

Mr. Amrish Aggarwal Trading As M/S ... vs M/S Venus Home Appliances Pvt Ltd. & Anr on 27 September, 2023

Author: C. Hari Shankar

Bench: C. Hari Shankar

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IN THE HIGH COURT OF DELHI AT NEW DELHI
C.O. (COMM.IPD-TM) 258/2022

MR. AMRISH AGGARWAL TRADING AS M/S
MAHALAXMI PRODUCT

..... Peti

Through: Mr. S.K. Bansal and Mr. Aja
Amitabh Suman, Adv.

versus

M/S VENUS HOME APPLIANCES PVT LTD. & ANR

..... Respond

Through: Mr. Abhishek Semwal, Adv.

CORAM:

HON'BLE MR. JUSTICE C. HARI SHANKAR

O R D E R (OR

% 27.09.2023

1. In the present case, Suit 2019/2002 was instituted by respondent-Venus Home Appliances Pvt. Ltd. (hereinafter "Venus") against the petitioner-Mahalaxmi Product (hereinafter "Mahalaxmi") alleging infringement and passing off before the learned Additional District Judge (Commercial Court) ["the learned Commercial Court"]. The suit was subsequently renumbered Suit 2019/2002, 193/2005 and, thereafter, TM 1111/2016, in which avatar it exists today.

2. The mark which was asserted by Venus was "VENUS". The suit was instituted in 2002. In its written statement, Mahalaxmi challenged to the validity of the asserted VENUS mark.

3. During the pendency of the suit, Mahalaxmi instituted an This is a digitally signed order.

The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above. The Order is downloaded from the DHC Server on 01/10/2023 at 21:10:57 application under Section 124(1)1 of the Trade Marks Act 1999, for framing of an issue regarding invalidity of the "VENUS" mark and for adjournment of the proceedings by three months in order to enable the Mahalaxmi to file a rectification petition.

4. Even while the said application was pending, Mahalaxmi proceeded to file the present rectification petition (CO (COMM.IPD- TM) 258/2022) before this Court for rectification of the

register of trade mark by removal, therefrom, of the respondent's VENUS mark.

5. Could the present rectification petition have been filed before this Court even before the learned Commercial Court satisfied itself regarding the tenability of the challenge, by the petitioner-defendant to the VENUS mark asserted by the respondent-plaintiff?

5.1 The first question which would arise is whether the rectification petition could have been instituted even before the court framed an issue regarding validity of the defendant's mark and adjourned the proceedings by three months, as envisaged by Section 124(1)(ii).

124. Stay of proceedings where the validity of registration of the trade mark is questioned, etc. -

(1) Where in any suit for infringement of a trade mark -

(a) the defendant pleads that registration of the plaintiff's trade mark is invalid; or

(b) the defendant raises a defence under clause (e) of sub-section (2) of Section 30 and the plaintiff pleads the invalidity of registration of the defendant's trade mark, the court trying the suit (hereinafter referred to as the court), shall, -

(i) if any proceedings for rectification of the register in relation to the plaintiff's or defendant's trade mark are pending before the Registrar or the High Court, 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 High Court 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.

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5.2 The statutory scheme of Section 124 (1) and (2) is clear and unmistakable. The plaintiff institutes an infringement suit against the defendant. The defendant, in its written statement or elsewhere in the pleadings, questions the validity of the plaintiff's mark. The court will then first examine whether the challenge is tenable. If it is, the Court will frame an issue regarding the validity of the plaintiff's trademark. The court will proceed to adjourn the suit by three months. Rectification proceedings will be filed by the defendant, challenging the plaintiff's mark, within those three months.

5.3 In the present case, Venus has filed TM 1111/2016, alleging that Mahalaxmi is infringing its VENUS trademark. Mahalaxmi, in its written statement, has disputed the validity of the VENUS mark. That is all that has happened, thus far, insofar as the sequence of proceedings envisaged by Section 124 is concerned. The learned Commercial Court, before which the suit is pending, therefore, is required to first examine whether Mahalaxmi's challenge, to Venus' trademark is tenable. If it is, the learned Commercial Court has to frame an issue to that effect, and adjourn the proceedings by three months, in order to enable Mahalaxmi to file rectification proceedings before this Court challenging the VENUS mark. Mahalaxmi has then to file the rectification proceedings within the said period of three months. On filing of the rectification proceedings, the trial in TM 1111/2016 would not proceed, and would stand stayed pending disposal of the rectification proceedings by this Court.

5.4 In the present case, however, Mahalaxmi has filed the This is a digitally signed order.

The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above. The Order is downloaded from the DHC Server on 01/10/2023 at 21:10:58 rectification proceedings, by means of the present petition, before this Court, even before the learned Commercial Court has examined the tenability of the challenge, by Mahalaxmi, to the VENUS mark. In a manner of speaking, therefore, it has jumped the gun.

5.5 On this, I have, recently in Nadeem Majid Oomerbhoy v. Gautam Tank², observed that the statutory scheme envisages the filing of a rectification petition only after an issue is framed by the Court and the suit is adjourned by three months. Though Section 124 does not require the leave of the Court to be obtained before a rectification petition is filed, the litigative sequence outlined in Section 124 undoubtedly envisages the filing of the rectification petition only after framing of the issue regarding validity and adjournment of proceedings by three months.

5.6 Mr. Bansal has, however, invited my attention to the judgment of a Division Bench of this Court in Puma Stationer P. Ltd. v. Hindustan Pencil Ltd.³, authored by Madan B. Lokur J., as his lordship then was.

5.7 Though, in Puma Stationer³, the rectification petition was filed prior to the institution of suit, the decision refers, in para 8, to an earlier decision in Elofic Industries (India) v. Steel Bird Industries⁴, from which the following extract has been reproduced by the Division Bench:

"It is not disputed that after the service of the summons in the 2023 SCC OnLine Del 5589 (2010) 43 PTC 479 AIR 1985 Del 258 This is a digitally signed order.

The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above. The Order is downloaded from the DHC Server on 01/10/2023 at 21:10:58 present suit, the defendants filed their written statement on 14- 9- 1983 and simultaneously filed C. O. No. 17/1983, a petition under Ss. 107, 46 and 56 of the Trade & Merchandise Marks Act for the rectification of the plaintiffs trade Mark No. 252967-B in Class 7, dated. 7-11-1968. S. 111 seeks to prevent parallel enquiries in the same matter. The intention of the Legislature is that the Court

trying the suit must wait for the result of rectification proceedings before it passes any final order or decree involving the validity of the registration. Instead of requiring the Court to raise an issue regarding the invalidity of the plaintiff's registration of the trade mark, the defendant filed the rectification proceedings. In my opinion this is a substantial compliance with the provisions of clause (B)(ii) of sub-section 1 of S. 111 of the Trade & Merchandise Marks Act. Even otherwise under S. 151 of the Code P.C. this Court under its inherent powers can grant the stay of the action of the plaintiff, as no useful purpose would be served by proceeding with the case while the plaintiff's trade mark is in jeopardy and the outcome of the rectification proceedings is awaited."

(Emphasis supplied) 5.8 In para 9 of Puma Stationer³, the Division Bench has endorsed the decision in Elofic⁴.

5.9 Though neither has the learned Single Judge in Elofic⁴, nor has the Division Bench in Puma Stationer³, particularly addressed the issue of whether, in a suit which has already been instituted, a rectification petition could be filed even before issues are framed under Section 124(1)(ii) by the Court and the suit is adjourned, that in fact was what was done in Elofic⁴. In Elofic⁴, the rectification petition was filed simultaneously with the filing of the written statement. The applicable provision at that time was Section 111 5 of

111. Stay of proceedings where the validity of registration of the trade mark is questioned etc.--

(1) Where in any suit for the infringement of a trade mark--

(a) the defendant pleads that the registration of the plaintiff's trade mark is invalid; or

(b) the defendant raises a defence under clause (d) of sub-section (1) of Section 30 and the plaintiff pleads the invalidity of the 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 This is a digitally signed order.

The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above. The Order is downloaded from the DHC Server on 01/10/2023 at 21:10:58 the Trade and Merchandise Act 1958 (the TMAA 1958). Paras 10 and 42 of the judgment of the Supreme Court in Patel Field Marshal v. P.M. Diesels Ltd⁶ recognises that Section 111 of the TMAA 1958 is in pari materia with Section 124 of the present Trade Marks Act and that the law that developed with respect to Section 111 of the TMAA 1958 would apply mutatis mutandis to Section 124 of the present Trade Marks Act.

"10. The aforesaid question which arises in the present appeals in the context of the 1958 Act continues to be a live issue in view of the pari materia provisions contained in the Trade Marks Act, 1999 i.e. Sections 47, 57, 124 and 125 of the Trade Marks Act, 1999 (hereinafter referred to as "the 1999 Act").

42. While Section 32 of the 1958 Act, undoubtedly, provides a defence with regard to the finality of a registration by efflux of time, we do not see how the provisions of the aforesaid section can be construed to understand that the proceedings under Sections 46 and 56 on the one hand and those under Sections 107 and 111 on the other of the 1958 Act and the *pari materia* provisions of the 1999 Act would run parallelly. As already held by us, the jurisdiction of rectification conferred by Sections 46 and 56 of the 1958 Act is the very same jurisdiction that is to be exercised under Sections 107 and 111 of the 1958 Act when the issue of invalidity defendant's trade mark are pending before the Registrar or the High Court, 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 *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 High Court 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 insofar 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 making any interlocutory order (including any order granting an injunction, directing accounts to be kept, appointing a receiver or attaching any property), during the period of the stay of the suit.

(2018) 2 SCC 112 This is a digitally signed order.

The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above. The Order is downloaded from the DHC Server on 01/10/2023 at 21:10:58 is raised in the suit but by observance of two different procedural regimes."

5.10 The Division Bench in Puma Stationer³ has approvingly cited Elofic⁴, in which the rectification petition was filed along with the written statement, before framing of any issue in the suit or

adjournment of the proceedings.

5.11 Sitting singly, I do not deem it appropriate, therefore, to enter into the issue of whether a rectification petition could be instituted by the defendant after filing of the suit even before an issue regarding validity is framed by the court and the matter is adjourned.

5.12 In view of the decision in Puma Stationer³, the present rectification petition cannot, therefore, be dismissed as not maintainable merely because it has been filed in advance of any issue being framed by the learned Commercial Court on the tenability of the challenge, by Mahalaxmi, to the VENUS mark of Venus, or the framing of an issue in that regard.

5.13 I hasten to clarify, however, that this Court has not examined the tenability of the challenge, by Mahalaxmi, to the VENUS mark of Venus. That issue is left open, to be decided by the learned Commercial Court in the Section 124 application filed by Mahalaxmi. The question of examining the present rectification petition on merits would, therefore, arise only if the learned Commercial Court finds the challenge, by Mahalaxmi, to the VENUS mark of Venus, to be tenable and frames in issue in that regard.

6. Despite Section 124(2) of the Trade Marks Act continuing to remain on the statute book, does the filing of a rectification petition This is a digitally signed order.

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6.1 A more involved issue, however, has arisen, in view of the decision of a coordinate Single Bench of this Court in Sana Herbals Pvt. Ltd. v. Mohsin Dehlvi⁷. Section 124(2) of the Trade Marks Act clearly states that, on filing of a rectification petition - consequent to framing of an issue under Section 124(1)(ii) - the infringement suit shall stand stayed. Mr. Bansal submits that this position of law does not survive now, after the abolition of the Intellectual Property Appellate Board (IPAB) and the replacement of the jurisdiction of IPAB with this Court.

6.2 Mr. Bansal has drawn my attention, in this context, to the judgment of a coordinate single Bench of this Court in Sana Herbals⁷, para 7 of which reads thus:

"7. In Patel Field Marshal Agencies⁶., the Supreme Court observed that where, during the pendency of a suit, a rectification application is filed, the application can be pursued only upon a finding by the Civil Court on the prima facie tenability of the plea of invalidity. If the Civil Court does not find a triable issue on the plea of invalidity, then the said application cannot be pursued. The Supreme Court noted that this was necessary so as to avoid multiple proceedings on the same issue and the possibility of conflicting decisions. However, there have been subsequent developments since the passing of judgment in Patel Field Marshal Agencies (supra). In terms of the Tribunals Reforms Act, 2021, the IPAB has been abolished and the jurisdiction to decide rectification petitions now vests with the High Court under Section 21 of the Act. Therefore, now the suit as well as the rectification

applications have to be decided by one authority alone i.e. the High Court and resultantly, there cannot be any possibility of conflicting decisions. Hence, the rectification petitions can be clubbed with the civil suits and there is no requirement of staying the civil suit.

(Emphasis supplied) 6.3 Sana Herbals⁷, therefore, holds that, as the power to decide a This is a digitally signed order.

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6.4 There are four reasons why this view does not appear, to me, to be acceptable.

6.5 Firstly, it is directly contrary to Section 124(2), and I do not see how a Court can rule contrary to the statute, howsoever equitable it may appear to do so.

6.6 Secondly, Section 124(2) ipso facto stays the suit, by legislative fiat, on a rectification petition being filed. There is no requirement of any orders being passed by the Court for the suit to be stayed. The stay of the suit is an inexorable legislative consequence to the filing of the rectification petition.

6.7 Thirdly, the legislature has consciously chosen to retain Section 124(2) in the statute, even after the power of rectification has been restored to the High Court, consequent on abolition of the IPAB. Section 124(1) has also suitably been amended, by replacing the words "the Tribunal", with "the High Court". In my view, the Court cannot, by a judicial decision, defeat the legislative intent of retaining Section 124(2) in the Trade Marks Act.

6.8 Fourthly, Sana Herbals⁷, in holding that there is no requirement of staying the suit, rules contrary to Puma Stationer³, rendered by a 2022 SCC OnLine Del 4482 This is a digitally signed order.

The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above. The Order is downloaded from the DHC Server on 01/10/2023 at 21:10:58 Division Bench, which it has not noticed. Puma Stationer³ dealt with an identically worded Section 124, which contemplated the rectification petition being filed before the High Court. The decision specifically holds that, once a rectification petition is filed, stay of the pending suit, at least qua infringement, is mandatory, though the suit can proceed so far as passing off is concerned.

6.9 The Coordinate Bench has, in holding that it is not necessary to stay the suit once a rectification petition is filed under Section 124(1)(ii), justified the decision on the premise that, now, with the abolition of the IPAB, rectification proceedings are also decided by the High Court. In my respectful opinion, the learned Coordinate Bench has effectively held Section 124(2) to be no longer applicable after the abolition of the IPAB and the transfer, to the High Court, of the jurisdiction of rectification

earlier vested in the IPAB. I have serious doubts as to whether such a finding can be returned by a Court, especially where Section 124(2) was never under challenge.

7. Moreover, it is not as though the retention of Section 124(2) on the statute book is an incidence of legislative oversight. Consequent on rectification jurisdiction returning to the High Court, after the abolition of the IPAB, Section 124(1) has been amended by the Legislature by the Tribunal Reforms Act, 2021. The words "Appellate Board" in Section 124(1) have been replaced by the words "High Court". The Legislature has, therefore, duly recognised the fact that rectification proceedings would have to be instituted before the High Court and not before the IPAB and has duly amended Section 124(1). Even so, the legislature has not chosen either to delete or This is a digitally signed order.

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8. Any view by the Court that there is no requirement of staying the suit would, therefore, be directly contrary to Section 124(2). Where the Legislature has not chosen to delete Section 124(2) from the statute book, I have my serious reservations as to whether the Court can adopt a view that, given the present scenario, there is no requirement of staying the suit pending disposal of the rectification proceedings. At the cost of repetition, the stay of depending infringement suit, on a rectification petition being filed under Section 124(1)(ii), does not require any judicial order; it is an inexorable statutory consequence of the filing of the rectification petition.

9. The view of the learned Coordinate Bench that, with rectification jurisdiction now being vested in the High Court, there is now no requirement of staying the infringement suit, consequent on the rectification petition being filed under Section 124(1)(ii), therefore, in my view, perilously teeters on the edge of judicial legislation.

10. Learned Counsel for the parties candidly acknowledge that they are not aware of any Division Bench which has pronounced on this issue.

11. As the decision in Sana Herbals⁷ has been rendered by a Coordinate Single Judge of this Court, and as this issue would impact This is a digitally signed order.

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12. As such, I refer the following question of law to the Division Bench of this Court for consideration and decision:

"Whether the view by the Coordinate Single Bench in para 7 of Sana Herbals⁷, that, after the abolition of the IPAB, there is no requirement of staying a civil suit during pendency of the rectification petition, even where the rectification petition is instituted under Section 124 of the Trade Marks Act, can sustain, in view of Section 124(2)?

13. The Registry is directed to place the papers of this matter before the Hon'ble Chief Justice of this Court so as to assign this matter to an appropriate Division Bench for deciding the question framed hereinabove.

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14. In the above circumstances, re-notify this petition on 9 November 2023.

C. HARI SHANKAR, J.

SEPTEMBER 27, 2023 dsn This is a digitally signed order.

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