

(2012) 10 MAD CK 0004

Madras High Court

Case No: Application No. 1281 of 2012 in C.S. No. 231 of 1999

Aqua Pump Industries and
Another

APPELLANT

Vs

Texmo Industries, G.N. Mills
Post, Coimbatore 641 029

RESPONDENT

Date of Decision: Oct. 30, 2012

Acts Referred:

- Trade Marks Act, 1999 - Section 105, 11, 111, 12, 124

Citation: (2012) 8 MLJ 31

Hon'ble Judges: K. Chandru, J

Bench: Single Bench

Advocate: Gladys Daniel, for the Appellant; T.S. Bskaran, for the Respondent

Final Decision: Dismissed

Judgement

K. Chandru, J.

This application is filed by the applicants/plaintiffs seeking for stay of all further proceedings in the suit in C.S. No. 231 of

1999 pending disposal of rectification applications filed before the Intellectual Property Appellate Board (for short IPAB), invoking the power u/s

124 of the Trade Marks Act. The applicants/plaintiffs filed a suit for infringement of the registered trade mark and for passing off. Pending suit, the

applicants have obtained an interim injunction against the defendant from using the trade mark TEXMO with respect to Schedule 3 goods as

contained in the agreement between the parties dated 24.5.1990. Pending the suit, the IPAB had upheld the split of the Trade mark Nos. 315049

and 315050 among the plaintiffs and the defendant in terms of the agreement dated 24.5.1990 on 25.10.2004. The IPAB had directed the applicants/plaintiffs to use the prefix AQUA and the defendant to use any other prefix or suffix to distinguish their products. By virtue of the order of the IPAB, the applicants are using the trade mark TEXMO with reference to schedule 1 and 2 goods mentioned in the agreement dated 24.5.1990 along with the prefix AQUA Group. The defendant is using the trade mark TEXMO with respect to Schedule 3 goods as per the agreement. The trial of the suit had already commenced.

2. It is the case of the applicants that during the cross examination of P.W. 1, the defendant confronted the witness with 12 registrations obtained by the defendant with reference to the products which are not covered by schedule 3 of the agreement. The applicants were unaware of the registrations secured by the defendant. This was in violation of the agreement, dated 24.5.1990 and the order of the IPAB dated 25.10.2004.

Apart from the same, the defendant is not using the trade mark TEXMO with reference to the goods for which registrations have been obtained in respect of 12 registrations set out in paragraph 5 of the affidavit. The applicants have filed rectification applications before the IPAB seeking to cancel those registrations secured by the defendant on the ground of non use u/s 47 and breach of agreement u/s 57 of the Act. Therefore, in the interest of justice, the trial should not conclude in the suit, which is now at the stage of chief examination of D.W. 1. Hence, this application for stay has been filed.

3. The respondent/defendant has filed a counter affidavit stating that the suit was filed for the alleged trade mark infringement of schedule 1 and 2 products mentioned in the agreement, dated 24.5.1990 and not with reference to registrations mentioned in paragraph 5 of the affidavit filed in support of the application. The defendant had filed a counter claim disputing the right of the plaintiffs claiming any ownership over the trade mark TEXMO. Pending the suit, on coming to know the alleged splitting of the trade mark TEXMO by the applicants, the respondent had filed an application for rectification u/s 56 of the Trade and Merchandise Marks Act. After hearing the parties and in order to avoid confusion in the mind

of the public, the IPAB had directed the parties to use the prefix or suffix as mentioned in the order. In spite of the said order, the applicants had not taken any steps to amend its trade mark, but they are continuing to use the trade mark TEXMO independently. This fact was also elicited in the cross examination of P.W. 1.

4. The applicants had objected to the defendant's application to amend the trade mark in regard to schedule 3 products under the agreement dated 24.5.1990 as directed by the IPAB. The applicants and the respondent were exchanging notices in regard to the use of the trade mark TEXMO and its logo ever since 1997. The applicants were having their trade mark attorney, who was keeping a watch on any application that is filed by any person whatsoever in regard to the trade mark TEXMO. The applicants were fully aware that their right to use was confined to the products mentioned in Schedule 1 and 2 of the agreement as detailed in the order of the IPAB with the prefix AQUA. The applicant was also fully aware of the registrations mentioned in paragraph 5 of the affidavit under reply and the same was effected after due publication as required under the Trade Marks Act and accompanying rules. Therefore, the applicants cannot plead ignorance of the existence of the said trade mark. The present application has been filed only to delay the proceedings. Since the registrations mentioned are not the subject matter of the suit, the decision of the IPAB in regard to the registrations are not relevant or germane for deciding the issue involved in the suit. The applicants, who had filed the present suit for infringement u/s 105 of the Trade Marks Act, cannot now enlarge the scope of the suit with regard to the various other products, for which they did not hold any registration till this date.

5. The applicants have filed a reply affidavit, dated 16.7.2012. It was stated that the Trade mark journal advertises various trade marks every fortnight and when thousands of trade marks are advertised, due to oversight the advertisements relating to the subject registrations were overlooked inadvertently by the applicants. The respondent is not entitled for registration. Therefore, the rectification applications have been filed.

6. Ms. Gladys Daniel, learned counsel for the applicants referred to a Division Bench judgment of the Gujarat High Court in Patel Field Marshal

Agencies and Another v. P.M. Diesels Ltd. and Others IPLR 1999 April 115 and referred to the following passages found in paragraphs 8 and

10, which reads as follows:

8.....The effect of this provision is that once a suit is instituted for infringement of a registered trade mark and a plea as to invalidity of registered

trade mark is raised, the Registrar is divested of his authority to entertain any application to that effect thereafter, inasmuch as the issue as to the

validity of registration raised in the suit is then required to be determined by the High Court notwithstanding anything contained in Section 46(4)

read with Section 47 or Section 56.....

10.....In case, no such proceedings for rectification are pending at the time of raising the plea of invalidity, the prosecution of such plea by the

person raising it depends on prima facie satisfaction of the Court, about the tenability of this plea. If the plea has been found to be prima facie

tenable and an issue is raised to that effect then the matter is to be adjourned for three months atleast to enable the person raising such plea to

approach the High Court concerned, with a rectification application. In case, the rectification proceedings are not already pending, and the Court is

not even prima facie satisfied about the tenability of the plea raised before it, the matter rests there.....

7. Per contra, the learned counsel for the respondent Mr. T.S. Baskaran referred to a judgment of a Division Bench of this Court in T.T.K.

Pharma Limited v. Robapharam AG. St. Alban Rheinweg, 174, CH 4006, Basel, rep. by its Power of Attorney Rajendrakumar 2008 (1) LW

474 and referred to the following passages found in paragraphs 9 and 10 and it reads as follows:

9. A careful perusal of the provisions contained in Section 111 makes it clear that the question of stay would arise where in a suit for infringement

of a trade mark the validity of registration of the trade mark is questioned and the proceedings for rectification by the Registrar in respect of such

trade mark is pending before the Registrar or the High Court as the case may be Chapter-II of the Act relates to the Register and conditions for

registration. Section 9 contains the provision laying down the requisites for registration. Section 11 contains provisions prohibiting registration of

certain marks. Sections 12 and 13 contain certain other prohibitions. If there is registration in contravention of such provisions, one may contend that such registration is invalid.

10.....It is therefore rightly contended that the validity or invalidity of the registration is not in question as such, but the question is as to whether such trade mark should be removed from the register because of the subsequent event. The said contention raised by the counsel for the respondent receives considerable support from the decision of the Calcutta High Court referred to supra.

8. Both judgments referred to by the learned counsels for the parties arose u/s 111 of the Trade Marks Act, 1958. The said Act has been repealed by the Trade Marks Act 1999 and Section 111 which is an identical provision, i.e., Section 124 of the Trade Marks Act, 1999, has been incorporated into the new Act. The said Section reads as follows:

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 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 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 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.

9. There is no doubt true this Court can grant stay of the proceedings in the suit pending rectification before IPAB. But the rectification application relating to the trade marks should be the subject matter of the suit in question. In this case, the respondent has taken a stand that the issue pending before the IPAB relating to the trade mark was not the subject matter of the suit in question. Therefore, it is not a fit case where any relief can be granted to the applicants. Further, the present attempt is only a delay tactics of the suit which was filed in the year 1999, wherein the examination of D.W. 1 is yet to be completed. Therefore, it is not proper to stay the suit in terms of Section 124 when the subject matter of the rectification applications pending are not directly covered by the issue on hand and even in the absence of the same, the suit can be decided between the parties. In the light of the above, the application will stand dismissed. No costs.