

REPORTABLE

IN THE SUPREME COURT OF INDIA
CIVIL APPELLATE JURISDICTION

CIVIL APPEAL NOS.4767-4769 OF 2001

PATEL FIELD MARSHAL
AGENCIES AND ANR. . . . APPELLANT (S)

VERSUS

P.M. DIESELS LTD.
AND ORS. . . . RESPONDENT (S)

WITH

CIVIL APPEAL NO.19937 OF 2017
(ARISING OUT OF S.L.P. (C) NO.1851 OF 2009) ,

CIVIL APPEAL NO.19938 OF 2017
(ARISING OUT OF S.L.P. (C) NO.27309 OF 2012)

AND
S.L.P. (C) NO.30121 OF 2012

J U D G M E N T

RANJAN GOGOI, J.

1. Leave granted in S.L.P. (C)
No.1851 of 2009 and S.L.P. (C) No.27309 of
2012.

2. A relatively simple question though of considerable importance in Intellectual Property Rights jurisdiction has presented itself for an authoritative pronouncement of this Court in the present bunch of appeals. The question arising will be formulated for an answer at a subsequent stage and for the present we will take notice of the relevant facts giving rise to the issue in question.

3. The respondent in Civil Appeal Nos.4767-4769 of 2001 (P.M. Diesels Ltd.) is the registered owner of three trade marks, the common feature of all of which is the words "Field Marshal". The three registration certificates issued by the Registrar of Trade Marks in favour of the respondent-Company (through its predecessor) is in respect of the mark "Field Marshal" (Registration No. 224879);

the second certificate is in respect of trade mark "Field Marshal" in lettering style (Registration No. 252070) and the last certificate is in respect of trade mark "FM Field Marshal" (Registration No. 252071-B). The first registration certificate is dated 16.10.1964 and the second and third registration certificates are dated 4.10.1968.

4. It appears that some time in the year 1982 the appellants-Patel Field Marshal & Anr. applied for registration of the trade mark "Marshal" for their use. Having come to know of the said application and perceiving a similarity between the mark in respect of which registration was sought by the appellants and the mark(s) registered in favour of the respondent, the respondent served a legal Notice dated 23.07.1982 asking the appellants to desist

from using the mark in question, i.e., "Marshal".

5. In the year 1989, the respondent instituted a suit before the High Court of Delhi (Suit No. 1612 of 1989) for infringement of trade mark, rendition of accounts of profit earned by the appellants from use of the mark "Marshal" and for perpetual injunction to restrain the appellants from using the trading styles "Patel Field Marshal Agencies" and "Patel Field Marshal Industries". An Interlocutory Application for temporary injunction was also filed.

6. The defendants in the suit, i.e., the appellants herein, contested the claims of the plaintiff-respondent on the ground of jurisdiction as well as on merits. In the written statement filed, the

appellants-defendants also contested the validity of the registration of the respondent's trade mark "Field Marshal" and claimed that the same was liable to be rectified in the trade mark register. An issue to the said effect was framed in the suit.

7. The Delhi High Court by its Order dated 28.09.1995 dismissed the Interlocutory Application filed by the plaintiff-respondent for interim injunction on the ground that the High Court did not have jurisdiction, both, pecuniary and territorial, over the subject matter. In appeal, the Division Bench by Order dated 10.03.1998 reversed the decision of the learned single Judge and directed for consideration of the Interlocutory Application for interim injunction on merits. The matter was brought to this

Court in Special Leave Petition (C) No.13512 of 1998. During the pendency of the aforesaid S.L.P., in view of the remand order of the Division Bench dated 10.03.1998, a learned single Judge of the High Court granted temporary injunction in favour of the respondent-plaintiff. This was on 07.07.1999. However, by a subsequent Order dated 20.08.2008, the learned single Judge of the High Court held that the court had no jurisdiction and, therefore, ordered for return of the plaint for presentation before the competent court in the State of Gujarat. The said order was challenged by the respondents *herein* (plaintiffs in the suit) before the Division Bench. The Division Bench by Order dated 24.10.2008 held that in the facts of the case the plaint ought not to have been rejected; however, as the appellant before it

(respondent-plaintiff) had no objection to carry on the proceedings in the competent court at Rajkot, Gujarat, the plaint was returned to be filed in Rajkot. Thereafter, the case was transferred from the Delhi High Court to the court at Rajkot and the proceedings came to be numbered as Civil Suit No. 1 of 2009 in the file of the learned Additional District Judge, Rajkot.

8. While the aforesaid Order of the Division Bench dated 24.10.2008 is the subject matter of challenge in the connected Civil Appeal arising out of S.L.P. (C) No. 1851 of 2009 also filed by the appellant, what is of significance is that when the suit in question was pending adjudication in the High Court of Delhi, the appellants herein initiated parallel proceedings before the High Court of Gujarat (in the year 1997) seeking

rectification of the registration of the trade mark(s) granted to the respondent. Specifically, the appellants had filed three rectification applications bearing RA Nos. 1, 2 and 3 of 1997 under Sections 46/56 of the Trade and Merchandise Marks Act, 1958 (hereinafter referred to as the "1958 Act") for removal and cancellation of the three trade marks registered in favour of the petitioner bearing Nos. 224879, 252070 and 252071. The learned single Judge of the High Court of Gujarat dismissed the three applications in question by Order dated 15.04.1998. The said order has been affirmed in appeal by the Division Bench of the Gujarat High Court by its Order dated 25.11.1998. This order has been subjected to challenge in Civil Appeal Nos.4767-4769 of 2001 presently under consideration.

9. While the reasoning of the Division Bench of the High Court in dismissing the applications in question will be noticed in due course, the question calling for an answer by this Court would need a formulation at this stage. An attempt at such formulation is being made hereunder.

In a situation where a suit for infringement is pending wherein the issue of validity of the registration of the trade mark in question has been raised either by the plaintiff or the defendant and no issue on the said question of validity has been framed in the suit or if framed has not been pursued by the concerned party in the suit by filing an application to the High Court for rectification under Sections 111 read with Section 107 of the Trade and Merchandise Marks Act, 1958,

whether recourse to the remedy of rectification under Sections 46/56 of the 1958 Act would still be available to contest the validity of the registration of the Trade mark.

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"*).

11. The issues arising in Civil Appeal Nos.4767-4769/2001 and Civil Appeals arising out of S.L.P. (C) No.27309/2012 and S.L.P. (C) No.30121/2012 are same and similar. S.L.P. (C) No.30121/2012, however, has since been withdrawn.

Civil Appeal arising out of S.L.P.

(C) No.1851/2009 challenges the order passed by the Delhi High Court on 24.10.2008 by which the plaint was returned to be filed before the competent court at Rajkot, despite the conclusion of the Appellate Bench that the order of the learned Single Judge holding that the Delhi High Court had no jurisdiction and hence the plaint should be returned, is not correct. As the said direction of the Division Bench of the High Court challenged in the appeal was at the instance of the plaintiff (respondent herein), who was the appellant before the High Court, we would understand the stand taken to be a virtual withdrawal of the appeal and an undertaking to comply with the direction of the learned Single Judge to present the plaint before the competent court at Rajkot. In these circumstances, we do not consider it necessary to continue to entertain the challenge made in the appeal arising out of S.L.P. (C) No.1851/2009 so as examine the

legality of the correctness of the said order on merits. The person aggrieved before the High Court i.e. the respondent herein chose to comply with the order of the learned Single Judge. The appellant herein was not aggrieved by the order of the learned Single Judge. The aforesaid proceeding i.e. arising out of S.L.P. (C) No.1851/2009, in the circumstances set out above, is accordingly closed. Two appeals, therefore, survive for consideration i.e. Civil Appeal Nos.4767-4769/2001 and Civil Appeal arising out of S.L.P. (C) No.27309/2012.

12. We have heard Mr. Shailen Bhatia, learned counsel for the appellants and Mr. Harin P. Raval, learned senior counsel for the respondents in Civil Appeal Nos.4767-4769 of 2001. We have also heard Mr. J. Sai Deepak, learned counsel for the appellant and Mr. Gladys Daniels, learned

counsel for the respondent in Civil Appeal arising out of S.L.P. (C) No. 27309 of 2012.

13. The arguments advanced on behalf of the appellants in the appeals proceed on the basis that Section 107 and 111 of the 1958 Act contemplates grant of permission by the learned Trial Court for filing of a rectification application, which requirement, it is urged, does not seem to follow from a reading of the aforesaid two provisions of the 1958 Act. It is submitted that under the 1958 Act, there are two categories of right vested; the first in the owner of a registered trade mark (Sections 28 and 29) and the second in a person aggrieved by such registration (Sections 46 and 56). The aforesaid two rights are parallel and independent of each other. It is submitted that the only

requirement for filing a rectification application under the provisions of Sections 107 and 111 of the 1958 Act is that person filing such an application must be a "person aggrieved" which would include a person against whom an infringement action has been taken or is threatened by the registered proprietor of the trade mark as held by this Court in National Bell Co. vs. Metal Goods Mfg. Co. (P) Ltd. and another¹. The learned counsel for the appellants has also drawn attention of the Court to the provisions of Section 32 of the 1958 Act which gives conclusiveness to the validity of the registered trade mark after expiry of a period of seven years from the date of registration except in cases covered by sub-Clauses (a), (b) and (c) of Section 32. It is contended that the question of conclusiveness as to validity

of the registration of the trade mark can be raised in an infringement suit as also in a rectification application. The very requirement of permission of a subordinate court (District Court) for filing of the rectification application before a higher Court (High Court), in the light of the provisions of Section 107 and 111, cannot be the legislative intent. The provisions of Section 41 (b) of the Specific Relief Act, 1963 which restrains a subordinate court from preventing a person from instituting any proceeding in a higher court has also been stressed upon and reliance has been placed in this regard on Cotton Corporation of India Ltd. Vs. United Industrial Bank Ltd. and Ors.² Reliance has also been placed on the decision of the High Court of Madras in B. Mohamed Yousuff Versus Prabha Singh Jaswant Singh and

Others³ and the judgment of the Full Bench of the Delhi High Court in Data Infosys Limited and Others Versus Infosys Technologies Limited⁴.

14. In reply, on behalf of the respondent, it is contended that the provisions of Section 111 of the 1958 Act particularly sub-sections (3) and (4) thereof make it very clear that once the Civil Court is satisfied with regard to the prima facie tenability of the issue of invalidity of the registration of a trade mark that may be raised before it by any party to an infringement suit, the said question has to be decided in a rectification proceeding and not in the suit. The suit will remain stayed and the final decision of the statutory authority in the rectification proceeding will govern

3 (2008) 38 PTC 576 Madras DB

4 2016 (65) PTC 209 Delhi FB

the parties to the suit. It is contended on behalf of the respondents that rectification proceedings under Sections 46 and 56 of the 1958 Act govern a situation where no suit for infringement is pending. In a situation where a suit for infringement has been filed and the question of validity of registration arises therein and the Civil Court is satisfied as to the prima facie tenability of the issue of invalidity of the registration of the trade mark, the provisions of Section 111 would take over and govern the proceedings in the suit including the issue of invalidity. It is further contended that there is a deemed abandonment of the rights conveyed under Sections 46 and 56 of the 1958 Act in the event a suit for infringement is pending wherein the question of invalidity has been raised and

found to be prima facie tenable. It is urged that the rights under Sections 46 and 56 on the one hand and those contained in Sections 107 and 111 on the other must be understood to be operating in two different fields; both sets of provisions cannot mutually exist as such mutual existence and operation may lead to conflicting decisions on the same question i.e. by the High Court under the 1958 Act or by the IPAB under the 1999 Act on the one hand and the Civil Court adjudicating the infringement suit on the other. It is also submitted on behalf of the respondents that the abandonment of the plea of invalidity contemplated by Section 111(3) of the 1958 Act is a complete relinquishment for all practical purposes and not only for the purpose of the suit. The abandonment contemplated by Section 111 (3) of the 1958 Act does not

keep alive the plea of invalidity to be urged/agitated separately in a rectification proceeding under Section 46/56 of the 1958 Act. Insofar as the decisions of the Madras High Court in B. Mohamed Yousuff (supra) and the Delhi High Court in Data Infosys Limited and Others (supra) are concerned, the respondents contend that the ratio of the said judgments are not in consonance with the true purport and effect of the legislative scheme and therefore this Court may conclusively and authoritatively decide the issue.

15. Having noticed the respective contentions of the parties, we may now take note of the relevant provisions of the 1958 Act, namely, Sections 46, 56, 107 and 111 which are reproduced below.

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

(1) Subject to the provisions of section 47, a registered trade mark may be taken off the register in respect of any of the goods in respect of which it is registered on application made in the prescribed manner to a High Court or to the Registrar 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 by him or, in a case to which the provisions of section 45 apply, by the company concerned, and that there has, in fact, been no bona fide use of the trade mark in relation to those goods by any proprietor thereof for the time being up to a date one month before the date of the application; or

(b) that up to a date one month before the date of the application, a continuous period of five years 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 by any proprietor thereof for the time being:

Provided that, except where the applicant has been permitted under sub-section (3) of section 12 to register an identical or nearly resembling trade mark in respect of the goods in question or where the tribunal is of opinion that he 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, if it is shown that there has been, before the relevant date or during the relevant period, as the case may be, bona fide use of the trade mark by any proprietor thereof for the time being in relation to goods of the same description, being goods in respect of which the trade mark is registered.

(2) Where in relation to any goods in respect of which a trade mark is registered—

(a) the circumstances referred to in clause (b) of sub-section (1) are shown to exist so far as regards non-use of the trade mark in relation to goods to be sold, or otherwise traded in, in a particular place in India (otherwise than for export from India), or in relation to goods to be

exported to a particular market outside India; and

(b) a person has been permitted under sub-section (3) of section 12 to register an identical or nearly resembling trade mark in respect of those goods under a registration extending to use in relation to goods under to be sold, or otherwise traded in, or in relation to goods to be so exported, or the tribunal is of opinion that he might properly be permitted so to register such a trade mark,

on application by that person in the prescribed manner to a High Court or to the Registrar, the tribunal may impose on the registration of the first-mentioned trade mark such limitations as it thinks proper for securing that registration shall cease to extend to such use.

(3) An applicant shall not be entitled to rely for the purpose of clause (b) of sub-section (1) or for the purposes of sub-section (2) on any non-use of a trade mark which is shown to have been due to special circumstances in the trade and not to any intention to abandon or not to use the trade mark in relation to the goods to which the application relates.

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56. Power to cancel or vary registration and to rectify the register.

(1) On application made in the prescribed manner to a High Court or to the Registrar by any person aggrieved, the tribunal may make such order as it may think fit for cancelling or varying the registration of a trade mark on the ground of any contravention, or failure to observe a condition entered on the register in relation thereto.

(2) Any person aggrieved by the absence or omission from the register of any entry, or by any entry made in the register without sufficient cause, or by any entry wrongly remaining on the register, or by any error or defect in any entry in the register, may apply in the prescribed manner to a High Court or to the Registrar, and the tribunal may make such order for making, expunging or varying the entry as it may think fit.

(3) The tribunal may in any proceeding under this section decide any question that may be necessary or expedient to decide in connection with the rectification of the register.

(4) The tribunal, of its own motion, may, after giving notice in the prescribed manner to the parties concerned and after giving them an opportunity of being heard, make any order referred to in sub-section (1) or sub-section (2).

(5) Any order of the High Court rectifying the register shall direct that notice of the rectification shall be served upon the Registrar in the prescribed manner who shall upon receipt of such notice rectify the register accordingly.

(6) The power to rectify the register conferred by this section shall include the power to remove a trade mark registered in Part A of the register to Part B of the register.

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107. Application for rectification of register to be made to High Court in certain cases.

(1) Where in a suit for infringement of a registered trade mark the validity of the registration of the plaintiff's trade mark is questioned by the defendant or where in any such suit the defendant raises a defence under clause (d) of sub-section (1) of section 30 and the

plaintiff questions the validity of the registration of the defendant's trade mark, the issue as to the validity of the registration of the trade mark concerned shall be determined only on an application for the rectification of the register, and notwithstanding anything contained in section 46, sub-section (4) of section 47 or section 56, such application shall be made to the High Court and not to the Registrar.

(2) Subject to the provisions of sub-section (1), where an application for rectification of the register is made to the Registrar under section 46 or sub-section (4) of section 47 or section 56, the Registrar may, if he thinks fit, refer the application at any stage of the proceeding to the High Court.

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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 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.

(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.

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(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 in so far 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."

16. The aforesaid provisions of the 1958 Act have been replicated in the 1999 Act. As the judicial precedents that would require elaboration are in the context of the 1999 Act, for purpose of clarity, it would suffice to indicate that Sections 46, 56, 111 and 107 of the 1958 Act (*extracted above*) correspond to Sections 47, 57, 124 and 125 of the 1999 Act.

17. What is the scheme of the Act? The question does not seem to have received/engaged the attention of this Court at any earlier point of time and therefore will have to be answered by us. The pronouncements of the High Court of Delhi and Madras in *Astrazeneca UK Ltd. and Anr. Vs. Orchid Chemicals and*

Pharmaceuticals Ltd.⁵ and B. Mohamed Yousuff (supra) and that of the Full Bench of the Delhi High Court in Data Infosys Limited (supra) have been cited at the Bar in support of the respective contentions.

18. In Astrazeneca UK Ltd. (supra), the Delhi High Court took the view that while in cases falling under Section 124(1)(i) of the 1999 Act, the Civil Court in seisin of an infringement suit would be obliged to adjourn the proceedings and await the outcome of the rectification proceedings, in cases falling under Section 124(1)(ii), access to the Intellectual Property Appellate Board (earlier High Court) is barred if the Civil Court does not find the plea of invalidity of the registration of the Trade Mark, raised in the suit to be *prima*

facie tenable. In such a situation, the aggrieved party is left with the remedy of approaching the Appellate Court insofar as the finding with regard to absence of a prima facie case with regard to the plea of invalidity of the registration of the trade mark is concerned.

19. However, the Madras High Court in *B. Mohamed Yousuff (supra)* took a contrary view and held that Sections 124 (1) (i) and (ii) operate at two different levels and in two different situations. The former deals with a situation where a rectification application is already pending whereas the latter governs a situation where no such proceeding is pending. The Madras High Court was of the view that both the sub-clauses focus their field of operation only with regard to the stay of civil suit for infringement and

the same does not deal with the discretion of the Court to permit or not to permit the filing of a rectification application. The High Court further was of the view that a plain reading of Section 124(1)(ii) does not disclose that the said provision of the 1999 Act mandates a party to first obtain permission/leave of the Court to file a rectification application which is a statutory right vested by the Act (Sections 47 and 57 of the 1999 Act) and therefore cannot be curtailed by any other provision of the 1999 Act.

20. The issue arose once again before the Delhi High Court in Data Infosys Limited (supra) which was referred to a Full Bench, perhaps, for a closer look into the matter in view of the conflict of opinions in Astrazeneca UK Ltd. (supra) and B. Mohamed Yousuff (supra). After an

elaborate consideration of the matter, the Full Bench of the Delhi High Court concluded that where registration of a trade mark is questioned after initiation of a suit for infringement it is open for the party setting up the plea of invalidity to apply to the IPAB under Sections 47 and 57 of the 1999 Act for rectification. The High Court went on to hold that the effect of the *prima facie* evaluation of the tenability of the plea of invalidity does not impinge on the right of the party raising such a plea to apply to the IPAB for rectification. In other words, the right to seek rectification under Sections 47 and 57 of the 1999 Act does not stand extinguished in a situation where in a suit for infringement the plea of invalidity is found to be *prima facie* not tenable. The

only difference according to the High Court is that while under Sections 47 and 57 of the 1999 Act, the aggrieved party can move the Registrar for rectification, in the latter situation i.e. where a suit is pending it is the IPAB which alone acquires jurisdiction to the exclusion of the Registrar.

21. In Data Infosys, the Full Bench of the Delhi High Court further took the view that the provisions of Section 124(3) of the 1999 Act should be interpreted to mean that if rectification proceedings are not filed within the period stipulated under Section 124(2) of the 1999 Act, or any extended period, the issue of invalidity of the registered trade mark would not survive to be decided and the said plea would be deemed to have been abandoned. But all these consequences will follow in

the suit. If the aggrieved party files a rectification application under Sections 47/57 of the 1999 Act after expiry of the period stipulated under Section 124(2) of the 1999 Act, or the extended period, as may be, the rectification application would still be maintainable and would have to be decided on merits by the IPAB and the final decision of the Board on the rectification application would have no bearing on the suit notwithstanding the fact that the plea of invalidity is deemed to have been abandoned therein. The only effect of the belated filing of the rectification proceeding would be that there would be no stay of the suit. According to the Full Bench, the jurisdiction to decide disputes with regard to validity of registration of a trade mark is exclusively vested in the

statutory authorities i.e. the Registrar or the IPAB and the Civil Court's jurisdiction to go into the merits of the plea of invalidity is statutorily barred. Therefore the jurisdiction of the IPAB vested under the statute cannot be ousted on the Civil Court's determination of the prima facie tenability of the plea of invalidity or upon the failure of the aggrieved party to move a rectification application within the time stipulated under Section 124(2) of the 1999 Act.

22. Insofar as its earlier view in *Astrazeneca UK Ltd.* (supra) is concerned, the Full Bench was of the opinion that the appellate jurisdiction of the High Court would only be confined to a consideration of the question of the prima facie assessment of tenability which would not touch upon the question of invalidity of

the trade mark on merits. The view expressed in *Astrazeneca UK Ltd.* (supra) was held to be unacceptable on that basis. Insofar as the abandonment of the plea of invalidity is concerned, the Full Bench was of the opinion that Section 124(3) merely contemplates abandonment of the plea/defence of invalidity in the suit and not an abandonment to claim rectification under Sections 47/57 of the 1999 Act.

23. Registration of a trade-mark vests in the registered owner an exclusive right to use the mark in relation to the goods in respect of which the mark has been registered. This is, however, subject to such conditions and limitations as may be incorporated in the registration itself. It also grants to the registered owner a right to seek and obtain relief in case of infringement of the mark. Section 46 in

Chapter VI of the 1958 Act contemplates removal from the register of any registered trade mark, *inter alia*, on the ground that the same was registered without any *bona fide* intention of use and, in fact, such mark has not been used up to one month prior to the date of the application for removal or that for a continuous period of five years there has been no *bona fide* use of the mark. Chapter VII of the 1958 Act deals with rectification and correction of the register of trade marks. Under Section 56, the Tribunal, (Registrar or, as the case may be, the High Court), on application, may cancel or vary the registration of a trade mark on the ground of any contravention, or failure to observe a condition subject to which registration was granted.

24. In cases where in a suit for infringement of a registered trade mark the validity of the registration of the trade mark is questioned either by the plaintiff or by the defendant, Section 107 of the 1958 Act provides that an application for rectification shall be made to the High Court and not to the Registrar notwithstanding the provisions contained in Section 46 or Section 56 of the 1958 Act. This would seem to suggest that in such cases (where a suit for infringement is pending) the legislative scheme is somewhat different.

25. The above seems to become more clear from what is to be found in Section 111 of the 1958 Act which deals with **“stay of proceedings where the validity of registration of the trade mark is questioned”**. The aforesaid

provision of the 1958 Act specifically provides that if a proceeding for rectification of the register in relation to the trade mark of either the plaintiff or the defendant is pending before the Registrar or the High Court, as may be, and a suit for infringement is filed wherein the aforesaid plea is raised either by the defendant or by the plaintiff, the suit shall remain stayed. Section 111 further provides if no proceedings for rectification are pending on the date of filing of the suit and the issue of validity of the registration of the plaintiff's or the defendant's trade mark is raised/arises subsequently and the same is *prima facie* found to be tenable, an issue to the aforesaid effect shall be framed by the Civil Court and the suit will remain

stayed for a period of three months from the date of framing of the issue so as to enable the concerned party to apply to the High Court for rectification of the register. Section 111(2) of the 1958 Act provides that in case an application for rectification is filed within the time allowed the trial of the suit shall remain stayed. Sub-Section (3) of Section 111 provides that in the event no such application for rectification is filed despite the order passed by the Civil Court, the plea with regard to validity of the registration of the trade mark in question shall be deemed to have been abandoned and the suit shall proceed in respect of any other issue that may have been raised therein. Sub-section (4) of Section 111 provides that the final order as may be passed in

the rectification proceeding shall bind the parties and the civil court will dispose of the suit in conformity with such order insofar as the issue with regard to validity of the registration of the trade mark is concerned.

26. Following well accepted principles of interpretation of statutes, which would hardly require a reiteration, the heading of Section 111 of the 1958 Act i.e. **“Stay of proceedings where the validity of registration of the trade mark is questioned, etc.”**, cannot be understood to be determinative of the true purport, intent and effect of the provisions contained therein so as to understand the said section to be contemplating only stay of proceedings of the suit where validity of the

registration of the trade mark is questioned. Naturally, the whole of the provisions of the section will have to be read and so read the same would clearly show lack of any legislative intent to limit/confine the operation of the section to what its title may convey.

27. Rather, from the resume of the provisions of the 1958 Act made above it becomes clear that all questions with regard to the validity of a Trade Mark is required to be decided by the Registrar or the High Court under the 1958 Act or by the Registrar or the IPAB under the 1999 Act and not by the Civil Court. The Civil Court, infact, is not empowered by the Act to decide the said question. Furthermore, the Act mandates that the decisions rendered by the

prescribed statutory authority [Registrar/High Court (now IPAB)] will bind the Civil Court. At the same time, the Act (both old and new) goes on to provide a different procedure to govern the exercise of the same jurisdiction in two different situations. In a case where the issue of invalidity is raised or arises independent of a suit, the prescribed statutory authority will be the sole authority to deal with the matter. However, in a situation where a suit is pending (whether instituted before or after the filing of a rectification application) the exercise of jurisdiction by the prescribed statutory authority is contingent on a finding of the Civil Court as regards the *prima facie* tenability of the plea of invalidity.

28. Conversely, in a situation where the Civil Court does not find a triable issue on the plea of invalidity the remedy of an aggrieved party would not be to move under Sections 46/56 of the 1958 Act but to challenge the order of the Civil Court in appeal. This would be necessary to avoid multiple proceedings on the same issue and resultant conflict of decisions.

29. The 1958 Act clearly visualizes that though in both situations i.e. where no suit for infringement is pending at the time of filing of the application for rectification or such a suit has come to be instituted subsequent to the application for rectification, it is the Registrar or the High Court which constitutes the Tribunal to determine the question of

invalidity, the procedure contemplated by the Statute to govern the exercise of jurisdiction to rectify is, however, different in the two situations enumerated. Such difference has already been noted.

30. The intention of the legislature is clear. All issues relating to and connected with the validity of registration has to be dealt with by the Tribunal and not by the civil court. In cases where the parties have not approached the civil court, Sections 46 and 56 provide an independent statutory right to an aggrieved party to seek rectification of a trade mark. However, in the event the Civil Court is approached, *inter alia*, raising the issue of invalidity of the trade mark

such plea will be decided not by the civil court but by the Tribunal under the 1958 Act. The Tribunal will however come into seisin of the matter only if the Civil Court is satisfied that an issue with regard to invalidity ought to be framed in the suit. Once an issue to the said effect is framed, the matter will have to go to the Tribunal and the decision of the Tribunal will thereafter bind the Civil Court. If despite the order of the civil court the parties do not approach the Tribunal for rectification, the plea with regard to rectification will no longer survive.

31. The legislature while providing consequences for non-compliance with timelines for doing of any act must be understood to have intended such

consequences to be mandatory in nature, thereby, also affecting the substantive rights of the parties. This is how Section 111(3) of the 1958 Act has to be understood. That apart, it is very much within the legislative domain to create legal fictions by incorporating a deeming clause and the court will have to understand such statutory fictions as bringing about a real state of affairs between the parties and ushering in legal consequences affecting the parties unless, of course, there is any other contrary provision in the statute. None exists in the 1958 Act to understand the provisions of Section 111(3) in any other manner except that the right to raise the issue of invalidity is lost forever if the requisite action to move the High Court/IPAB (now) is not

initiated within the statutorily prescribed time frame.

32. Thus, by virtue of the operation of the 1958 Act, the plea of rectification, upon abandonment, must be understood to have ceased to exist or survive between the parties *inter se*. Any other view would be to permit a party to collaterally raise the issue of rectification at any stage notwithstanding that a final decree may have been passed by the civil court in the meantime. True, the decree of the Civil Court will be on the basis of the conclusions on the other issues in the suit. But to permit the issue of rectification, once abandoned, to be resurrected at the option of the party who had chosen not to pursue the same at an earlier point of time would be to

open the doors to reopening of decrees/orders that have attained finality in law. This will bring in uncertainty if not chaos in the judicial determinations between the parties that stand concluded. Besides, such an interpretation would permit an aggrieved party to get over the operation of a statute providing for deemed abandonment of the right to raise an issue relevant; in fact, fundamental to the lis. The position may be highlighted by reference to a suit for infringement where the defendant raises the plea of invalidity of the plaintiff's trade mark and also in the alternative takes up any of the defenses available in law. The defendant by operation of Section 111(3) of the 1958 Act is deemed to have abandoned the plea of invalidity. In the trial it is

found that the defendant is guilty of infringement and is appropriately restrained by a decree of the Civil Court. If the right under Section 46/56 of the 1958 Act is to subsist even in such a situation, the possible uncertainty and possible anarchy may well be visualized. This is why the legislature by enacting Section 111 of the 1958 Act has mandated that the issue of invalidity which would go to the root of the matter should be decided in the first instance and a decision on the same would bind the parties before the civil court. Only if the same is abandoned or decided against the party raising it that the suit will proceed in respect of the other issues, if any. If the above is the legislative intent, which seems to be clear, we do not see

how the same can be overcome by reading the rights under Sections 46 and 56 of the 1958 Act to exist even in a situation where the abandonment of the same right under Section 111(3) has taken effect in law. The mandate of the 1958 Act, particularly, Section 111 thereof, appears to be that if an aggrieved party does not approach the Tribunal for a decision on the issue of invalidity of registration as provided for under Section 111(2) and (3), the right to raise the issue (of invalidity) would no longer survive between the parties to enable the concerned party to seek enforcement of the same by recourse to or by a separate action under the provisions of Section 46/56 of the 1958 Act.

33. Having dealt with the matter in the above manner, certain subsidiary and incidental questions, urged and argued by the parties, would also need an answer.

34. The first question posed is how an approach to the superior Court i.e. the High Court, under Section 111 of the 1958 Act, can be contingent on a permission or grant of leave by a court of subordinate jurisdiction. The above is also contended to be plainly contrary to the provisions of Section 41 (b) of Specific Relief Act, 1963. It is also urged that Section 32 of the 1958 Act provides a defence to a claim of infringement which is open to be taken both in a proceeding for rectification as well as in a suit. The said defence statutorily available to a contesting

party cannot be foreclosed by a deemed abandonment of the issue of invalidity, it has been contended.

35. Section 111 of the 1958 Act and the corresponding Section 124 of the 1999 Act nowhere contemplates grant of permission by the civil court to move the High Court or the IPAB, as may be, for rectification. The true purport and effect of Sections 111/124 (of the old and new Act) has been dealt within detail and would not require any further discussion or enumeration. The requirement of satisfaction of the civil Court regarding the existence of a *prima facie* case of invalidity and the framing of an issue to that effect before the law operates to vest jurisdiction in the statutory authority to deal with the issue of invalidity by no means,

tantamount to permission or leave of the civil court, as has been contended. It is a basic requirement to further the cause of justice by elimination of false, frivolous and untenable claims of invalidity that may be raised in the suit.

36. 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 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 is raised in the suit but by observance of two different procedural regimes.

37. In the light of the above while answering the question arising in the manner indicated above, we dismiss all the appeals under consideration and affirm the order passed by the High Courts.

.....,J.
(RANJAN GOGOI)

.....,J.
(NAVIN SINHA)

NEW DELHI
NOVEMBER 29, 2017

ITEM NO.1501

COURT NO.3

SECTION III

S U P R E M E C O U R T O F I N D I A
R E C O R D O F P R O C E E D I N G S

Civil Appeal No(s). 4767-4769/2001

PATEL FIELD MARSHAL AGENCIES AND ANR.

Appellant(s)

VERSUS

P.M. DIESELS LTD. AND ORS.

Respondent(s)

WITH

C.A. No. 19937/2017 @ SLP (C) No.1851/2009(XIV)

C.A. No. 19938/2017 @ SLP (C) No.27309/2012(XIV)

SLP(C) No. 30121/2012 (XIV)

Date : 29-11-2017 These matters were called on
for pronouncement of judgment today.

For Appellant(s)

Mr. Balraj Dewan, AOR

Mr. J. Sai Deepak, Adv.
Ms. Sangeeta Goel, Adv.
Mr. Mohit Goel, Adv.
Mr. Bharadwaj Jaishankar, Adv.
Mr. Sidhant Goel, Adv.
Mr. Ashutosh Nagar, Adv.
Mr. Abhishek Kotnala, Adv.
Mr. Deepankar Mishra, Adv.
Mr. Mishra Saurabh, AOR

Mr. Shiv Mangal Sharma, Adv.
Mr. Sitesh Narayan Singh, Adv.
Mr. T. Mahipal, AOR

For Respondent(s)

Mr. Anil Nag, AOR

Ms. Nandini Gore, Adv.
Mr. Abhinay Sharma, Adv.
Ms. Neha Khandelwal, Adv.
Mr. Mandeep Kalra, Adv.
Mr. R.K. Agrarwal, Adv.
Mr. Nipun Saxena, Adv.
Ms. Anusuya Nigam, Adv.
Mrs. Manik Karanjawala, AOR

Mr. Anil Kumar Tandale, AOR

Ms. Archana Sahadeva, AOR
Mr. Nikhil Lal, Adv.

Mr. Abhinav Mukerji, AOR

Hon'ble Mr. Justice Ranjan Gogoi pronounced the judgment of the Bench comprising His Lordship and Hon'ble Mr. Justice Navin Sinha.

Leave granted in S.L.P. (C) No.1851 of 2009 and S.L.P. (C) No.27309 of 2012.

Civil Appeal Nos.4767-4769/2001 and Civil Appeals arising from S.L.P. (C) Nos.1851 of 2009 and 27309 of 2012 are dismissed and Special Leave Petition (C) No.30121 of 2012 shall stand dismissed as withdrawn in terms of the signed reportable judgment.

(NEETU KHAJURIA)
COURT MASTER

(ASHA SONI)
BRANCH OFFICER

(Signed reportable judgment is placed on the file.)