

(2014) 09 DEL CK 0058

Delhi High Court

Case No: Regular First Appeal (OS) 54/2013, C.M. Appl. 8333-8335/2013

Allergan Inc.

APPELLANT

Vs

Intas Pharmaceuticals

RESPONDENT

Date of Decision: Sept. 23, 2014

Acts Referred:

- Civil Procedure Code, 1908 (CPC) - Order 12 Rule 6, Order 39 Rule 1, Order 39 Rule 2, Order 39 Rule 4, Order 6 Rule 17
- Trade Marks Act, 1999 - Section 11, 11(1), 11(2), 11(6), 11(9)

Citation: (2014) 60 PTC 102

Hon'ble Judges: S. Ravindra Bhat, J; Najmi Waziri, J

Bench: Division Bench

Advocate: C.M. Lall, Subhash and Anuj Nair, Advocate for the Appellant; Bishwajit Bhattacharyya, Sr. Advocate and Chandrachur Bhattacharyya, Advocate for the Respondent

Judgement

S. Ravindra Bhat, J.

C.M. APPL. 8334/2013 (for condonation of delay of 130 days)

For the reasons mentioned in the application, C.M. Appl. 8334/2013 is allowed.

C.M. APPL. 8335/2013 (for exemption)

Allowed, subject to all just exceptions.

RFA (OS) 54/2013, C.M. APPL. 8333/2013

1. This appeal is directed against an order of the learned single Judge, dated 9th October 2012, in C.S. (OS) 1445 of 2003, which directed dismissal of the plaintiff/appellant's suit under Order XII, Rule 6 of the Civil Procedure Code ("CPC").

2. The facts that give rise to the appeal are that the Appellant, a multinational pharmaceutical company, (hereafter "Allergan" or "plaintiff") holds the registered trademarks for BOTOX and BTX-A in India. The mark "BOTOX" has been used in India continuously since 1992. An application to register the trademark "BTX-A" was made by the Appellant in June 2002.

3. A month before Allergan applied to register BTX-A, the Defendant (hereafter called "Intas" or "the defendant"), pursuant to an agreement with a Korean company, secured permission from the Drug Controller of India, to import articles and products under the brand name "BTXA" into India. In January 2003, Allergan sent a "cease-and-desist" notice to Intas, asking it to desist from using "BOTOX", "BTXA" or any other mark deceptively similar to BTX-A. After correspondence between the parties, Intas refused to do so, and in July 2003, it began to distribute products under the mark "BTXA" in India.

4. In response Allergan filed a suit, and an application for grant of ex parte ad-interim injunction under Order XXXIX, Rules 1 and 2 of the CPC (I.A. No. 7526 of 2003). The Single Judge granted an ex parte ad-interim injunction, restraining Intas from using the marks BOTOX/BTXA, or any other marks deceptively similar to the Appellant's BOTOX and BTX-A.

5. Intas then filed an application under Order XXXIX, Rule 4 CPC urging the court to vacate the ex parte ad-interim injunction (I.A. No. 9179 of 2003). Among other things, it argued that it had adopted the BTXA mark before Allergan, that BTXA in no way impinged upon the BOTOX trademark, and that Allergan had failed to show any sales in India. The Single Judge agreed with Intas' contentions, and vacated the order, and dismissed I.A. No. 7526 of 2003. Allergan filed a review petition, and then an appeal, against the Single Judge's order. In 2005, a Division Bench of the High Court partially allowed the appeal with respect to the use of "BOTOX", and also allowed Allergan to withdraw the rest of the appeal with liberty to pursue the pending review petition.

6. In the meantime, in February 2005, Allergan's 2002 application to register the trademark BTX-A proceeded for registration. In light of this, the Appellant filed an application under Order VI, Rule 17 of the CPC, to amend the plaint in order to bring this new development on record. The Appellant also filed a fresh application under Order XXXIX, Rules 1 and 2, for an interim injunction (I.A. No. 2439 of 2005). As a result of this, the review petition was disposed off with the observation that, in light of the changed circumstances, there would now be a fresh adjudication of the interlocutory relief.

7. Later, in 2011, Allergan filed an application for arguments on I.A. No. 2439 of 2005, and for the framing of issues on the basis of which the trial could proceed. The learned Single Judge, however, by the impugned order, dismissed the suit under Order XII, Rule 6 of the CPC.

8. Aggrieved by this order, Allergan is before this court, in appeal. It argues that the Single Judge's order is contrary to the decision of the Supreme Court in [Milmet Oftho Industries and Others Vs. Allergan Inc.,](#) , recognizing the principle of "trans-border reputation". It further argues that the record shows it to be the prior user of both the marks BOTOX and BTX-A, and that the respondent's mark BTXA is deceptively similar to both. It, therefore, argues that this Court should set aside the order of the Single Judge, and restore the suit and application for interim injunction (I.A. No. 2439 of 2005). It also asks this Court to restrain Intas from using the marks "BOTOX" or "BTXA" or any other marks similar to the Appellant's registered marks, BOTOX and BTX-A.

9. It is argued by Mr. Lall, learned counsel for Allergan, that the impact of the learned Single Judge's observations would be that without recourse to rectification or cancellation proceedings, a registered mark is virtually given a short shrift and the proprietor is denied the right to claim judicial remedies based on allegations of infringement. It was argued that whilst originally the suit was filed before Allergan's application for registration of BTX-A was accepted, the subsequent development, i.e. the registration which took place on 10.02.2005 was disclosed in the pending suit; amendment was allowed by the court, of the pleadings, on 28-09-2005. It was submitted that an attempt to have the suit summarily rejected on the ground of the court's lack of territorial jurisdiction was unsuccessful; that application was dismissed on 28.04.2006. It is submitted that Intas does not challenge the validity of the registration in respect of BTX-A; it similarly never sought cancellation of that registered mark. Therefore, the learned Single Judge's decision, premised as it is on the narrow ground of no established use, is based on an imperfect appreciation of the materials and pleadings in the suit.

10. It was argued that the learned Single Judge fell into error in relying on [Fedders Lloyd Corporation Ltd. and Lloyd Sales Corporation Pvt. Ltd. Vs. Fedders Corporation and The Registrar of Trade Marks,](#) , because that case arose in the context of a claim for cancellation of trademark. It was urged that the Single Judge erred in observing that sales is a sine qua non to establish a case of passing off, which, counsel argued, is established on use. The term "use" is not restricted to sale of goods, but also extends to advertisement and publicity of the mark. It was argued by Allergan that BOTOX and BTX-A are used to refer to its products in medical journals, publications etc; and owing to such extensive usage, both the marks are associated with it and none else. This fact was ignored by the Single Judge. It was argued, lastly that Allergan never gave up the claim that Intas had passed off its mark; the claim in the suit was for both infringement and passing off. In these circumstances, the learned Single Judge could not have inferred an admission, and summarily dismissed the suit under Order XII, Rule 6, CPC. Counsel underlined that for a suit to be validly rejected or decreed in a summary fashion under that provision, the admission relied on by the court must be unambiguous and categorical. There were, argued counsel for Allergan, no such pleas which could be construed as unambiguous admissions,

to warrant invocation of the provision enabling the court to draw a decree.

11. Mr. Biswajit Bhattacharya, learned senior counsel for Intas, argued that Allergan has admitted non-use of the trademark BTX-A in India from 2002 till date. It is argued that in its plaint, Allergan has not invoked the principle of trans-border reputation, and, therefore, it cannot be permitted to lead evidence in that regard. Consequently, the conclusions of the learned Single Judge are unexceptionable. It was also pointed out that Intas itself sought registration of the BTX-A trademark for its product, sold in India. The learned counsel reiterated that mere registration of a mark did not ipso facto establish that it had a reputation for the goods which it stood for. To claim injunction, an equitable relief, the plaintiff- in this case Allergan - had to prima facie show that such a reputation existed in India apart from its injury. All the materials pointed to the plaintiff resting its claim for relief only on the basis of registration of BTX-A and its alleged infringement. Emphasizing that a trademark does not exist in vacuum and is meant to be used, learned senior counsel relied on [M/s. Veerumal Praveen Kumar Vs. M/s. Needle Industries \(India\) Ltd. and Another, .](#) It was held in that decision that:

"if there is non-user for a long period of time then by mere registration of the mark continuing the respondents would not be entitled to any injunction. this view is further reinforced by the judgment in Imperial Group's case (supra) wherein it was held that where there is no trading to give rise to a goodwill there is no interest to be protected by a trademark and such a trademark cannot exist in vacuum."

12. Mr. Bhattacharya also relied on the Supreme Court's judgment reported as [Corn Products Refining Co. Vs. Shangrila Food Products Ltd.,](#) to the effect that:-

"Now of course, the presence of a mark in the register does not prove its user at all. It is possible that the mark may have been registered but not used. It is not permissible to draw any inference as to their user from the presence of the marks on the register."

13. It was pointed out that this Court had approved a decision of the Bombay High Court in [Cluett Peabody and Co. Inc. Vs. Arrow Apparals](#) where the issue of delay as a defense when the mark had been copied was considered. The Court agreed with the defendant that in a suit for trademark infringement priority in use could not be dishonest. It was highlighted that the Bombay High Court observed that the right of exclusive use is acquired by user or by registration or by assignment but the essential feature for constituting the proprietary in trademark is that it should be used by the proprietor in his business or in connection with his vendible commodity. The court was of the view that though the delay by itself was not a defense but non-user of the mark loses its distinctiveness. A trademark which drops out of the use dies for non-user. Where there are no goods offered for sale, there is no use of trademark. Intas also reiterated its submissions, and relied on Fedders Lloyd Corporation (supra).

Analysis and Conclusions

14. Before considering the order of the Single Judge, the position of law with respect to Order XII, Rule 6 of the CPC may briefly be recapitulated. Under Order XII, Rule 6 of the CPC,

"where admissions of fact have been made either in the pleading or otherwise, whether orally or in writing, the court may at any stage of the suit, either on the application of an party or of its own motion and without waiting for the determination of any other question between the parties, make such Order or give such judgment as it may think fit, having regard to such admissions."

15. A bare reading of the Rule reveals that the Court's order/judgment should be limited to addressing the specific consequences that follow from whatever admissions have been made, and should not affect unresolved questions of fact and law between the parties, that are contentious notwithstanding the admissions. The object of Order XII, Rule 6 was clarified by the Supreme Court in [Uttam Singh Dugal and Co. Ltd. Vs. Union Bank of India and Others](#), :

"12..In the objects and reasons set out while amending the said rule, it is stated that "where a claim is admitted, the Court has jurisdiction to enter a judgment for the plaintiff and to pass a decree on admitted claim." The object of the Rule is to enable the party to obtain a speedy judgment at least to the extent of the relief to which according to the admission of the defendant, the plaintiff is entitled... Where other party has made a plain admission entitling the former to succeed, it should apply and also wherever there is a clear admission of facts in the face of which, it is impossible for the party making such admission to succeed.

16. Thus, the judgment of the Supreme Court is that Order XII, Rule 6 CPC applies when, and to the extent that, an admission by a party automatically entitles the opposing party to succeed in some or all aspects of the case.

17. This, indeed, was the ratio of this Court in [Express Towers P. Ltd. and Another Vs. Mohan Singh and Others](#), :

"Under Order XII, Rule 6 of the Code, a decree can be passed or a suit can be dismissed when admissions are clear and unambiguous and no other interpretation is possible. The Court also is vested with a right to ask for independent corroboration of facts, even when denial in the pleadings is not specific. Right to pass a judgment or order under Order XII, Rule 6 of the Code is discretionary and not mandatory. It may not be safe and correct to pass a judgment under Order XII, Rule 6 of the Code when a case involves disputed questions of fact and law which require adjudication and decision. Even when a party has made an admission, the Court need not dismiss or allow the suit. Judgment on the basis of admissions is not a matter of right but a matter of discretion for the Court."

18. The proposition that a suit should not be dismissed under Order XII, Rule 6 CPC as long as there remain contested issues of law and fact (unrelated to the admission in question), was affirmed, in the specific context of trademark and passing off law, by the High Court of Delhi in [Britannia Industries Ltd. Vs. Cremica Agro Foods Ltd.,](#) . Simultaneously examining the plaintiff's plea for an interim injunction, and the defendant's plea for dismissal under Order XII, Rule 6 of the CPC, the Court found that resolving the issue would require a detailed investigation of the facts of the case, and a reasoned application of law to the facts. Consequently, the Court held that:

"At this stage, the court does not engage itself in a detailed scrutiny; the trial would doubtless unravel the plaintiff's detailed evidence about distinctiveness of the mark, claimed by it, and the secondary meaning it attributes to "Greetings". For purposes of deciding these applications, the materials are insufficient to entitle it to ad-interim injunctive relief. For these reasons, I.A 11786/2006 (under Order XXXIX Rules 1 and 2 CPC) has to fail. The reasoning indicated above also in the opinion of the Court would be dispositive of I.A 298/2008, a composite application by the defendant under Order XII Rule 6 CPC read with Order XXXIX Rule 4 CPC. As far as the claim for a decree on admissions is concerned, the court finds that the pleadings of the plaintiff do not amount to an unambiguous admission of the kind entitling the defendant to a decree for dismissal of the suit."

19. In [Karam Kapahi and Others Vs. Lal Chand Public Charitable Trust and Another,](#) the Supreme Court held that

". The provision under Order 12 Rule 6 of the Code is enabling, discretionary and permissive and is neither mandatory nor is it peremptory since the word "may" has been used."

20. [Jeevan Diesels and Electricals Ltd. Vs. Jasbir Singh Chadha \(Huf\) and Another,](#) is an authority for the proposition that admissions should not be inferred readily and are fact dependent ("a question of fact") in each case, where judicial precedent plays a marginal role: The question, namely, whether there is a clear admission or not cannot be decided on the basis of a judicial precedent. Therefore, even though the principles in Karam Kapahi (supra) may be unexceptionable they cannot be applied in the instant case in view of totally different fact situation."

21. In dismissing Allergan's suit under Order XII, Rule 6 CPC, the Single Judge held that the "admission" in question was the plaintiff/appellant's concession that since the registration of the trademark BTX-A, it had not sold BTX-A at all. The Single Judge invoked the judgments of the Delhi High Court in [Fedders Lloyd Corporation Ltd. and Lloyd Sales Corporation Pvt. Ltd. Vs. Fedders Corporation and The Registrar of Trade Marks,](#) and [M/s. Veerumal Praveen Kumar Vs. M/s. Needle Industries \(India\) Ltd. and Another,](#) , to hold that without any sale of goods, the question of trademark infringement or passing off wouldn't even arise.

22. Neither Fedders Lloyd Corporation (supra), and nor Veerumal Praveen Kumar (supra) were cases on admission, decreeing the suit, under Order XII, Rule 6 CPC cases. Veerumal Praveen Kumar (supra) was a suit claiming permanent injunction for trademark infringement and passing off. The learned Single Judge in the present case relied upon paragraphs 24, 25, 26 and 29 of the Veerumal Praveen Kumar (supra) judgment, wherein the Delhi High Court, relying upon the Bombay High Court's judgment in [Cluett Peabody and Co. Inc. Vs. Arrow Apparals](#) , held:

"We are in agreement with the view of the learned Single Judge of the Bombay High Court that if there is non- user for a long period of time then by mere registration of the mark continuing the respondents would not be entitled to any injunction. This view is further reinforced by the judgment in Imperial Group's case (supra) wherein it was held that where there is no trading to give rise to a goodwill there is no interest to be protected by a trademark and such a trademark cannot exist in vacuum."

23. The Single Judge, however, omitted to notice paragraphs 22 and 23 of Veerumal Praveen Kumar (supra), that form the necessary backdrop to understanding the subsequent analysis that he relied upon. In Paragraph 22, the High Court noted:

"Taking into consideration the submissions advanced on behalf of the appellant and the respondents the following aspects would require adjudication in the present appeal.

1) The effect of the respondents being the registered owner of the trademark "555", taking into consideration the allegations of non-use by the appellant.

2) Whether the respondents were able to establish prima facie any world-wide reputation and sales under the trademark"

24. Immediately afterwards, in paragraph 23, the Court held:

"The counsel for the parties have taken us through the documents to show their sales. These are in the form of invoices and other materials. We find force in the submission of learned counsel for the appellant that the material placed on record shows sales only for a short period of time from 1977 to 1979. It is an admitted position that the inter - se license agreement between the two respondents did not survive after 1981, which prima facie show that there has been no sales by the respondent after 1981. Though the aspect of global reputation has been mentioned above, as the second issue, it would be pertinent to state at this stage that no material has been placed on record to substantiate this claim of global reputation. The invoices are for a limited period of time and some of the invoices relate to Hong Kong. There is also nothing on record to show any reputation of the goods of the respondents in India in 1960s and 1970s, as observed by the learned Single Judge.."

25. Therefore, in paragraphs 24 to 29, the Court's exhaustive analysis of whether or not there were sales in India was predicated upon the assumption that there was no

global worldwide reputation that the claimant could fall back upon. Presumably, if the claimants had been able to demonstrate worldwide reputation, then the absence of sales in India might not have been fatal to their claims. Furthermore and perhaps importantly, in *Veerumal Praveen Kumar (supra)* the Court was considering a claim for ad-interim injunction, during the pendency of the suit and it was not a case for rejection of the plaint. This is clearly evident from the observation in Para 35 (of the judgment in that case) that: "There is another aspect to this matter. We are dealing with the matter at the interlocutory stage. The rights have yet to be finally decided in the suit."

26. This logic (of global reputation of a trademark being relevant in an infringement claim) is expressly endorsed by the Supreme Court, in [N.R. Dongre and Others Vs. Whirlpool Corpn. and Another,](#) , where the Supreme Court held:

"In today's world it cannot be said a product and the trade mark under which it is sold abroad, does not have a reputation or goodwill in countries where it is not available. The knowledge and awareness of it and its critical evaluation and appraisal travels beyond the confines of the geographical area in which it is old."

27. This is known as the doctrine of trans-border reputation. It has acquired special currency in the field of pharmaceutical products, as is evidenced in the judgment of the Supreme Court in [Milmet Oftho Industries and Others Vs. Allergan Inc.,](#) , and cited by Allergan. In that case, the Court held:

"♦. the Courts must also keep in mind the fact that nowadays the field of medicine is of an international character. The Court has to keep in mind the possibility that with the passage of time, some conflict may occur between the use of the mark by the Applicant in India and the user by the overseas company. The Court must ensure that public interest is in no way imperiled. Doctors particularly eminent doctors, medical practitioners and persons or Companies connected with medical field keep abreast of latest developments in medicine and preparations worldwide. Medical literature is freely available in this country. Doctors, medical practitioners and persons connected with the medical field regularly attend medical conferences, symposiums, lectures etc. It must also be remembered that nowadays goods are widely advertised in newspapers, periodicals, magazines and other media which is available in the country. This results in a product acquiring a worldwide reputation. Thus, if a mark in respect of a drug is associated with the Respondents worldwide it would lead to an anomalous situation if an identical mark in respect of a similar drug is allowed to be sold in India."

28. In paragraph 11 of the impugned judgment, the Single Judge rejected reliance upon Milmet Oftho Industries (*supra*) by observing that

"the Supreme Court has been quite categorical in observing that multinational corporations having no intention of coming into India or introducing their products in India should not be allowed to throttle an Indian company by not permitting it to

sell a product in India."

29. These observations are taken from paragraph 8 of the Supreme Court's judgment, which we may here excerpt:

"Multinational corporations, who have no intention of coming to India or introducing their product in India should not be allowed to throttle an Indian Company by not permitting it to sell a product in India, if the Indian Company has genuinely adopted the mark and developed the product and is first in the market. Thus the ultimate test should be who is first in the market."

30. In paragraph 9, however, the Court went on to hold that:

"The mere fact that the Respondents have not been using the mark in India would be irrelevant if they were first in the world market. The Division Bench had relied upon material which prima-facie shows that the Respondents product was advertised before the Appellants entered the field. On the basis of that material the Division Bench has concluded that the Respondents were first to adopt the mark. If that be so then no fault can be found with the conclusion drawn by the Division Bench."

31. Therefore, the ratio of the Supreme Court in Milmet Oftho Industries (supra) is that claims for non-user must be examined in the light of the principles of trans-border reputation, the intention of the applicant to enter into the Indian market, as well as its priority in the international market. This enquiry, therefore, is bound to raise a number of several mixed questions of law and fact.

32. The impugned judgment also held that Milmet Oftho (supra) was irrelevant because the plaintiff/appellant made no claim of that manner in its plaint, and therefore, could not possibly lead evidence to that purpose in a trial. It is a settled position of law that a pleading not raised in a plaint cannot be substantiated by way of evidence. Cases relying upon this proposition invoke the dictum of Lord Dunedin, writing for the Privy Council, in AIR 1930 57 (Privy Council). In that case, it was argued by the appellant that certain land belonged to him because it was given to him in the form of a gift; this claim had not, however, been made before the lower courts. Consequently, Lord Dunedin held that "[since] that claim was never made in the defence presented and the learned Judicial Commissioners therefore, very truly find that no amount of evidence can be looked into upon a plea which was never put forward."

33. However, it has also been held by the Courts that as long a particular claim is "sufficiently pleaded" in the plaint, the plaintiff should be allowed to adduce evidence in support of his claim. [Shri Mahadeo Shrinivas Naik Vs. Ratnanchand Anandram Doshi,](#); in addition, the Supreme Court held, in [Hiralal Moolchand Doshi Vs. Barot Raman Lal Ranchhoddas \(Dead\) by L.Rs.,](#), that certain claims made by a defendant can "impliedly admit" the existence of a particular claim on the part of the

plaintiff, even if the plaintiff himself does not specifically make it. In that case, the High Court had set aside a decree for eviction on the ground the landlord had not pleaded bona fide personal requirement. Reversing, the Supreme Court held that a plea for accommodation of time made by a tenant was held to impliedly admit the requirement of bona fide personal use by the landlord. These holdings are supported by Order VI, Rule 2 of the CPC, which requires the pleading to contain "the material facts on which the party pleading relies for his claim or defence". Notably, it does not require the parties to list every specific argument, in terms, that could be used to connect the material facts to the prayer.

34. A perusal of the pleadings of Allergan throughout the course of the proceedings, reveals an arguable case for both exceptions to the specific pleading rule discussed above. It repeatedly argued that even though it did not engage in any sales in India, it had registered the trademark in many countries abroad, and that it had been discussed in journals and magazines. Allergan has annexed a substantial number of documents to demonstrate the same. In substance, this is nothing other than a claim for injunctions on the basis of a trans-border reputation. And secondly, Intas itself has engaged with the argument repeatedly. For instance, in paragraph 26 its reply to Allergan's original request for an injunction, it has argued that because it has never launched BTX-A in India, therefore the question of goodwill or reputation doesn't arise. This is, in effect, a denial of trans-border reputation, impliedly admitting the existence of the claim. While a Court may eventually find, on a detailed scrutiny of the pleadings, that neither the plaintiff nor the respondent's pleadings make out a case for an exception to the rule, and disallow the appellant from leading evidence, that is not a conclusion the Court can come to on the basis of an Order XII, Rule 6 CPC prima facie enquiry.

35. In paragraph 16 of its original application for injunction under Orders XXXIX, Rules 1 and 2 (I.A. No. 7596 of 2003), the plaintiff specified that its trademark, BTX-A, has been registered and/or is pending registration in "several countries around the world", and subsequently argued that

"the adoption of the trademark BTXA and/or BOTOX by the Defendant is a deliberate attempt to ride upon the goodwill and reputation of [the Plaintiff No. 1] [and] likely to cause irreparable harm and injury to the Plaintiff No. 1 as manufacturers and merchants of high quality goods." (paragraph 26 of I.A. No. 7596 of 2003).

36. In the documents appended to its original plaint, the plaintiff also attached the registration certificates of BTX-A in various countries, as well as an article about it in the Trademarks Law Journal. These averments were repeated in the application to amend the plaint (on the basis of the registration of BTX-A in India), as well as in its application for injunction (I.A. No. 2439 of 2005) that was based upon the changed circumstances. In its amended plaint (Suit No. 1445 of 2003), it averred that it is a

"global speciality pharmaceutical company [that] markets its products in 100 countries worldwide",

and in this context, reiterating the claim that the

"usage of the trademark BTXA is likely to dilute the distinctive character of Plaintiff No. 1's trademarks BOTOX and BTX-A as the same are likely to be debased and eroded. It also reiterates the claim that "millions of people around the world are using the Plaintiff's medicines for curing Glabellar Frown Lines."

37. Furthermore, of course, whether there actually exists trans- border reputation in this case, and whether the nature and amount of publicity abroad was enough, following the dictum of the Supreme Court, for Allergan to succeed in a trademark infringement or passing off claim, is a factual question for a Court to decide, during the course of a trial.

38. The Single Judge also relied upon Fedders Lloyd Corporation (supra). Not only was Fedders (supra) not a case of decree on admissions under Order XII, Rule 6 CPC, it was not even an injunction case. Fedders (supra) was about an application to cancel a registered trademark, which is not the issue in the present matter. In any event, the Single Judge relied upon paragraph 23 of the judgment, in which the Court held:

"Though the object of the Trade Marks Act is to protect the proprietary rights of a registered trademark holder, at the same time the object is not to facilitate any monopoly of such registered trade mark holder, despite non use of the trademark by him as contemplated by the Act. A trademark has no meaning, even if it is registered, unless it is used in relation to goods and/or services. A Trademark which drops out of the use, dies when there are no goods offered for sale as there is no use of the trademark. The mark can lose its distinctiveness by non use, where non use is on the part of registered trade mark holder but not on account of external factors beyond the control of such registered trade mark holder."

39. As the end of the quoted paragraph suggests, however, the mere fact of non-use is insufficient to void the trademark. This is borne out by the Court's observations in paragraph 31:

"The intention of the proprietor not to use the trade mark at the time of registration and also the actual non- use of the trade mark subsequent thereto is also to be established... A person who intends to manufacture goods or has made preparations for the manufacture of goods but the manufacture has not commenced and, therefore, goods have not been marketed is nonetheless entitled to get the trade mark which he proposes to use in relation to those goods registered. In the present day world of commerce and industry, a manufacturing industry can neither be commenced nor established overnight."

40. And again, in paragraph 32:

"Thus, what is to be considered is : whether there is no evidence of the intention of the respondent no. 1 regarding his trade mark "Fedders" to use the same."

41. It is, therefore, clear that the fact of non-use is only the point of departure for a detailed factual and legal enquiry about the applicant's intentions, the surrounding market circumstances, and the objective of preventing stagnant monopolies.

42. The above discussion reveals that the issues in this case are not restricted to that of trans-border reputation, but are also related to Allergan's intention to enter the market, as well as the issue of market structure too. Therefore, even if one were to accept Intas's argument - as the Single Judge did - that because the plea of trans-border reputation was not specifically made in the plaint, and, therefore, cannot now be argued, there remain enough contested issues in the case, which render an Order XII, Rule 6 dismissal unjustified.

43. Another important detail which courts have to keep in mind is that the Registrar of Trademarks is duty bound under provisions of the Act to enquire into various aspects before granting registrations. The enquiry is in respect of all matters outlined in Section 9 of the Act. Other conditions and mandatory requirements which have to be kept in mind by the Registrar are spelt out in Section 11. By Section 11(1), registration is prevented if the mark, because of its identity with an existing mark in relation to similar goods or services can create a likelihood of confusion on part of the public; By Section 11(2) the proposed mark cannot be registered if it can be identified with another mark but for dissimilar services or goods, if the earlier mark is a well-known mark. (A well-known mark, under Section 2(zg) is one, "in relation to any goods or services, means a mark which has become so to the substantial segment of the public which uses such goods or receives such services that the use of such mark in relation to other goods or services would be likely to be taken as indicating a connection in the course of trade or rendering of services between those goods or services and a person using the mark in relation to the first-mentioned goods or services."). Section 11(6) spells out the considerations for registration of a "well known" mark. Likewise, by virtue of Section 11(9), the Registrar cannot take into account whether such mark has been used in India, or even if it is well known elsewhere or has been registered elsewhere. Section 46(1) clarifies that "No application for the registration of a trade mark in respect of any goods or services shall be refused nor shall permission for such registration be withheld, on the ground only that it appears that the applicant does not use or propose to use the trade mark" if the registrar is satisfied that conditions spelt out in that provision are fulfilled. The Act itself, therefore, recognizes that use is not premised on actual use; it can be intended use. This aspect is rendered irrelevant if the mark is a "well known" mark. Under Section 11(9), the Registrar shall not require, as a condition, whether a well known mark has been used in India, or even if it is well known elsewhere or has been registered elsewhere. Thus, the concept of trans-border reputation (in the context of use) is recognized by the Indian statute.

44. The statutory remedy for removal of a trademark from the register is in Section 47, which outlines the grounds for cancellation/removal:

"47. Removal from register and imposition of limitations on ground of non-use.-

(1) A register trade mark may be taken off the register in respect of the goods or services in respect of which it is registered on application made in the prescribed manner to the Registrar or the Appellate Board by any person aggrieved on the ground either-

(a) that the trade mark was registered without any bona fide intention on the part of the applicant for registration that it should be used in relation to those goods or services by him, or in a case to which the provisions of section 46 apply, by the company concerned or the registered user, as the case may be, and that there has, in fact, been no bona fide use of the trade mark in relation to those goods or services by any proprietor thereof for the time being up to a date three months before the date of the application, or

(b) that up to a date three months before the date of the application, a continuous period of five years from the date on which the trade mark is actually entered in the register or longer had elapsed during which the trade mark was registered and during which there was no bona fide use thereof in relation to those goods or services by any proprietor thereof for the time being.

Provided that except where the applicant has been permitted under section 12 to register an identical or nearly resembling trade mark in respect of the goods or services in question or where the tribunal is of opinion that it might properly be permitted so to register such a trade mark, the tribunal may refuse an application under clause (a) or clause (b) in relation to any goods or services, if it is shown that there has been, before the relevant date or during the relevant period, as the case may be, bonafide use of the trade mark by any proprietor thereof for the time being in relation to -

(i) goods or services of the same description, or

(ii) goods or services associated with those goods or services of that description being goods or services, as the case may be, in respect of which the trade mark is registered."

45. The above provisions clarify that non-use can be a ground for cancellation by the Registrar or the Intellectual Property Appellate Board, through separate proceedings. The Court, in a suit for enforcement of the rights of a trademark proprietor, has jurisdiction to grant or refuse the reliefs claimed, such as decree for injunction, accounts, damages etc. However, its orders cannot result in ouster of jurisdiction of statutory bodies and Tribunals. The effect of the learned Single Judge's judgment is a virtual declaration of non-use of a registered trademark, without the benefit of a trial or following the procedure under the Trademarks Act.

This was clearly unwarranted.

46. During the course of oral arguments, a contention was also made with respect to the trafficking of trademarks, and the case of [American Home Products Corporation Vs. Mac Laboratories Pvt. Ltd. and Another, .](#) That case bears no relevance to the present matter, however, because the issue of trafficking was raised with respect to a situation where a trademark holder registers his trademark without any intention of using it, and then authorizes a separate third party to make use of the trademark. In any event, the question of trafficking - as is amply demonstrated by the reasoning in American Home Products (supra), involves complex questions of fact and law, and is not a fit issue for the Court to go into in an Order XII, Rule 6 inquiry.

47. Thus, in conclusion: as the discussion of the Supreme Court and this Court's rulings under Order XII, Rule 6 reveal, a decree of dismissal under that Rule is justified only if the admission in question puts to rest the legal and factual contentions that arise in the suit, relating to its subject matter. The discussion above makes it clear that an admission of non-use, in the context of trademark infringement and passing off, settled nothing at all. Rather, the Court must then investigate, and subject to detailed scrutiny, a whole host of contentious issues, such as trans-border reputation, intention to enter the market, and so on, as well as interpret past Supreme Court and High Court precedents. All these issues, as noted above and on the facts of the case, are relevant in the present matter, and are left unresolved by the Appellants' admission.

48. In view of the above discussion, the Single Judge's order cannot be sustained. The first part of Allergan's appeal, therefore, succeeds. As the appeal is from an Order XII, Rule 6 dismissal, it is clarified that this is not a judgment on the merits of the case; all rights and contentions of the parties are kept open, and are reserved. Allergan, therefore, has to establish its claim during the trial of the suit.

49. For the above reasons, the appeal is partially allowed. The order of the Single Judge, dated October 9, 2012, in C.S. (OS) No. 1445 of 2003 is accordingly set aside. The suit is restored to the file. The said suit, and application for interim injunction (I.A. No. 2439 of 2005), are directed to be listed before the learned Single Judge according to roster, on 25.09.2014 who shall frame issues for trial, in accordance with law and proceed thereafter, to adjudicate the merits of the suit.