

Balar Marketing Pvt. Ltd. vs Lakha Ram Sharma Proprietor Of Kundan ... on 27 March, 2025

Author: Amit Bansal

Bench: Amit Bansal

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* IN THE HIGH COURT OF DELHI AT NEW DELHI

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Date of decision: 27th Ma

+ CM(M)-IPD 5/2025 with CM 43/2025 and CM 44/2025
BALAR MARKETING PVT. LTD. ...

Through: Mr. Akhil Sibal, Senior
with Mr. Ajay Amitabh S
Mr. Shravan Kumar
Mr. Deepak Srivastava, M
Gupta and Ms. Ridhie Ba
Advocates.

versus

LAKHA RAM SHARMA PROPRIETOR
OF KUNDAN CABLE INDIA ...

Through: Mr. M.K. Miglani, Mr. G
Miglani and Mr. Hardip
Advocates.

CORAM:

HON'BLE MR. JUSTICE AMIT BANSAL

AMIT BANSAL, J. (Oral)

1. This petition has been filed under Article 227 of the Constitution of India challenging the impugned order dated 18th January, 2025 passed by the District Judge-03, Tis Hazari District Court, Delhi (hereinafter referred to as "the Trial Court"), whereby the proceedings in the following suits filed by the parties hereto against each other have been stayed:

- i. TM No.968/2016;
- ii. TM No.971/2016;
- iii. TM No.1030/2016;

- iv. TM No.932/2016.

2. Notice in this petition was issued on 3rd March, 2025. Reply has been filed on behalf of the respondent, which is not on record. However, a hard copy of the same has been handed over in Court.

3. With the consent of the parties, the matter is taken up for disposal at this stage.

BRIEF FACTS

4. Briefly stated, the facts of the case necessary for adjudication of the present petition, are set out below:

4.1. Petitioner is a company engaged in manufacturing and marketing a wide range of electrical goods under the trademark 'KUNDAN/ KUNDAN CAB' label. The petitioner adopted the trademark/label/artwork/copyright 'KUNDAN' through its predecessor-in-interest in respect of the said goods in 1975.

4.2. The respondent is engaged in the business of manufacturing all types of electrical P.V.C wires and cables under the trademark/label 'KUNDAN' and 'KUNDAN CABLE'.

4.3. There was a series of litigation between the parties which resulted in various suits being filed by the parties against each other. Details of the suits are given in the table below:

S.N.	Suit No.	Nature of Suit	Part
1.	TM No.70 of 2010 dated 04.04.1994, [currently permanent re-numbered as Suit No. 968 of 2016.]	Suit for injunction passing off	Lakh Shar for Kund Indi
1a.	CC. No.07 of 2015 dated 09.04.1994 [Counter injunction claim was filed in the infringement year 1994 itself, but and number was given in the off. year 2015] Currently re-numbered as Suit No. 971 of 2016.	Permanent [Counter injunction claim was filed in the infringement year 1994 itself, but and number was given in the off. year 2015] Currently re-numbered as Suit No. 971 of 2016.	L B for Pvt K passing Indi
2.	Suit No.1371/1994 dated 14.04.1994, TM Infringement of No.71/2010, currently copyright/	Suit for TM Infringement of copyright/	for Bal Pvt. K

- re-numbered as Suit Kundan Cable India
No.931 of 2016. Label and
passing off.
3. Suit No.1497 of 1995 Suit for Bal
dated 02.06.1995, TM permanent P
No.73 of 2010 currently injunction K
re-numbered as Suit No. against I
1030 of 2016. publishing of
any caution
notices and
damages.
4. Suit dated 24.11.2006 Suit for Bal

TM No.72 of 2010 permanent
currently re-numbered injunction fo

as Suit No.932 of 2016. infringement of India Pvt. Ltd.

registered trademark no.507445 in class 09 and passing off.

4.4. Admittedly, all the aforesaid suits were consolidated for the purposes of recording of evidence.

4.5. Vide a common order dated 30th November, 2018, the Trial Court dismissed the injunction applications filed on behalf of the petitioner in the four suits filed by the petitioner.

4.6. Vide order dated 30th May, 2022, the Trial Court relying upon the judgments of the Division Bench of this Court in Puma Stationer v. Hindustan Pencils, 2010 (43) PTC 479 (Del.) (DB) and J.K. Oil Industries v. Adani Wilmar Limited, (75) PTC 44(Del), held that there shall be a stay on the proceedings qua the issue of infringement only and the suit proceedings insofar as they pertain to the issue of passing off shall continue. Paragraph 8 of the said order is set out below:

"8. In view of the arguments so made by both the Counsels and in view of the settled law being laid down by Hon'ble Delhi High Court in "Puma Stationer P. Ltd. And Anr. vs. Hindustran Pencils Ltd." as well as in "J. K. Oil Industries vs. Adani Wilmar Limited" it is hereby directed that there shall be stay on the proceedings qua the issue of infringement only. The suit shall proceed as far as issue of passing off and related remedies are concerned."

[Emphasis supplied] 4.7. The plaintiff preferred appeals against the order dated 30th November, 2018, dismissing the interim injunction applications of the plaintiff. The appeals were dismissed by this Court vide order dated 28th October, 2022. Relevant paragraph 23 of the aforesaid judgment is

set out below:

"23. In view of the aforesaid, all the four appeals are dismissed, along with pending applications. However, considering the fact that the suits have been pending for several years, the Trial Court is requested to expedite the trial qua the relief of passing off, wherever sought by the parties. Parties are also at liberty to take recourse to appropriate remedies for expediting the connected proceedings relating to cancellation/rectification/opposition pending in the respective Forums, so that depending on the outcome of the said proceedings, the present suits can be decided qua the relief of infringement of trademarks."

[Emphasis supplied] 4.8. Pertinently, the aforesaid order was not challenged by any of the parties and the suits qua the relief of passing off proceeded for trial. It is stated that evidence of the witnesses for both sides has already been recorded on multiple dates and the trial is at the fag end.

4.9. In January 2025, an application under Section 124 of Trade Marks Act, 1999 (hereinafter referred to as "the Act") was filed on behalf of the respondent seeking stay of the proceedings in the suit in view of the judgment of the Division Bench of this Court in Amrish Aggarwal Trading as Mahalaxmi Product v. Venus Home Appliances, 2024 SCC Online Del 3652.

4.10. Relying upon the observations of the Division Bench in Amrish Aggarwal (Supra), the Trial Court stayed the proceedings in the following suits:

- | | |
|------|------------------|
| i. | TM No.968/2016; |
| ii. | TM No.971/2016; |
| iii. | TM No.1030/2016; |
| iv. | TM No.932/2016. |

4.11. The operative part of the said impugned order passed by the Trial Court is set out below:

"(15) Thus, in view of the judgment of the Hon'ble Division Bench of Hon'ble High Court of Delhi in the case of Amrish Aggarwal Trading (Supra) decided on 17.05.2024, as Section 124 of the Trade Marks Act 1999 will apply, which is pari materia to Section 111 of the Trade and Merchandise Act 1958 (which is the Act applicable to the present cases in hand), to the relief qua the passing off of trade mark as well, the proceedings with respect to passing off action are also stayed till the disposal of the rectification petitions filed by the plaintiff which are pending before the Hon'ble Madras High Court. However, the stay is only with respect to the reliefs qua infringement of registered trademark and passing off of trademarks and connected remedies. But these are five consolidated matters and out of these, one matter does not pertain to the relief of infringement/ passing off of trademark and is an action under Copyright Act. TM 931/2016 (Old No. 1371/1994 and TM No. 71/2020) titled as M/s. Balar Marketing Pvt. Ltd. v. M/s. Kundan Cables (India) has been filed under Sections 51, 55 and 62 of the Indian Copyright Act, 1957 for the relief of permanent injunction for infringement, passing off and rendition of accounts in respect of the artistic work in 'KUNDAN CABLE' label as well as of the artistic work

involved in 'KUNDANCAB' label and other ancillary reliefs. The reliefs claimed in the said suit ought not to be stayed in view of the judgment in Amrish Aggarwal Trading (Supra) as the said reliefs pertain to Copyright Act and not to the Trade Mark Act 1999 or Trade and Merchandise Mark Act 1958. Thus, though there will be stay now with respect to TM Nos. 968/2016, TM No. 971/2016 (counter claim), TM No. 1030/2016 and TM No. 932/2016 (which is both trademark and copyright infringement suit), however, there will be no stay qua TM No. 931/2016, which is purely an action under the Copyright Act."

[Emphasis supplied] 4.12. Aggrieved by the aforesaid impugned order, the petitioner has filed the present petition.

SUBMISSIONS

5. Mr. Akhil Sibal, Senior Counsel appearing on behalf of the petitioner submits that the Trial Court has wrongly placed reliance on the aforesaid judgment of the Division Bench to stay the proceedings in the aforesaid suits. He submits that the observations made by the Division Bench in Amrish Aggarwal (Supra) were only in relation to infringement suits and inadvertently, a reference has been made to 'passing off' in paragraph 44 thereof. He further submits that the aforesaid observations are in the nature of obiter dicta and hence are not binding on this Court.

6. He has taken me through the judgment of Division Bench in Amrish Aggarwal (Supra) in detail to show that the controversy in the said judgment was only in the context of a suit for infringement being stayed in view of the rectification proceedings having been filed.

7. Mr. M.K. Miglani, counsel appearing on behalf of the respondent submits that categorical observations have been made by the Division Bench in paragraph 44 of the judgment to hold that even a suit for passing off is liable to be stayed, though Mr. Miglani concedes that there is no reasoning in support of the same.

8. He further submits that a specific argument was raised on behalf of the petitioner in Amrish Aggarwal (Supra) that the suit insofar as the relief of passing off is concerned is not liable to be stayed, which was rejected by the Division Bench.

9. Mr. Miglani further submits that findings of the Division Bench, even though not supported by any reasoning, would still be binding on this Court. In this regard, he places reliance on Naseemunisa Begum v. Shaikh Abdul Rehman, 2002(2) Mah.L.J. 115 and Crocs Inc. USA v. Aqualite India Limited, 2019 SCC OnLine Del 11957.

10. In response, Mr. Sibal submits that these judgments are not applicable to the facts of the present case. He places reliance on the judgments of the Supreme Court in Mohinder Singh Gill v. the Chief Election Commissioner, (1978) 1 SCC 405 and State of Orissa v. Sudhansu Sekhar Misra, 1967 SCC OnLine SC 17 and the judgment of the Allahabad High Court in Gudri v. Ram Kishun, 1983 SCC OnLine All 415 in support of his submission that the obiter dicta of a larger Bench of the High Court

is not binding on a smaller bench of the High Court.

ANALYSIS AND FINDINGS

11. The issue involved before this Court in the present petition relates to the interpretation of the judgment passed by the Division Bench in *Amrish Aggarwal (Supra)* and the effect thereof.

12. Before analysing the judgment in *Amrish Aggarwal (Supra)*, it would be useful to refer to the background in which the aforesaid judgment was delivered. In *Sana Herbals v. Mohsin Dehlvi*, 2022:DHC:5678, this Bench had taken a view that consequent to the abolition of the IPAB, after coming into effect of the Tribunals Reforms Act, 2021, since the issue with regard to invalidity of trademark as well as rectification petitions are to be considered by the High Court, the civil suit is not liable to be stayed. The rectification petitions/applications can be clubbed and tried along with the civil suit.

13. Another Co-ordinate Bench of this Court in *Amrish Aggarwal as Mahalaxmi Product v. Venus Home Appliances*, 2023:DHC:7127, expressed reservations with regard to the view taken in *Sana Herbals (Supra)* and hence, referred the matter to the Division Bench. Paragraph 12 of the said order of reference is set out below:

"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 Herbals*⁷, 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)?."

14. Pursuant to the aforesaid reference, the matter came up before the Division Bench of this Court. Paragraph 1 of the judgment of the Division Bench notes the reference made by the Single Judge as set out above. After hearing the submissions of the parties, the Division Bench held as under:

"44. The position in law which thus emerges upon a consideration of *Patel Field Marshal Agencies* and *Puma Stationer* clearly appears to be the necessity of suit proceedings being stayed awaiting a final decision being rendered on any proceedings for rectification or cancellation that may be either pending or are intended to be initiated. The fact that the provision includes any decision rendered in those rectification or cancellation proceedings as binding upon the court trying the suit, lends added credence to the requirement and obligation of the suit court awaiting a final decision being rendered on those proceedings before taking up and examining the challenge of infringement or passing off."

15. Mr. Miglani places reliance on the words 'passing off' occurring in the aforesaid paragraph to submit that even a suit for the relief of passing off is liable to be stayed in terms of the aforesaid observations of the Division Bench.

16. Per contra, Mr. Sibal submits that the words 'passing off' have mistakenly occurred in this paragraph and the scope of the reference as well as intent of the judgment was only in the context of an infringement suit.

17. In the light of the aforesaid submissions of the counsel, I proceed to examine the judgment of the Division Bench in Amrish Aggarwal (Supra). To be noted, paragraph 44 of the Division Bench judgment set out above, places reliance on the judgment of the earlier Division Bench in Puma Stationer (Supra) to come to the conclusion that the suit proceedings should be stayed awaiting the final decision in the rectification proceedings.

18. At this stage, a reference may be made to the judgment of the earlier Division Bench of this Court in Puma Stationer (Supra). Paragraph 15 of the Puma Stationer (Supra) is set out below:

"15. In so far as the suit out of which present appeal arises is concerned, there is an allegation against the Appellants of passing off the trade mark 'Plasto' as well as 'Non-Dust' and there is an allegation of infringement of the trade mark 'Non-Dust'. In view of the express provisions of Section 124 of Trade Marks Act, we stay further proceedings in the suit in so far as the alleged infringement is concerned with regard to the trade mark 'Non-Dust' until the disposal of the matter before the Intellectual Property Appellate Board. It is, however, made clear that the passing off action may continue."

[Emphasis supplied]

19. A reading of paragraph 15 set out above makes it abundantly clear that the Division Bench in Puma Stationer (Supra) had stayed proceedings in the suit only on the aspect of infringement. It has specifically been clarified that the passing off action can continue.

20. It is not discernible from reading of the judgment in Amrish Aggarwal (Supra) that the Division Bench, in any manner, disagreed with the view taken by the earlier Division Bench in Puma Stationer (Supra). In fact, the Division Bench seems to be following the law laid down in Puma Stationer (Supra). There is nothing in the judgement of the Division Bench in Amrish Aggarwal (Supra) to show that the Division Bench considered the issue of stay of a suit for passing off under Section 124 of the Act.

21. Mr. Miglani places reliance on the argument made on behalf of the petitioner in Amrish Aggarwal (Supra), which was noted in paragraph 34 and subsequently rejected by the Division Bench in paragraph 53. For the sake of convenience, paragraphs 34 and 53 are set out below:

"34. At this juncture, we also deem it appropriate to take note of the submissions advanced by Mr. Ajay Amitabh Suman and Mr. R.K. Agarwal, learned counsels for the petitioner and respondent respectively. Learned counsel for the petitioner submitted that the decision in Sana Herbals was correct in law and that there was no requirement for staying the suit proceedings as per Section 124 of the 1999 Act. Learned counsel relied upon Rule 26 of the Delhi High Court Intellectual Property Rights Division Rules, 2022¹² to submit that the Delhi High Court, being vested with the discretion to consolidate proceedings in Intellectual Property Right matters that pertain to similar disputes, would thereby have the power to consolidate the suit and rectification proceedings, and which would remove the need for a stay of the suit proceedings. Mr. Suman further submitted that without prejudice to his preceding argument, even if the Court were to arrive at a finding that suit proceedings are liable to be stayed as per Section 124 of the 1999 Act, the same would not extend to a passing off action since that is outside the purview of Section 124 of the 1999 Act. Mr. Suman would therefore contend that suit proceedings were not liable to be stayed under Section 124 of the 1999 Act.

53. Similarly, the argument of learned counsel based on the distinction between an infringement action and passing off is unmerited since it proceeds in ignorance of the fact that in case of the latter, registration is not even recognised to be a valid defence."

22. From a reading of paragraph 34 of the judgment as set out above, it appears that counsel for the petitioner had raised an argument that suit proceedings qua trademark infringement should not be stayed under Section 124 of the Act since, in any event, the suit proceedings qua passing off action would continue as they were outside the purview of the Section 124 of the Act.

23. This argument was rejected by the Division Bench noting the difference between an infringement action and passing off and observing that in a suit for passing off, registration is not even recognised as a valid defence. Therefore, the Division Bench rejected the submission of the petitioner that the entire suit qua passing off as well as infringement is liable to be stayed. There is nothing therein to indicate that the intent of the Division Bench was to stay the proceedings in the suit insofar as relief of passing off is concerned.

24. A reading of Section 124(1)¹ of the Act itself shows that it applies

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)

only in the context of a suit for infringement of a trademark. There is no reference in Section 124 of the Act to a suit for passing off. In fact, Section 27(2) of the Act itself clarifies that nothing in the Trade Marks Act, 1999 would affect an action for passing off of goods.

25. In light of the aforesaid discussion, I am of the view that inadvertently a reference has been made to 'passing off' in paragraph 44 of Amrish Aggarwal (Supra). Therefore, in my humble view, the reference to passing off in the aforesaid paragraphs is in the nature of an obiter dicta.

26. Counsel on both sides have cited case laws on the issue whether obiter dicta of the judgment of a Superior Bench would be binding on a smaller bench. Mr. Sibal has placed reliance on the Constitution Bench judgment of the Supreme Court in Mohinder Singh Gill (Supra) wherein the Supreme Court has observed that an obiter dicta of a judgment would not bind anyone. The Supreme Court also noted the difference in the powers of the High Court and the Supreme Court inasmuch as Article 141 of the Constitution of India enables the Supreme Court to declare a proposition of law, which is not there with a High Court².

27. Mr. Sibal has also placed reliance on the judgment of the Supreme Court in Sudhansu Sekhar Misra (Supra), wherein it has been held that the decision is an authority for what it actually decides and not every observation made therein³.

28. In Gudri (Supra), a Single Judge of Allahabad High Court was confronted with a similar situation, that has arisen before me in the present Mohinder Singh Gill v. Chief Election Commissioner, (1978) 1 SCC 405, ¶ 9 at page 418, (per Krishna Iyer, J., majority).

State of Orissa v. Sudhansu Sekhar Misra, 1967 SCC OnLine SC 17, ¶ 12 (per Hegde, J., majority).

case. Counsel for the appellant therein placed reliance on a Full Bench judgment of the Allahabad High Court before the Single Judge stating that the same was binding on the Single Judge. The Single Judge held that in relation to the findings of the Division Bench on the aspect which was before the Single Judge, the Full Bench only made a reference in passing and, therefore, the same was not binding on the Single Judge. The relevant observations in paragraph 3 are set out below:

"3. It appears that since the matter now in controversy before me was not directly involved before the Full Bench, due to some oversight the aforesaid observation has

been made. The observation does not, however, show that the matter was actually considered by the Bench but shows that it was merely referring to the provisions contained in the Civil P.C. If there is obvious mistake, the said observation cannot be said to be binding and must be treated to be merely obiter dicta. In the circumstances, the appeal is not legally maintainable and is liable to be dismissed on this ground alone."

29. Mr. Miglani has placed reliance on the judgment of Naseemunisa Begum (Supra) in support of his contention that all findings of the Full Bench would be binding on the smaller benches⁴.

30. I have gone through the aforesaid judgment. In the said judgment, the Single Judge gave a finding that the observations of Full Bench in the aforesaid case were not in the nature of obiter dicta because all relevant questions were duly considered by the Full Bench. Therefore, this judgment does not advance the case of the respondent in the present case.

31. Mr. Miglani has also relied on Crocs Inc. (Supra), the relevant paragraphs 45 and 46 of which are set out below:

"45. Thus, Carlsberg Breweries supra is not contrary to the majority Naseemunisa Begum v. Shaikh Abdul Rehman, 2002 (2) Mah. LJ 115, ¶ 11 at page 119.

opinion in Mohan Lal supra.

46. However, even if it were to be otherwise, the consistent view is that even the obiter dictum of a Full Bench is entitled to a great weight and the binding effect of a prior decision does not depend upon, whether a particular argument was considered therein or not, provided that the point with reference to which argument was subsequently advanced was actually decided. Reference in this regard may be made to Philip Jeyasingh v. The Joint Registrar of Co-operative Societies, Chidambaranar Region, Tuticorin 1992 SCC OnLine Mad 30."

[Emphasis supplied]

32. In the said case, the Single Judge came to a finding that the observations of the Full Bench in Carlsberg Breweries v. Som Distilleries, 2018 SCC OnLine Del 2912 were on the point of issue raised before it and hence, not in the nature of obiter dicta. Therefore, the observations in paragraph 46 set out above were in the nature of obiter dicta.

33. In any event, what is held in paragraph 46 is that obiter dictum of a Full Bench is entitled to great weight and the binding effect of a prior decision does not depend upon, whether a particular argument was considered therein or not. However, the Single Judge himself has carved out an exception in the form of an argument on the point that was raised before the Full Bench and the same was decided. In present case, there is nothing to indicate that an argument was raised before the Division Bench in Amrish Aggarwal (Supra) with regard to stay of a passing off suit under

Section 124 of the Act.

34. In view of the discussion above, in my humble view, the reference made by the Division Bench in paragraph 44 of Amrish Aggarwal (Supra) to 'passing off' has to be treated as obiter dicta and would not be a binding precedent.

35. Accordingly, the present petition is allowed and impugned order passed by the Trial Court is set aside. All the aforementioned suits, which were stayed by the impugned order would now proceed for trial. Since all these are old suits, the Trial Court would endeavour to expeditiously conclude trials in the suit.

AMIT BANSAL, J MARCH 27, 2025 kd