C.R.P.Nos.2463,2464 and 2472 of 2019

and 494525 are liable to be rectified.

Prayer in C.R.P.Nos.2472 of 2019: Civil Revision Petition filed under Article 227 of Constitution of India praying to set aside the judgment and decree dated 16.04.2019 passed by the III Additional District Judge, Coimbatore in I.A.No.1040 of 2018 in O.S.No.425 of 2016 and thereby direct the District Court to recall and set aside the order dated 23.10.2018 passed in I.A.No.221 of 2018 in O.S. No.425 of 2016 and restore order of stay granted on 14.02.2018.

For Petitioner: Mr.Satish Parasaran, Senior Counsel
for
Mr.R.Parthasarathy

For Respondent: Mr.M.V.Krishnan, Senior Counsel
for
Mr. Sricharan Rangarajan

ORDER

Revision Petitioner is the defendant in the above suit for infringement.

2. All these three revisions are filed by him against dismissal of his petitions to frame additional issues; for grant of time to challenge the validity of trade mark registrations of Plaintiff: and to recall the order dated

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23.10.2018 passed in I.A.No.221 of 2018 in O.S.No.425/2016, by order dated 16.04.2019 by the trial court.

3. For the sake of clarity, the Revision Petitioner is called as defendant/revision Petitioner and the respondent as Plaintiff.

4. The litigation is between the siblings. Managing Director of the Plaintiff M.Krishnan is the elder and the defendant M.Murali is the younger. Their father Late Mr.N.V.Mahadeva Iyer, was running restaurant business in the name and style of Sri Krishna Bhavan and a building namely Sri Krishna Bhavan Complex. While defendant was studying in college, his elder brother started a business in the name and style of Sri Krishna Sweets in the year 1979. The defendant after completing his degree also ventured into business. The elder brother got registration of Trade Mark viz figure of Idol Krishna with the word Krishna in stylish letters in English bearing registration No.404943 dated 02.05.1983. Thereafter, the said Proprietorship concern was converted and floated as a Private limited company having the said M.Krishnan and his wife Usha Krishnan as Promoters. Thereafter

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Mr.Krishnan got trade mark registration for the word Krishna in stylish letters in English vide Certificate No.484524 dated 21.01.1988 and the word Krishna in bold English Capitals vide Certificate No.484525 dated 21.01.1988 in the name of M.Krishnan, trading as Sri Krishna Sweets, Coimbatore in Tamilnadu as Manufacturer and Merchant. On 23.03.2002, the defendant was inducted as Director and continued qua till 27.08.2010. In the meanwhile, the defendant opened his first retail outlet in the same name and style of Sri Krishna Sweets on 06.06.1996 at Pandy Bazaar, T.Nagar, Chennai. In the meanwhile, M.Krishnan assigned the registered trademarks in favour of Mrs.Usha Krishnan on 24.03.2002. By a resolution of Board of Directors dated 30.06.2002, a decision was taken to acquire the business of Sri Krishna Sweets as a going concern with effect from 01.07.2002. A Business Purchase Agreement was entered between Mr.M. Krishnan as Seller and the Plaintiff as Purchaser to take over the assets and liabilities w.e.f. 01.07.2002 on the basis of audited balance sheet as on 30.06.2002. The same was executed by the defendant as the representative Director on behalf of the Plaintiff. In the mean while the defendants business has also flourished. It is stated that the brothers in the meanwhile filed applications for registration of

Sri Krishna Sweets as trade mark and withdrew the same. These factual aspects as to whether the defendant started his business in the same name on oral permission of the elder brother or on his own right, whether the assignment is valid or not? and whether attempts were made to register the name Sri Krishna Sweets as trade mark are subject to trial. While so, under a Deed of Assignment dated 01/04.2015 the registered trademarks were assigned to the Plaintiff. The elder brother wanted to establish his rights and issued a notice in September 2015, whereas the younger brother denied the same and claimed that the assignment itself bad and he is entitled to equal rights as successor in interest. Hence the above suit for infringement came to be instituted.

5. Dates play an important role in this case.

6. The respondent/Plaintiff filed the suit for infringement against the revision petitioner/ defendant in O.S.No.425/2016 on 7.10.2016. Defendant filed his written statement on 23.02.2017. On 12.04.2017, the defendant filed an application for rectification before the IPAB under Sec 47 and 57 of the

Act, 1999. He also filed a Counter claim on 20.04.2017 seeking injunction as to Passing off and to declare the Assignment deed dated 01.04.2015, executed in favour of the plaintiff, to be null and void. The Plaintiff filed applications for interim injunction in I.A.No.886 to 888 of 2016, which were dismissed by trial court on 5.06.2017 and the dismissal was confirmed by the Hon'ble High Court in C.M.A.Nos.2266 to 2268/2017 by its order dated 18.09.2017. Thereafter respondent/Plaintiff filed his Written Statement to the Counter claim on 12.12.2017. On 21.12.2017 seven issues were framed by the trial Court, but none of the issues touched upon the question of invalidity of the registered trademark. In the month of January 2018 defendant filed a rejoinder to his counter claim, followed by a reply by the Plaintiff.

7. During the pendency of the suit, the Plaintiff filed a stay petition in I.A.No.221 of 2018 under Section 124 of the Trade Marks Act,1999(Act for short) for stay of suit pending disposal of the rectification applications filed by the defendant. Stay was granted on 14.02.2018 and while it was in force, the defendant/revision Petitioner served a Memo dated 20.08.2018 that he is filing a fresh application for rectification based on the basis of the order of

IPAB dated 21.05.2018. Immediately the Plaintiff filed a Memo on 20.08.2018 to vacate the stay and proceed with the trial, on which the counsel for defendant made a endorsement that fresh rectification application has already been filed. Simultaneously, the order of IPAB dated 21.05.2018 was challenged by the Plaintiff before the High Court in W.P.No.23271/2018 questioning the jurisdiction of IPAB to entertain the rectification applications in view of Sec.124 of the Act. Finding prima facie case, Hon'ble High Court granted stay on 06.09.2018. Incorporating the subsequent events, Plaintiff by another Memo dated 12.10.2018 sought for vacating the stay, annexing the order of IPAB dated 21.05.2018 in its website, which reads that "the applicant states that the above mentioned applications may be treated as abandoned and liberty may be granted to file the fresh application. Order is passed accordingly as liberty sought is granted. The applicant is allowed to file the fresh application" in SR No.24 to 26/2017/TM/CHN. The trial court by its order dated 23.10.2018 vacated the stay on the basis of the subsequent developments. Thereafter, on 29.10.2018 the revision petitioner filed three interim applications for framing additional issue, for granting time to file application for rectification and to recall the order dated 23.10.2018 vacating

the stay granted in I.A.No.221of 2018 in the above suit. After the filing of the above I.A's, Plaintiff filed a Memo dated 13.11.2018 in W.P.No. 23271 of 2018 before the Hon'ble High Court, based on which the Writ Petition was disposed of with a direction to trial court to dispose of the applications in I.A.Nos. 1038-1040 of 2018 within a period of two months. The trial Court dismissed the above interim applications on 16.04.2019.

8. The learned Senior Counsel appearing for the Petitioner would submit that the defendant has categorically raised the issues regarding invalidity of the trademark at para 2.5, 2.6, 3.11 and para 6, reply 6 of the written statement. Further the Plaintiff themselves admitted that there is pleading with regard to invalidity of the trademark and rectification and cancellation of the same and hence filed an application for stay under Sec.124 of the Act in I.A.No.221/2018 and the trial court after considering the same had granted stay of the suit. Hence, it shall be construed that sufficient pleading is there and additional issue ought to have been framed. Secondly, when stay was in force the defendant filed applications for rectification on 12.04.2017. Even though, they were returned for rectification

of defects, liberty was granted to file fresh applications. In that event, the filing of petitions shall be considered as representation of the petition and it will take effect from the date of its original filing. Delay cannot be attributed to filing of applications for rectification. Further the trial court need not give a direction to file an application for rectification, but *de hors* the same the defendant can file it. In ***Patel Field Marshal Vs P.M.Diesels 2018 (2) SCC 112*** it is categorically held that all questions regarding validity of the trademark is required to be decided by the Registrar or High Court and not by the Civil Court. Any decision of the statutory authority is binding on the civil court. When the Tribunal come into seisin of the matter, the trial court ought have framed the issue. When issues were framed the judgment of the Hon'ble Supreme Court in Patel Field Marshal was not in the knowledge of the defendant. Hence the trial court ought to have framed additional issue. On the other hand the trial court exceeded its jurisdiction in holding that the defendant abandoned his rights to question the validity, which falls within the jurisdiction of the Tribunal. Rule 7(4) of IPAB Procedure Rules, does not impose any bar for filing fresh applications.

9. He would refer to Para 39 of the judgment of Delhi High Court in *Abbott Health Care Pvt Ltd. Vs Rajkumar Prasad and other (MANU/DE/0198/2018)* wherein it is held that:

“Though I have hereinabove observed that the pleas in the plaint pointed out by the counsel for plaintiff are not requisite but following the principles enunciated in Teva Pharmaceutical Industries Ltd Vs Natco Pharma Ltd 2014(210) DLT591 (DB) that the litigant ought not to suffer for poor pleadings and in view of the fact that Patel Field Marshal Agencies supra is not 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 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.”

10. To buttress his argument that on a wholesome reading of pleadings and conduct of the plaintiff in filing petition under Sec 124 of the Act, additional issue should have been framed, he would refer to the judgment of

the same judge in **Sun Pharmaceutical Vs. Systopic Laboratories Ltd. 2018 (254) DLT 444** wherein it is observed that “the need for framing the additional issue has arisen owing to the subsequent dicta of the Supreme Court in Patel Field Marshal Agencies supra. For the reasons given in Abbott Healthcare Pvt Ltd. supra, issues can be so permitted to be amended.

11. He would further submit by abuse of process of law the Plaintiff attempts to thwart the exercise of his rights indirectly by getting the stay vacated. The memo filed for vacating the stay was not served on him and without notice and without hearing the defendant, the trial court erroneously passed the order. Hence the order has to be recalled and his applications filed for framing of additional issues; to grant extension of time to file the rectification application and to restore the stay shall be allowed by setting aside the orders of the trial court.

12. Per Contra, the learned Senior Counsel appearing for the Plaintiff would contend that the defendant has never raised any issue throughout his pleadings about the invalidity of the trademarks. On the other hand admits

the registration of the trademarks and existence of the same in the Register, by claiming superior right, much less equal right over the same as a successor in interest. Throughout the written statement, he has never raised any dispute with regard to the registered trademarks or its invalidity. Unlike framing an issue in an ordinary suit, application of mind as to the tenability of the issue is required in a suit for infringement of registered trademark. But in the written statement as well as counter claim there is no such averment is there. By averring that he has a superior right of unregistered trade mark over the registered trade mark of the plaintiff, admits the validity of the trademark. Further the defendant cannot take advantage of the stay petition filed by the Plaintiff as it is based on the averments of the defendant in his written statement that the rectification application was pending before the IPAB. But the defendant in his counter averred that he was ready to proceed with the issues framed as it is. Since the suit is pending before the civil court, plaintiff felt that the suit must be stayed till the maintainability of the rectification application itself is decided by IPAB. Even though the stay was granted on 14.02.2018, he had not pursued his remedy, but filed a memo dated 20.08.2018 after a period of six months to the effect that no application for

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rectification was pending. The conduct of the defendant would clearly show that he has adopted all delaying tactics by making false averments that applications for rectification were pending before IPAB. By not filing rectification application within three months from the date of interim stay, the defendant lost his rights to challenge the validity of registration of the trademarks. Even the second application was filed without getting any leave of the court as to the tenability of the issue. The present application for extension of time came to be filed only 29.10.2018, that is after alleged filing the rectification application on 22.05.2018, after period of five months. It is submitted that the present application for extension of time is hopelessly barred by limitation and there is no scope for granting any leave for the same. Further the issues were framed as early as 21.12.2017. The defendant filed his counter statement in I.A.No.221 of 2018 filed for stay on 09.02.2018, expressing his willingness to get along with the trial of the case, which means he had no qualms about the issues framed. Once he was satisfied with the same and not agitated before the appellate fora, he cannot raise the same without any pleadings at this distance of time. In support of his contention, he would refer to the observations of the Hon'ble High Court of Gujarat

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reported in Manu/GJ/0345/1998 (Patel Field Marshal Case supra) which was confirmed by the Hon'ble Supreme Court to the proposition of Scope and applicability of Sec124 of the Act, 1999, Consequence of non denial of plaintiffs pleading and raising of a defense, lack of pleading amounting to constructive *res judicata* and consequence of not insisting upon issue to be framed amounts to waiver of rights at Paragraphs 11-15. He would also refer to Manu/DE/0382/2000(Delhi High Court) Zulfiquar Ali Khan and ors Vs Straw products Limited & others; AIR 1967 SC 109 Jahuri Sah and ors Vs Dwarika Prasad Jhunjunwala and ors; AIR 2009 SC 2463-Seth Ramdayal Jat Vs Laxmi Prasad for the proposition Non denial by the defendant of the averments made in the plaint would amount to admission. For the purpose of grounds of questioning validity, it shall be within the scope of Sec. 9,11,12, & 13 of the Trade Mark Act,1958 as per the judgment reported in MANU/TN/2236/2007=2008(1)LW 474 T.T.K.Pharma Ltd vs Robapharm Ag, and the judgment of Hon'ble Supreme Court in Thukral Mechanical Works Vs PM Diesel Pvt Ltd and ors AIR 2009 SC 1443 for the principles of non user; He would also refer the judgment in ITC Ltd Vs Godfrey Phillips India Ltd reported in MANU/WB/0676/2010(High Court of Calcutta) & 14/42

MANU/WB/0298/2011 – (DB) for the scope of Sec.47 and MANU/WB/0043/1992 (Calcutta H.C) in Fosroc International Ltd Vs The Structural Waterproofing Co. With the support of the above judgments he would submit that the defendant has neither raised any grounds challenging the validity of registration so far nor raised any plea in his written statement stressing upon the tenability of his claim to frame an additional issue on this aspect. In fact by not raising any plea as to invalidity of registration even after framing issues on 21.12.2017 till filing of proof affidavit of PW1 before the trial court as held by the Hon'ble Supreme Court in Patel Field Marshal case, the defendant has abandoned the plea of invalidity. The present application is barred by limitation and made with an ulterior motive to protract the proceedings. Hence, he would pray for dismissal of the above revisions.

13. Facts narrated above are not disputed.

14. Firstly, the narrow issue revolves around framing of an additional issue as to validity of registration “whether maintainable or not”?

15. It is well settled that in a suit for infringement of trademarks, the Civil Court cannot merely frame issues on the basis of material propositions of fact and law affirmed and denied by the parties by way of pleadings or documents, but shall apply its mind to the prima facie tenability of the plea raised to frame the issue as to the validity of the trademark. Therefore, the plaintiff or defendant shall plead or raise a defence against the validity of registration. Mere pleading is not enough, but it should be specific insisting upon the court to frame an issue on this aspect.

16. Secondly, the sustainability of a petition filed under Sec 124 of the Act for extension of time at the time of commencement of trial.

17. The defendant relies on the plea raised by him at Para 2.5, 2.6, 3.11 and Para 6, reply 6. A reading of Para 2.4 denies the factum of proprietorship of the registered trademark of “Krishna” or unregistered mark “Sri Krishna Sweets either under assignment deed or business purchase agreement and is prohibited under Sec 40 of the Act.

18. Para 2.5 speaks about non user of the registered mark and the agreements pertain to use the name Sri Krishna Sweets and not of any of the marks for which registration had been obtained by the Plaintiffs predecessors. 2.6 states that the 3 registered trademarks stood abandoned several years ago and the Plaintiff has no legal right to sue as there is no nexus between the trademarks filed and Sri Krishna Sweets”

19. At Para 3.11, The trademark “Sri Krishna Sweets “ was conceived and adopted by Sri.N.K.Mahadeva Iyer, father of the defendant and M.Krishnan and business of manufacture and marketing sweets has been continued by the defendant and M.Krishnan till date and hence the plaintiff cannot claim exclusive right over the shared goodwill in the trade mark “Sri Krishna Sweets” Any attempt to register “Sri Krishan sweets”is wrongful and he is taking steps to rectify and oppose such applications made , including the pending attempt by Krishnan.

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20. At Para 6 Reply 6 would state that the registered marks are irrelevant to limited use of “Sri Krishna Sweets” an unregistered mark which

remain in common and concurrent use and enjoyment of the sons of Mahadeva Iyer. Since, neither the Plaintiff nor the defendant are using the said registrations, they wrongly remain on the register on account of non-use.

21. A wholesome reading of the written statement including the above paragraphs goes to show that the defendant all along consistently contesting the case on the ground that the registered trademarks have no nexus or relevance to the unregistered trade mark "Sri Krishna Sweets"/SKS, the assignment of the registered marks are not valid, Plaintiff cannot claim exclusive right over the marks as the defendant also has equal proprietorship.

22. In reply to Para 19 it stated by the defendant that the trade mark assigned to Mrs.Usha Krishnan, who never raised objections during the entire period she was the alleged owner of the trade mark and acquiesced the defendant's right over the trade mark. The symbol registered appearing in the logo in few advertisements used by the defendant in the initial days of business by inadvertence and does not also evidence any acknowledgement by the defendant any proprietary right in the said marks in the plaintiff.

However the same was rectified subsequently and the mark SRI KRISHNA SWEETS has been used by the defendant without mentioning the registered symbol. These averments clearly show that the focus of the defendant was fully on use of the name “Sri Krishna Sweets” of which he claims equal proprietary right through succession.

23. Even in the Counter claim he claims the right as Successor in interest and there is no competition between brothers in using the unregistered mark. Since the unregistered mark has been used even prior to the registration of the trademarks, claims superior right over the plaintiff who is the subsequent user from 1979. Further he claims to be co owner of the trademark and sought for injunction and declaration of assignment as null and void.

24. Thus throughout the pleadings the defendant claimed some right over the usage of unregistered mark “Sri Krishna Sweets” and the registered trade mark. The rectification is based on non user and assignment of the trademark prohibited under Section 40 of the Act. Nowhere in the pleading

the defendant raised any plea as the invalidity of registration nor the existence of the same in the Registers.

25. The judgment of Delhi High court Abbott Health Care P Ltd supra, both the parties have registered trademarks and the Plaintiff having knowledge of the registration of the trademark of the defendant pleaded that the trademark similar to his was surreptitiously registered in bad faith and invalidly remaining in the register. Intention to file rectification petition was specifically pleaded in the plaint itself. Despite the same issues were not framed. In those circumstances, the case was decided. In the same judgment following various judgments it is observed that mere a plea of invalidity in the pleading would not be enough to raise an issue of invalidity or to satisfy the court that the said plea is prima facie tenable. The party invoking Sec124 of the Act in its pleading will have to make specific averments that may entail it to have the registration of the mark of other expunged from the Register, even though no such relief can be claimed from the Civil Court. But in the instant case, I do not find any specific pleading attracting the invalidity as per Sec 9, 11, 12 and 13 of the 1958 Act. All it is claimed is that

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irrelevancy of the registered trade mark to the business name and equal or superior right over the unregistered mark.

26. It is true to state that the defendant is entitled to take inconsistent stands in his written statement. But for framing issues those inconsistent stands should give rise to a material proposition of fact and law affirmed by one party and denied by the other that necessarily and properly arise for determining the controversy involved. Issues cannot be framed on all propositions of fact or law found in the pleadings, much less on bald, vague and preposterous pleas. The court is required to apply its mind and understand the facts and frame bonafide and triable issues on material propositions and not on all illusory, vague and untenable pleas. The available pleadings are predominantly on the ground of non user. More over there is a clear difference between removal of registration and rectification of registration. As observed above, the invalidity of registration shall be specifically pleaded, but the pleading especially one at Para 19 of the written statement reads otherwise. As contended by the Plaintiff the pleading of non user will not fall under purview of Sec 124 of the Act.

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27. Even in the application filed under Sec 124(i)(b)(ii) of the Act also there is no specific pleading to that effect. It is merely stated that the relevant pleas were raised in the written statement, but due to the latest judgment of Hon'ble Supreme Court Patel Field Marshal's case it has become necessary to frame additional issue. It is relevant to mention the dates to understand the real position. The above suit was filed on 07.10.2016 and written statement on 23.02.2017. Rectification applications u/Sec 47 and 57 of the Act were filed before IPAB on 12.04.2017. Judgment in Patel Field Marshal by Division Bench of Gujarat High Court was pronounced on 25.11.1998 and confirmed by Supreme Court on 29.11.2017. Crucially the issues were framed only on 21.12.2017. Thereafter, on 08.02.2018, Plaintiff filed a stay petition u/S124 of the Act, in which the defendant filed a counter on 09.02.2018. Neither any plea regarding invalidity of the registration was raised nor was grievance against non framing of the issue raised. Curiously, the defendant had affirmed that he was ready and willing to get along with the trial on the seven issues framed by the trial court. Following the same lots of interlocutory applications, Civil Miscellaneous Appeals, Writ Petitions were filed. Once the defendant has taken that stand, he acquiesced

to the issues and is estopped from raising additional issue. The stay was vacated on the basis of orders passed by IPAB on 21.05.2018. Fresh application for rectification was also filed on 22.05.2018. But till date there is no steps taken to amend the written statement, but application for framing additional issue came to be filed on 29.10.2018 after a period of about 11 months after the pronouncement of judgment by Supreme Court without there being any specific pleading. The principle enunciated in Teva Pharmaceutical Industries Ltd followed in the above cited Abbott Health care Ltd supra will not apply to the case on hand, as there is no pleading as to invalidity of registration, much less poor pleading. Thus, in my opinion the defendant has not raised any clear, valid material proposition as to the invalidity of registration of trademarks throughout his pleadings and so also in the petition seeking extension of time.

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28. Filing of a petition Under Sec 124 will lie only where the validity of registration of trademark is questioned. In view of the above observation that the invalidity is not questioned, the petition itself is not maintainable. However the ratio settled by the various precedents has to be looked into.

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29. In so far as Sec 124 of the Act is concerned when validity is questioned there are two specific situations arise for staying the suit.

(i) If an application for rectification is pending before IPAB, before institution of the suit, the suit is automatically stayed for the decision of the Tribunal. The Civil Court has no jurisdiction to try the invalidity of registration of a trademark and is also bound by the decision of the concerned statutory authority.

(ii) If a suit for infringement of trademark is pending, maintainability of the rectification petition is subject to the contingency of framing of an issue by the trial court as to the tenability of the plea or defence raised by parties therein.

30. If an issue with regard to invalidity of trademark is not framed, the statutory authority cannot entertain an application for rectification and it is barred. If a party is aggrieved over framing or non framing of a material issue as to invalidity of the registered trademark, has to take up the matter on appeal against the decision of the trial court with regard to framing or non framing of the issue.

31. If an issue is framed the trial court will adjourn the suit for three months and may also extend the time for filing of rectification petition and the suit will remain stayed till disposal of rectification application by the tribunal.

32. Sec 124 of Trade Mark Act,1999 reads as under,

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 subsection (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.

33. As per the above provision as discussed above there are two situations. In the case on hand even before approaching the statutory authorities a civil suit came into being. In that event, maintainability of rectification application is contingent on framing of an issue by the civil court as to the invalidity of the trademark. If no such issue is framed, the only course available to the plaintiff or defendant is to challenge the order of the Civil Court in appeal. The aggrieved party cannot have a remedy to file application u/s 47/57 of the Act. But on the contrary it is noted that the defendant accepted the issues framed on 21.12.2017 without challenging the same. At the time of commencement of trial, the defendant turned around and filed a petition for framing of an additional issue as to invalidity of registration of trade mark. Once non framing of issue regarding validity of the trade mark was not questioned within time, it cannot be raised at a later point of time suiting his convenience. The defendant herein, by his own

conduct, has acquiesced with the order of the Civil Court in framing seven issues, cannot now turn around question the same. He is estopped from doing so and failure to challenge the same amounts to abandonment of his rights.

34. Even assuming that, as contended by the learned senior counsel for the defendant, the plaintiff himself has averred that the plea regarding pendency of rectification application will go to the root of the matter and obtained a stay, the defendant should have acted upon it within the time limit of three months specified in sub clause (ii) of clause (b) of Sub section (1) of Sec 124 of the Act, 1999. In the above case stay was granted on a petition filed u/s 124 of the Act on presumption that rectification applications were pending. But the order passed by the IPAB in SR No.24 to 26/2017/TM/CHN dated 21.05.2018 reads as under:

“the applicant states that the abovementioned applications may be treated as abandoned and liberty may be granted to file the fresh application. Order is passed accordingly as liberty sought is granted. The applicant is allowed to file the fresh application”.

35. The above order makes it clear that the application filed before IPAB was not even numbered and returned for rectification of defects. As per Rule 7 (3) OF IPAB Procedure Rules, the application shall be represented within the time stipulated in the return, failing which it will be treated as abandoned under Rule 7 (4) of the rules. The defendant failed to rectify the defects for about a year from 27.04.2017 and filed application for return of documents granting liberty to file it afresh. In effect the applications were abandoned and no application as pleaded in the defendant's rejoinder was actually pending. Referring to the order dated 21.05.2018, the stay granted on 14.02.2018 was vacated on 23.10.2018. From the Memo dated 20.08.2018, it is seen that the defendant was served with the same and it is submitted that orders were not passed as there was no sitting of the Presiding Officer on the said date. Even otherwise, the stay is liable to be vacated as there is no application for rectification was pending.

36. The statutory provision clearly envisages that if no such proceedings are pending, if the court is satisfied that the plea regarding invalidity of trademark is tenable raise an issue and the party may apply to

IPAB for rectification. But the stay was granted on the presumption that proceedings were pending. In that event, the defendant, at the least, should have taken steps to initiate the proceedings within three months thereof, viz 14.02.2018 , for framing an additional issue enabling him to approach the statutory authorities. Even assuming that the Trial Court is satisfied with the tenability of issue by virtue of granting stay the defendant should have moved the IPAB within three months. In spite of the stay granted, the defendant has not taken any effective steps to exercise or protect his rights. Sec.132 of the Act specify abandonment of application in case of default. Rule 97 and 98 of Trade Mark Rules prescribe time bound procedure for processing application for rectification. Rule 7(3)& (4) of IPAB procedure rules specify the time limit for rectification of defects and effect of its failure. The conspectus of the provisions reveal the rectification proceedings is time bound. As per Sec.124, three months is the limitation period unless extend by the Civil Court. By vacating the stay it is clear that the Trial Court has not granted any extension of time. In such circumstances, by operation of the Act, the plea of rectification, upon abandonment, must be understood to have ceased to exist or survive between parties inter se in the language of Hon'ble Supreme Court.

The Hon'ble Supreme Court in the case of ***Patel Field Marshal Agencies vs. P.M.Diesels Ltd, 1998 SCC Online Guj 394***, has observed as under:

“

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.*

.....

35. *The legislature while providing consequences for non-compliance with timelines for doing of any act must be understood to have intended such consequences to be mandatory in nature, thereby, also affecting the substantive rights of the parties. This is how Section 111(3) of the 1958 Act has to be understood. That apart, it is very much within the legislative domain to create legal fictions by incorporating a deeming clause and the court will have to understand such statutory fictions as bringing about a real state of*

affairs between the parties and ushering in legal consequences affecting the parties unless, of course, there is any other contrary provision in the statute. None exists in the 1958 Act to understand the provisions of Section 111(3) in any other manner except that the right to raise the issue of invalidity is lost forever if the requisite action to move the High Court/IPAB (now) is not initiated within the statutorily prescribed time frame.

36. Thus, by virtue of the operation of the 1958 Act, the plea of rectification, upon abandonment, must be understood to have ceased to exist or survive between the parties inter se. Any other view would be to permit a party to collaterally raise the issue of rectification at any stage notwithstanding that a final decree may have been passed by the civil court in the meantime. True, the decree of the Civil Court will be on the basis of the conclusions on the other issues in the suit. But to permit the issue of rectification, once abandoned, to be resurrected at the option of the party who had chosen not to

pursue the same at an earlier point of time would be to open the doors to reopening of decrees/orders that have attained finality in law. This will bring in uncertainty if not chaos in the judicial determinations between the parties that stand concluded. Besides, such an interpretation would permit an aggrieved party to get over the operation of a statute providing for deemed abandonment of the right to raise an issue relevant; in fact, fundamental to the lis.

37. It is well settled that mere depositing a petition into the Registry does not fulfill the requirement of filing. Filing of an rectification application takes effect when it is complete in its form and the judicial or quasi judicial forum takes cognizance of the matter. Till it is numbered and taken on file for consideration it cannot be considered it is filed and taken cognizance of. In the present case the rectification application filed by the defendant is an unborn child. As held by the Hon'ble Supreme Court in above paragraphs, the right to question the validity is lost for ever. Repeated applications will result in re-opening the issue which will lead to a situation of possible uncertainty

and possible anarchy. Para 37 of the judgment of the Hon'ble Supreme Court lays down the ratio in following lines:

“....

The position may be highlighted by reference to a suit for infringement where the defendant raises the plea of invalidity of the plaintiff's trade mark and also in the alternative takes up any of the defenses available in law. The defendant by operation of Section 111(3) of the 1958 Act is deemed to have abandoned the plea of invalidity. In the trial it is found that the defendant is guilty of infringement and is appropriately restrained by a decree of the Civil Court. If the right under Section 46/56 of the 1958 Act is to subsist even in such a situation, the possible uncertainty and possible anarchy may well be visualized. This is why the legislature by enacting Section 111 of the 1958 Act has mandated that the issue of invalidity which would go to the root of the matter should be decided in the first instance and a decision on the same would bind the parties

before the civil court. Only if the same is abandoned or decided against the party raising it that the suit will proceed in respect of the other issues, if any. If the above is the legislative intent, which seems to be clear, we do not see how the same can be overcome by reading the rights under Sections 46 and 56 of the 1958 Act to exist even in a situation where the abandonment of the same right under Section 111(3) has taken effect in law.”

38. It is also relevant to extract paragraphs 16 and 19 of the judgment of Hon'ble Division Bench of Gujarat High Court to clarify the legal position.

“.....

16. In ordinary course, once a suit has been filed for infringement of a registered trade mark, if the validity of registered trade mark is not denied in the written statement the fact is deemed to be admitted and trial proceeds on that basis. Later on the party failing to raise such issue cannot be heard to say that as no plea was raised, he is free to raise the same in later proceedings,

without leave of court. Parties are also subject to rule that all pleas that could have been raised but not raised must be deemed to have abandoned the same. On this principle, rule of constructive res judicata is founded. A suit for infringement is not excepted from the rule as far as parties to the suit are concerned. Like in any suit, parties are not precluded from raising new plea on grounds which come into existence later on and was not in existence at earlier. This supports the plank that if plea of invalidity is not raised in the suit, it amounts to admitting the validity of registration of trade mark by the defendant. Then too that party is precluded from challenging the registration on grounds existing at the time of filing written statement or at the time when the defendant had opportunity to raise such plea in the suit in any other manner, but had failed to do so.

.....

19. Assuming in the first instance as suggested by learned counsel for the appellant that no issue as to validity has been framed, we notice that the order framing issues clearly

records that 'no other issue is claimed'. Thus notwithstanding there being a clear pleading by the defendant on the suit, as to the invalidity of the mark of the plaintiff, the defendant has overtly abandoned a plea as to invalidity by not insisting on any other issue than the one framed by the trial court. It needs no elucidation that a plea which is raised in written statement but trial of which is not insisted upon by not insisting to frame an issue to that effect, such plea must be deemed to have been abandoned by the party raising the same in his pleadings. It becomes a case of overt abandonment. Once a person has abandoned the plea as to invalidity of the mark, he cannot raise fresh plea de hors the suit by filing a rectification application and resume such plea. If for any reason the defendant in the suit felt that he does not have sufficient material or sufficient grounds to challenge the validity of the mark of the plaintiff when the issues were framed, but later on as a result of discovery of fresh material giving fresh grounds to challenge the validity of the mark, the procedure open for the defendant was to

have raised that issue before the trial court, invite its attention to that plea, for consideration whether prima facie the same is tenable and asked for framing of issues to that effect, so as to enable him to approach the rectification forum for getting a decision on that issue. But, he cannot independent of the suit, raise the issue in a rectification application at any time after he has failed to raise such issue when he had opportunity to raise the issue and achieve indirectly what he failed to achieve directly by his own omission.

To sum up

1. A party who has not pleaded or raised a defence against validity or invalidity of registration of trade mark has no locus to file a petition under Section 124 of the Act.

2. After institution of a suit for infringement, IPAB is barred from entertaining an application for rectification without Civil Court being satisfied as to the tenability of issue of validity of registration of trade mark.

3. A party who has not challenged framing of issue or non framing of issue with regard to invalidity of trade mark, in appeal or revision within the period of limitation prescribed or within a reasonable time and allowed the matter to settle down by subsequent pleadings, is estopped from raising additional issue.

4. A party who has acquiesced to framing of issues, and has not raised any plea or defense in the subsequent pleadings also is estopped from raising an additional issue as to invalidity of trade mark registered or to file a petition u/s. 124 of the Act.

5. A party despite of availability of sufficient materials to raise a plea or invalidity of registration of trade mark, fail to raise the same cannot be permitted to raise the issue in his later pleadings, which amounts to constructive res-judicata.

6. Change of legal position will not entitle a party to raise an additional issue without specific pleading as to invalidity of the trademark registration.

7. A party who has not raised additional pleadings or defence supporting the validity or invalidity of trademark registration before framing of issue or fail to amend his pleadings with or without subsequent development after framing of issues, his action amounts to abandonment of his rights.

8. Change of legal position, bereft of specific pleadings as to validity or invalidity of registration of trade mark, cannot be a ground entitling a party or compel a Civil Court to frame an additional issue in that regard.

9. Failure to raise objections as to registration and continuance of the trade mark in the main as well as subsequent pleadings, even after filing rectification application, amount to admission of validity of registration.

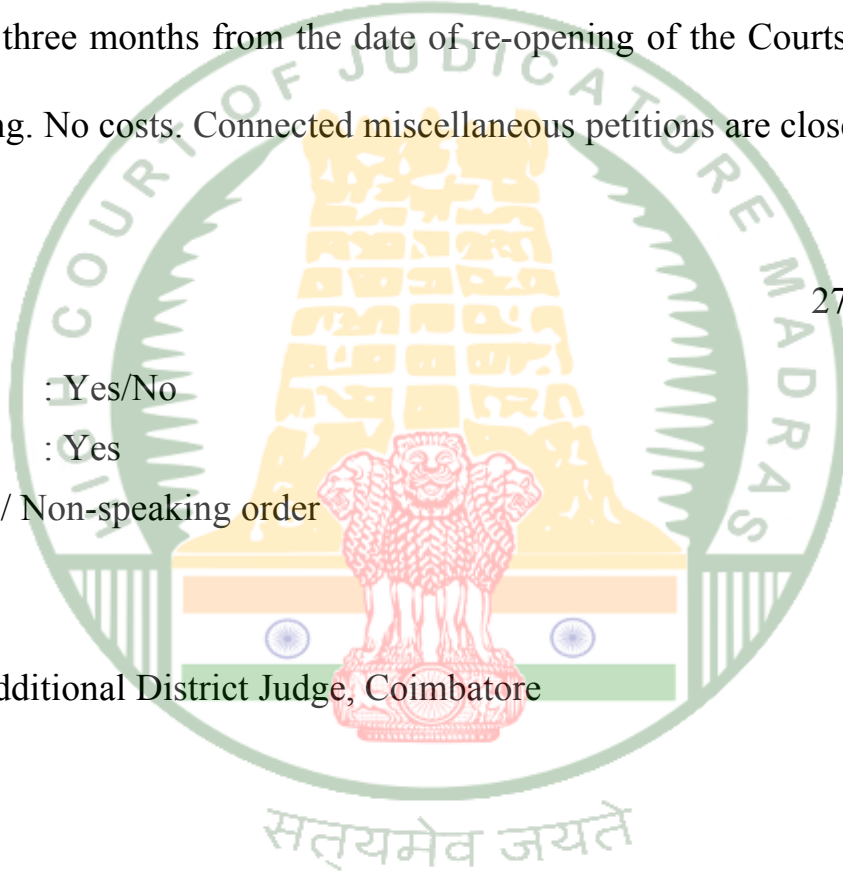
C.R.P.Nos.2463,2464 and 2472 of 2019

In view of the discussions, I find no discrepancy in the order passed by the Trial Court in I.A.Nos.1038, 1039 and 1040 of 2018 in O.S.No.425 of 2016 dated 16.04.2019. Accordingly, the Civil Revision Petitions are dismissed with a direction to the Trial Court to dispose of the suits within a period of three months from the date of re-opening of the Courts for regular functioning. No costs. Connected miscellaneous petitions are closed.

27.05.2020.

Index : Yes/No
Internet : Yes
Speaking / Non-speaking order

To
The III Additional District Judge, Coimbatore



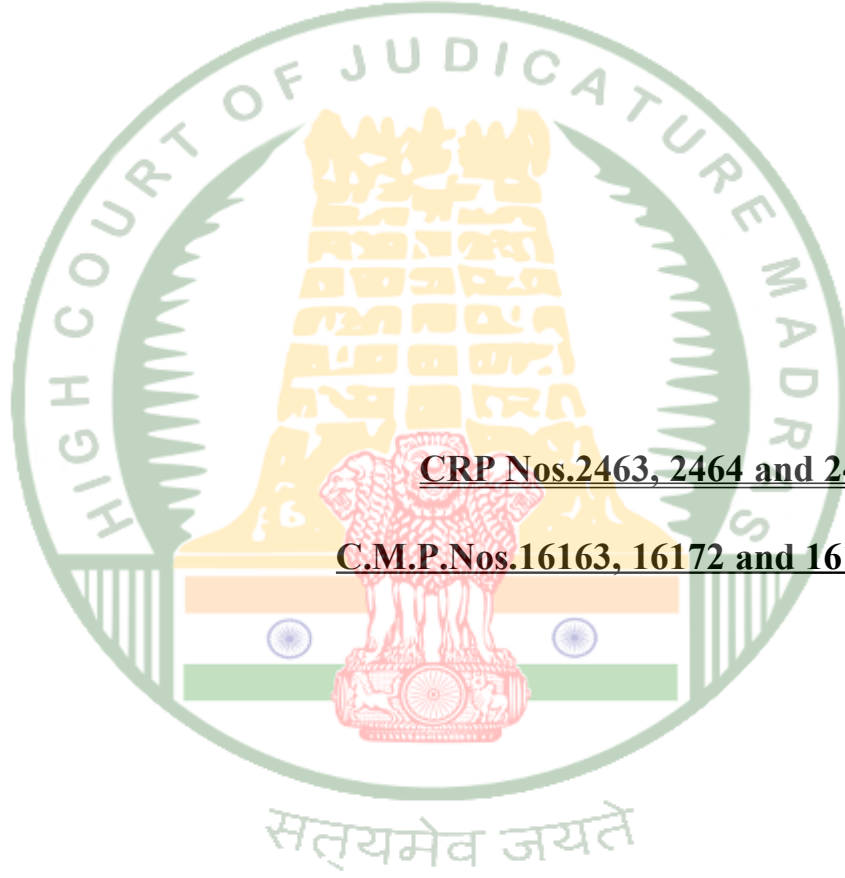
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M.GOVINDARAJ, J.

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