

Arun Colour Chem & Ors. vs Mithumal Essance Mart & Anr on 14 September, 2009

Author: S. Muralidhar

Bench: S.Muralidhar

IN THE HIGH COURT OF DELHI AT NEW DELHI

CS(05) 375/2005

ARUN COLOUR CHEM & ORS. Plaintiff
Through: Mr. Pravin Anand, Advocate

versus

MITHUMAL ESSANCE MART & ANR Defendant
Through: Mr. Sushant Singh, Advocate

CORAM:
HON'BLE DR. JUSTICE S.MURALIDHAR

1. Whether reporters of the local newspapers
be allowed to see the judgment? No
2. To be referred to the Reporter or not? Yes
3. Whether the judgment should be reported in the Digest? Yes

ORDER

14.09.2009

1. This suit is filed by Arun Colour Chem, i.e. the Plaintiff No. 1 and Arun Colouchem Private Limited, i.e. the Plaintiff No. 2. The plaint as originally filed sought a permanent injunction to restrain the Defendants from using on their products any mark identical or similar to the Plaintiff's mark and label that would amount to passing off of the Plaintiff's registered trademark SUN and the SUN BRAND Label Mark. It has sought to restrain the defendants from infringing the Plaintiff's copyright in the SUN BRAND Label. Other prayers included an order for rendition of accounts and an order for damages. On 21st August, 2007, this Court allowed the I.A. No. 9498/2007 under Order 6 Rule 17 CPC permitting the Plaintiffs to amend the plaint on the basis of a registration certificate for the word mark SUN having been granted to Plaintiff no. 2 by the Trade Mark Registry on 3rd February, 2007. Consequent upon the amendment being allowed, the amended plaint was

taken on record. The amended prayer in para 19 seeks the relief of permanent injunction against the Defendants with respect to the infringement of the trade mark SUN in class 30 under No. 842504.

2. Plaintiff No. 1, Arun Colour Chem, is a partnership firm established in the trade of manufacture and sale of inter alia food colours and flavours in the year 2003. It carries on its business in Punjabi Bagh, New Delhi. Plaintiff No. 2, Arun Colourchem Private Limited, is a company registered under the Companies Act, 1956 in Haryana. This suit is instituted through Mr. Vam Dev Bhardwaj who is a partner in Plaintiff No. 1 and the Managing Director of Plaintiff No. 2.

3. The Plaintiff No. 1 claims to be the proprietor of the trademark SUN and the composite SUN BRAND Label Mark in respect of food colour preparations. The Plaintiffs state that their predecessor in right, title and interest, Arun Chemical Industries adopted the inherently distinctive composite SUN BRAND Label Mark in the year 1973 in respect of food colour preparations which it used till the year 1997 when the Plaintiff No. 2 acquired and took over its running business. Thereafter, the Plaintiff No. 2 extensively and continuously used and promoted the said composite trademark till 2003 when the Plaintiff No. 1 acquired the trademarks SUN and the composite SUN BRAND Label Mark along with the subsisting goodwill and reputation from the Plaintiff No. 2. The Plaintiffs claim to have extensively and continuously used the said Label Mark for the last three decades.

4. It is stated that due to an inadvertent error, the Plaintiff was unable to renew registration of the SUN BRAND Label Mark. As already noticed, during the pendency of the suit, the Plaintiff obtained the registration for the word mark „SUN on 3rd February 2007.

5. The Defendant No. 2, Jay Industries is a partnership firm having its registered office at Ahmedabad, Gujarat. It is engaged in the manufacture and trade of food colours since 1999 and also manufactures blended colours. The Defendant No. 1, Mithumal Essance Mart is located at Ahmedabad, Gujarat. The Plaintiffs state that in the month of February 2004, they came across SUN BRAND food colour preparations being manufactured by the Defendant No. 2 and marketed by Defendant No. 1. Ex. DW- 1/1 is the copy of the registration certificate of the trademark „Sun Brand granted in favour of the Defendant No. 1 and Ex. DW 1/X1 is a Journal notification in respect thereof. DW - 1/2 is the copy of registration certificate of copyright for the title "SUN BRAND"

in favour of the Defendant No. 1. The allegation by the Plaintiff is that the label used by Defendant No. 2 is a virtual copy of the Plaintiff's label in every minute detail.

6. This court passed an order on 21st March 2005 granting an ad interim ex-parte injunction. Later after pleadings were complete, issues were framed on 21st January 2006. A preliminary issue was whether this Court has territorial jurisdiction to try the present suit.

7. Mr. Sushant Singh, learned counsel for the Defendant submits that even in the amended plaint, Plaintiff no. 2 continues to be shown as having its office at Bhadurgarh, Haryana. Since Plaintiff no. 2 does not have its office within the jurisdiction of this Court, the suit on its behalf is not

maintainable even for infringement of the registered trade mark in terms of Section 134 of the Trade Marks Act, 1999 (TM Act). As regards the prayer for infringement of the copyright in the Plaintiff's Sun Brand Label, it is pointed out by learned counsel for the Defendant that there is nothing to show that Plaintiff no. 2 has assigned the copyright to Plaintiff no. 1 in writing as required under Section 19 of the Copyright Act 1957 (CR Act). He states that for the purpose of Section 62 (2) CR Act although Plaintiff No. 1 may have its office within the jurisdiction of this Court, in the absence of any assignment to it of the copyright by Plaintiff no. 2. The suit for infringement of copyright even on behalf of Plaintiff no. 1 is not maintainable.

8. Both the aforementioned submissions turn on whether in fact Plaintiff no. 2 has an office in Delhi. This is purely a question of fact. The trade mark certificate issued in favour of Plaintiff no. 2 on 3rd February, 2007 has been placed on record. It has, in fact, been marked as Ex. PW-1/12. It clearly indicates that the address of Plaintiff No. 2 is 4/61, Punjabi Bagh, New Delhi-110 026. Mr. Anand states that this is in fact the address of the Plaintiff no. 2. He states that a formal application for further amending the cause title to reflect the said address of Plaintiff No. 2 could have been filed but that would have only further delayed the proceedings. He states that Plaintiff no. 2 in fact does have its address at the aforementioned premises which is within the jurisdiction of this Court.

9. If in fact Plaintiff No. 2 also has an office in New Delhi, then for the purpose of either Section 134 of the TM Act or Section 62 (2) of the CR Act this Court would have territorial jurisdiction to try a suit seeking reliefs of infringement of trade mark as well infringement of the copyright. Even without going into the question whether Plaintiff No. 2 has validly assigned the copyright to Plaintiff No. 1, since one of the Plaintiffs claiming to hold the copyright is within the jurisdiction of this Court, the suit for infringement of copyright would be maintainable in this Court in terms of Section 62 (2) of the CR Act.

10. It is submitted by Mr. Sushant Singh that it is the suit as originally instituted, which will have to be looked into in order to determine whether there was inherent lack of jurisdiction for this Court to try the suit. He relies on the decision in Kiran Singh Vs. Chaman Paswan, AIR 1954 SC 340. This Court is unable to agree with the above submission that irrespective of the subsequent change, on the basis of which the amendment in the plaint has been permitted, this Court should still go by only the unamended plaint and determine whether it has jurisdiction. If, on the basis of the trade mark registration certificate issued in favour of Plaintiff no. 2 showing its address at Delhi, the plaint has been permitted to be amended, this Court fails to understand why it should not take notice of the fact that as of today Plaintiff No. 2 does have an office at Delhi.

11. For the aforementioned reasons this Court holds that it has territorial jurisdiction to try the present suit. The issue is decided in favour of the Plaintiff and against the Defendant.

12. As regards the remaining issues, it is submitted by learned counsel for the Defendant that it holds valid registrations in its favour having been issued by the Trade Mark Registry in Gujarat. Mr. Anand has placed on record the communication issued by Deputy Registrar of the Intellectual Property Appellate Board, Chennai, showing that there is an application ORA/154/2007/TM/AMD/8105 filed by the Plaintiff seeking rectification/removal of Trade mark

No. 1191875 in Class 30 in favour of the SUN Brand. He also placed on record a copy of communication dated 16th July, 2008 of the L.O. and Dy. Registrar of Copyright showing that the Plaintiff No. 2 has filed a petition under Section 50 of the Copyright Act, 1957 for the rectification of ROC No. A-68344/2005 which is the copyright registration in favour of the Defendant herein.

13. Section 124 (1) Trade Mark Act, 1999 reads as under:-

"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 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."

Section 124 (4) Trade Mark Act, 1999 states as under :-

"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."

14. As far as the question of infringement of the Plaintiff's trade mark and defence of the Defendant that it has a valid registration of an identical mark in its favour, issues no. 2, 3 and 4 have been framed by this Court vide order dated 20th January, 2006. This Court would therefore have to await the outcome of the rectification proceedings referred to hereinabove under Section 124 (4) before deciding those issues. The final order in the rectification proceedings would bind the parties and this Court is required to dispose of the suit in conformity with the said order of rectification proceedings.

15. It was sought to be urged by Mr. Sushant Singh that normally an order staying the suit seeking permanent injunction for infringement of registered trade mark under Section 124 of the TM Act, 1999 is passed at an interlocutory stage and not when the suit is at the stage of final hearing.

16. This Court is unable to agree with the above submission. The wording of Section 124 (1) does not indicate that an order staying the proceedings cannot be passed at any time before the disposal of the suit or that it can be passed only at an interlocutory stage. Moreover, when the applications for rectification have been filed by the Plaintiff only in October and December 2007, there is no occasion for this Court to have considered earlier whether the provisions of Section 124 of the TM Act stood attracted. It appears to this Court that there is no option but to stay the further proceedings in terms of Section 124 of the TM Act.

17. It is then submitted by Mr. Sushant Singh that since there is no parallel provision in the CR Act no stay of the proceedings qua the reliefs of permanent injunction for infringement of copyright can be granted. No doubt issue nos. 4, 5 and 7 deal with the issue of infringement of copyright and there is no provision parallel to Section 124 of the TM Act in the CR Act. Nevertheless this Court is bound to take note of the subsequent development in the form of the pendency of the rectification petition filed by the Plaintiff under Section 50 of the CR Act, challenging the grant of copyright in favour of the Defendant. Here, this Court notices that the defence of the Defendant is that it holds a valid trademark and copyright registration in an identical label. The outcome of the rectification proceedings would, therefore, have a direct bearing on the remaining three issues.

18. The prudent course to adopt would be to await the outcome of the rectification proceedings even as regards the question of its infringement of copyright.

19. This Court accordingly stays further proceedings in the present suit and directs the parties to mention the case for listing after the final order is made in the abovementioned rectification petitions.

20. Adjourned sine die.

S. MURALIDHAR, J.

SEPTEMBER 14, 2009 mr