

Lupin Ltd. and Another Vs. Johnson and Johnson and Another

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Court : Mumbai

Decided On : Dec-23-2014

Judge : THE HONOURABLE CHIEF JUSTICE MR. MOHIT S. SHAH, S.J. KATHAWALLA & N.M. JAMDAR

Appeal No. : Notice of Motion (L) No. 2178 of 2012 in Suit (L) No. 1842 of 2012 Alongwith Appeal (L) No. 674 of 2012 in Notice of Motion No. 1533 of 2012 in Suit No. 1171 of 2012

Appellant : Lupin Ltd. and Another

Respondent : Johnson and Johnson and Another

Judgement :

MohitS. Shah, CJ.

1. This reference has been made to the Full Bench pursuant to the order dated 13 August 2012 of learned Single Judge of this Court (Coram : B.R. Gavai, J.) for considering following question of law:

Whether the Court can go into the question of the validity of the registration of the plaintiff's trade mark at an interlocutory stage when the defendant takes up the defence of invalidity of the registration of the plaintiff's trade mark in an infringement suit?

2. The learned Single Judge felt the need to make this reference in view of two decisions of the Division Benches of this Court, one holding that the Court can not go into the question of validity of registration of a trade mark when such defence is taken by the defendant at an interlocutory stage in a suit for infringement of registered trade mark (judgment dated 16 February 2005 in M/s. Maxheal Pharmaceuticles v/s. Shalina Laboratories Pvt. Ltd. Appeal No.88 of 2005 in N.M.No.2663 of 2004 in suit No.2663 of 2004) and the other decision in which the Court considered the validity of registration when such a defence was raised at an interlocutory stage (J.K. sons v/s. Parksons Games and Sports and anr. 2011 (47) PTC 443 (Bom)).

The conflict also appears in a series of judgments of this Court on the one hand holding that at an interlocutory stage the Court cannot go into the question of validity of registration of the plaintiff's trade mark when such defence is raised by the defendant in an interlocutory stage and a series of judgments of Delhi High Court on the other hand holding that such a plea can be considered at an interlocutory stage.

3. Looking to the length of the judgment, we would like to indicate its broad framework as under:

Para Nos.	Particulars
3 to 5	Facts.
6	Reasons ordering reference.
7	Plaintiff's submissions.
8	Defendant's submissions.

9	Plaintiff's rejoinder.
10 to 16	Statutory provisions.
17 to 23	Legislative History.
24 to 43	Discussion.
44 to 54	Case law.
55 to 57	Further discussion.
59	Conclusions.

FACTS

4. Before proceeding to consider the rival submissions, we may first set out facts leading to filing of the two suits and the notice of motion giving rise to this reference.

(i) Suit (L) No. 1842 of 2012 has been filed by Lupin Limited, which is a company incorporated under the Companies Act, 1956 and has its registered office in Mumbai. The plaintiff carries on business of manufacturing, marketing and selling pharmaceutical products and claims to be amongst top five in the Indian pharmaceutical market. The plaintiff also claims international presence in almost 70 countries.

(ii) The defendant is a company having its registered office in New Jersey, USA and is also in the business of manufacturing and selling of pharmaceutical products.

(iii) The suit has been filed for infringement in respect of registered trade mark LUCYNATA registered in Class 5 of the Fourth Schedule to the Trade Marks Act with effect from 2012. The plaintiff claims that it had conceived and adopted its mark LUCYNATA in or around June 2010 and applied for registration of the same on 20 August 2010. The plaintiff took official search of the Trade Marks Register in the Trade Marks Registry on 18 October 2010 and found no conflicting mark on the Register of Trade Marks or pending application.

(iv) On 28 March 2011, the Examiner of Trade Marks issued an Examination Report that no mark conflicting to the plaintiff's mark was reflected.

(v) On 8 August 2011, the trade mark was advertised in the Trade Marks Journal and thereafter the trade mark was registered by the Registrar of Trade Marks under certificate of registration and the trade mark LUCYNATA was put on the Register of Trade Marks on 9 March 2012.

(vi) According to the plaintiff, it launched its product's trade mark LUCYNATA in market in October 2011.

(vii) On 12 July 2012, the plaintiff received summons of the proceedings of Suit No. 1931 of 2012 filed by Johnson and Johnson (defendant in the present suit) against the present plaintiff (Lupin Limited) alleging that the plaintiff is committing the act of passing off by using the mark LUCYNATA. The said suit was filed in the Delhi High Court on 4 July 2012. The plaintiff has contended that the application for registration of the mark LUCYNATA made by Johnson and Johnson (the defendant) in India was made on 2 September 2011, which is subsequent in time to the application made by the plaintiff. The plaintiff has already got the trade mark LUCYNATA registered in its name.

(viii) Johnson and Johnson (the defendant) has contended in the suit that-

(a) the defendant was the inventor of a new drug viz. TAPENTADOL, and was not only the first to coin and adopt a distinctive trade mark viz., NUCYNATA in respect thereof, but the defendant had extensively used the same in the international market since 2008;

(b) prior to the plaintiff's registration, the defendant had also obtained registration thereof in various countries around the world;

(c) the plaintiff, before this Court had therefore fraudulently adopted a deceptively similar mark LUCYNATA,

that too, in respect of the same drug and such a fraudulent adoption had proceeded to registration;

(d) the defendant before this Court had also prior to the filing of the infringement action by the plaintiff in this Court, filed a suit in respect of passing off against the plaintiff in the Delhi High Court. In retaliation the plaintiff herein had filed its action;

(e) the adoption by the plaintiff of its mark LUCYNTA was ex facie fraudulent and the suit filed by the plaintiff Lupin Limited was mala fide.

(ix) Johnson and Johnson (the defendant) contended that the case exemplified a situation where:

(a) a pirator/copier was attempting to restrain the original adopter merely because he had secured registration of the mark wrongly and/or fraudulently; and

(b) despite doing so, the pirator/copier was bold enough to assert that the Court was powerless in the matter and could not examine the obvious fraudulent nature of the mark and was duty bound to enforce the same merely because the Registrar had granted registration.

5. The other appeal arises from the suit filed by Parle Products Limited to enforce its rights in respect of its trade mark GLUCO registered in Class 30 of the Trade Marks Act. The defendant Shakti Bhog Foods Limited contended that the mark GLUCO was descriptive and no one could have monopoly over the same as held by the Supreme Court in Corn Products Refining Company vs. Shangrila Food Products Limited (AIR 1960 SC 142). The defendant also pointed out that the plaintiff had filed a suit in the Madras High Court in respect of the same mark GLUCO against Bakeman Industries Ltd. and the Madras High Court examined the objection about validity of the registration and refused to grant interim relief in favour of the plaintiff Parle Products Limited. The defendant, therefore, contended that in such a situation the Supreme Court has held that the mark GLUCO was descriptive and no one could have monopoly over the same. The plaintiff cannot be allowed to contend that the application for injunction must be heard and decided on the basis that the Court cannot examine prima facie validity of registration at the stage of hearing the injunction application.

6. The learned Single Judge (B.R. Gavai, J.) in the order of reference has in paragraphs 15 and 16 of the judgment dated 13th August, 2012 in Notice of Motion (L) No.2178 of 2012 observed thus :

15. It can be seen that the Division bench in M/s. Maxheal Pharmaceuticals v. Shalina Laboratories Pvt. Ltd. (supra) held that once the registration is granted in favour of the proprietor, he is entitled to an order of injunction restraining the others from using the same even if the same is wrongly granted. It further held that it is not the practice of this Court to go into the question of validity of the registration at the stage of grant of injunction. However, the Division Bench of this Court in M/s. J.K. Sons v. M/s. Parksons Games and Sports (supra), relying on the judgment of the Full bench of this Court in the case of Abdul Cadur Allibhoy v. Moahomedally Hyderally (supra), has held that the principle that a person who himself has imitated somebody else's mark and guilty of false and misleading representation is not entitled to an injunction, is applicable to the cases of infringement of trademark and passing off. In view of the law laid down by the Apex Court, as discussed hereinabove, there should be no difficulty in so far as action for passing off is concerned. It appears to be a settled position of law that an action for passing off would lie at the instance of prior user even against the registered user. The difficulty would be in respect of action for infringement of trademark, inasmuch as in view of the judgment of the Division Bench in the case of M/s. Maxheal Pharmaceuticals v. Shalina Laboratories Pvt. Ltd. (supra), a proprietor plaintiff can claim an injunction even against a prior user, on the action of infringement, merely on the basis of having registration in his favour. In my respectful view, this would lead to anomalous situation. If an action for passing off is by a prior user, the Court would be permitted to go into the issues including the issue of validity of registration of the defendant's trademark and even grant an order of injunction in favour of the person whose mark is not registered and against the person whose mark is registered. However, if an injunction is sought by a proprietor of a registered trademark, in view of the view taken by the Division Bench of this Court in the case of M/s. Maxheal Pharmaceuticals v.

Shalina Laboratories Pvt. Ltd. (supra), the Court would be powerless to go into the question of validity or otherwise of the plaintiff's registration and will have to grant an injunction merely for asking. In view of the view taken by the Division Bench, which binds the learned single Judges of this Court, this Court would be bound by the said judgment to grant injunction in favour of the plaintiff, who is registered proprietor, even if this Court finds that the adoption of the plaintiff's trademark is fraudulent or deceptive.

16. The effect on the Indian economy of the liberalization, privatization and globalization cannot be totally ignored. At the same time, it also cannot be ignored that due to technological advancement, the information and knowledge worldwide is available at the flick of a second. Knowledge and awareness of the goods of the foreign traders and trademarks would be available in India immediately after the launching thereof and vice versa by use of internet. It is common knowledge that the medical practitioners and experts surf on internet to find out the latest drugs available. The possibility cannot be ruled out of a local manufacturer coming to know about the product launched overseas and by imitating it immediately getting it registered in his favour. Whether, even in such a case, the courts would be precluded from considering the question of validity of registration and would be forced to grant an order of injunction in favour of the registered proprietor of the trademark merely on the ground that the Court cannot go into the question of validity of registration as long as the mark remains on the register (even wrongly) In view of the judgment of the Division Bench in the case of M/s. Maxheal Pharmaceuticals v. Shalina Laboratories Pvt. Ltd. (supra), the courts would be bound to grant injunction in favour of the registered proprietor. The important factor which has been directed to be taken into consideration in such matters by the Apex Court in the case of Cadila Health Care Ltd. v. Cadila Pharmaceuticals Ltd., 2001 PTC 300 (SC) of ensuring public interest will have to be given go bye, if the injunction is to be granted in favour of such fraudulent and deceptive registered user of trademark.

SUBMISSIONS FOR THE APPELLANT/PLAINTIFF.

7. Dr. Virendra Tulzapurkar, learned senior counsel for the appellant-plaintiff made the following broad submissions:

(a) The consideration of the plea of invalidity of the registration is contrary to the object of the Trade Marks Act. If the Court trying an infringement suit, at an interlocutory stage considers the plea of invalidity of the Plaintiffs registration of the mark, it will result in defeating the object of registration sought to be achieved by the Act. The entire object of providing for registration of a trademark and recognizing the exclusive right of the registered proprietor to use the registered trademark and conferring a right on the registered proprietor to prevent others from using an identical or deceptively similar trademark, is to obviate the necessity of proving in each and every case the Plaintiffs title to the mark i.e. Plaintiffs proprietorship of the mark, the distinctiveness of the mark and its reputation.

(b) Consideration of the plea of invalidity of registration by the District Court at an interim stage in an infringement suit is barred by the provisions of the Act and the scheme of the Act.

(i) The scheme of the Act is that exclusive jurisdiction is conferred on the Registrar/ Intellectual Property Appellate Board (IPAB) to decide the question of validity of the registration of a registered trademark and that too only if an application for rectification is filed under Section 57 of the Act.

(ii) The entire scheme of the Act and, in particular, the provisions of Sections 28, 31, 57, 93, 100, 124 and 125 make it clear that the question of validity of the registration of a registered trademark can not be decided by a Court at all at any stage of a suit and that question is required to be and can be decided only by the Registrar or the IPAB who alone have the jurisdiction to do so. If the jurisdiction of the Court is completely ousted to decide the question of validity of registration, even at the final stage of the infringement action, a fortiori, the jurisdiction of the Court to consider the question of validity of registration of the registered trademark at a prima facie stage is ousted. This is also supported by a principle analogous to the principle that an interlocutory relief that can be granted by a Court must be germane to the main relief and only as an aid to the final relief that can be granted and the Court cannot grant any interlocutory relief which it cannot grant as

final relief.

(iii) It is clear from a combined reading of sections 28, 31, 124 and 125 that the legislature did not intend that a civil court trying an infringement action should consider the plea of invalidity of registration at any stage. Section 28 confers an exclusive right on the registered proprietor to use the mark and also to prevent others from using an identical or deceptively similar mark. These rights arise on registration. The rights subsist so long as the registration is valid and, as stated above, the registration remains valid till the mark is expunged in rectification proceedings.

(iv) The presence of the words if valid in Section 28 of the Act does not in any manner indicate that the legislature intended that the civil Court should consider the question of validity of registration in a suit for infringement, but legislative intent is only to allow the Defendant to raise the defense of invalidity which if and only if accepted in rectification proceedings by the appropriate forum (which is not the Civil Court trying the suit), would result in rejecting the claim of the Plaintiff for injunction and other reliefs in the infringement suit.

(v) Section 28 of the Act does not provide for any independent or separate defense being raised by the Defendant in the infringement action. All defenses available in law have been codified and those are to be found in sections 33,34, 35 and 36 of the Act. Reliefs in an infringement action are not granted under Section 28 but are granted under Section 135 of the Act and Section 28 only recognizes the rights on the basis of which reliefs can be granted in an infringement action.

(vi) The plea of invalidity of registration of trademark and the plea/defence that the Defendants use of a mark does not amount to infringement in view of the provisions of Section 35, are two distinct and independent pleas. When the Court allows the defense that the Defendant s use of a word is in a descriptive sense and not as a trade mark and therefore cannot amount to infringement this does not mean that the Court allows the plea of invalidity being raised on the ground that the Plaintiffs mark ought not to be registered in view of the provisions of Section 35 of the Act. In fact a contention under section 35 is only a defense and is not a contention touching the registration or affecting the validity of registration at all. Allowing a defense under section 35 does not affect or touch the registration of the trade mark. If, however, the Defendant uses the word in a trademark sense, then the Court will grant injunction on the ground that it infringes the Plaintiffs registered trademark.

(vii) The provisions of Section 31 of the Act read in conjunction with Sections 28 and 124 clearly show that till the mark is rectified there is a presumption in law as to validity of the registration of the mark. The words prima facie in Section 31 are required to be construed in the context of the object of registration, the object of the Act and the provision conferring exclusive jurisdiction of the appropriate forum (which is not the civil court trying the infringement action) to decide the question of validity of the registration of the registered trade mark. It is submitted that two objects are achieved by Section 31, first, it facilitates proof of title to the mark, and Second, it throws the burden on the Applicant seeking to invalidate the registration as regards the rectification proceedings. The words of the Section prima facie valid show that so long as the mark is on the register and till it is not expunged by the appropriate authority (which is not the civil court) the registration must be considered as valid. This dual objective is noted by the Supreme Court in the case of National Bell Company V. Metal Goods Manufacturing Company Private Limited AIR 1971 SC 898, at para 8 in the following words:-

Under Section 31, registration is prima facie evidence of its validity. The object of the Section is obviously to facilitate the proof of title by a Plaintiff suing for infringement of his trademark. He has only to produce the certificate of registration of his trademark and that would be prima facie evidence of his title. Such registration is prima facie evidence also in the rectification applications under Section 56 which means that onus of proof is on the person making such application.

Therefore the said presumption operates at all times from the date of registration till the registration is

cancelled and there is no question of the said presumption being rebutted at any time prior to the final decision of the appropriate forum (which is not the civil court trying infringement action) expunging the mark from the register on the ground of invalidity.

(viii) The IPAB or the Registrar has no power to grant any interim relief in a rectification application. (who are the authorities with exclusive jurisdiction to consider the validity of registration) The IPAB has power to grant interim relief only in the proceedings by way of appeal against the decision of the Registrar in the matter of applications for registration. Thus, the legislature did not intend that the registration once granted after following the procedure prescribed by the Act, be stayed or the effect of registration be suspended at any stage in the proceedings for rectification. It is therefore, clear that, the legislature did not want even authority, which is vested with exclusive jurisdiction to decide on the question of invalidity, to pass any order before finally deciding the question of validity, which can have the effect of staying or suspending the rights conferred by registration. Much less should the Civil Court, which has no jurisdiction at all to consider the question of validity, have power to consider that question at an interlocutory stage and to pass an order which will have the effect, though tentatively or for the time being i.e. during the pendency of the rectification proceedings, of staying the effect of registration which was granted after following the procedure prescribed by the Act. Therefore such a plea of invalidity cannot be raised at any interlocutory stage. Otherwise it will result in an incongruous position emerging as a result of the Civil Court at an interlocutory stage, accepting the plea of invalidity, whereas the IPAB cannot do so. Any interpretation producing absurd result should be avoided.

(c) The provisions of the Designs Act, 2000 and the Patents Act also need to be referred to. These Acts (unlike the Trade Marks Act) contain express provisions permitting the Defendant in an action for infringement of copyright in a design and for infringement of patent to raise the plea of invalidity of registration of design/grant of patent.

(i) Section 22(4) of the Designs Act, 2000 expressly provides that in a suit for infringement of copyright in a registered design, the Defendants can raise by way of defense a plea which can be taken under Section 19 for cancellation of a design. Section 19 of the Designs Act 2000 sets out the grounds on which a design can be cancelled. It is to be noted that in the earlier Act i.e. the Designs Act, 1911, there was no such provision. However, the Courts, while interpreting the provisions of the Designs Act 1911, held that such a plea can be taken in a suit for infringement of a registered design. In Section 22 (3) of the Designs Act 2000, it is provided that in any suit or any other proceedings for relief under Section 22, every ground on which the registration of a design may be cancelled under Section 19 shall be available as a ground of defense.

(ii) Section 107 of the Patents Act 1970 provides that in any suit for infringement of a patent, every ground on which the patent may be revoked under Section 64 shall be available as a ground of defense. Section 64 provides for the grounds on which a patent can be revoked.

(iii) It is thus clear that the legislature, when it so wanted, consciously enacted statutory provisions that in a suit for infringement of patent or infringement of a registered design, a defense in the suit itself could be taken which would be decided by the Court trying the suit. The Legislature was fully aware of the provisions of the Patents Act, 1970 and the Designs Act of 2000 and consciously made a departure there-from while enacting the Trade Marks Act. In respect of registered Trade Marks, the Legislature did not want only a limited/ restricted, presumption as regards the evidence of the entries in the register, but wanted the presumption of the validity of the registration of the mark itself. This was solely with the purpose of carrying out the object of registration of a trademark viz. to obviate the production of evidence of title, reputation and distinctiveness of the registered trademark in every case. The title and the distinctiveness were intended to be presumed to have been established by the production of the registration certificate and which presumption could be rebutted only when the mark was rectified by the appropriate authority having jurisdiction to try rectification proceedings (and not by the Court trying the suit for infringement).

(iv) In the Patents Act and the Designs Act there is no provision similar to the provision contained in Section 31(1) of the Trade Marks Act, 1999. This is one more instance to show that the legislature did not intend that the question of validity of registration of Trade Mark be considered by the Court in a suit for infringement of a registered trademark at any stage of the suit proceedings, much less at an interlocutory stage.

(d) Therefore the aforesaid provisions clearly show that the legislature never intended that the Court trying an infringement action on a registered trade mark could or should consider or decide the question of validity of the registration of a registered trade mark, nor did it intend that such a plea could be allowed to be raised at an interlocutory stage. The provisions of the Act are required to be interpreted in such a manner that the objects of the Act are fulfilled. Accepting the view that the plea of invalidity can be raised in an infringement action will result in destroying what was granted by the Act by providing for registration and will amount to putting the clock back to pre-1875 position. If such a plea is allowed to be taken at the interlocutory stage in an infringement action, the effect of registration will stand destroyed and there will not be any difference between a suit for infringement of a trademark and a suit for passing off. Various Courts, including the Supreme Court have held that the two actions (one for the infringement and the other for passing off) are different.

SUBMISSIONS FOR THE RESPONDENTS-DEFENDANTS

8. On the other hand, Mr. Ravi Kadam and Mr. Dhond, learned senior counsel for the defendants made the following submissions:

(a) The real question which falls for determination and/or consideration by the Full Bench is not whether the Court can in an infringement action, at the interlocutory stage, go behind the registration of the trade mark, but:

(i) Whether the obvious invalidity and/or un-registrability and/or fraudulent nature of registration, granted by the Trade Mark Registry is a factor which is completely irrelevant to an enquiry by a Court at the stage of grant of interlocutory relief?

(ii) Whether even in cases where the Court is convinced, ex-facie and/or without embarking upon any involved factual inquiry, that the registration granted is totally illegal or fraudulent or something which the Court regards as being unconscionable, the Court hearing an interlocutory application is bound to disregard its own assessment and proceed to grant an injunction to enforce a trade mark, whose registration it regards as being a matter of substantial disquiet?

(iii) There is no express statutory bar against a Defendant in an infringement action raising at an interlocutory stage, defence of invalidity of the registration nor is there any bar to the Court considering such defence, at the interlocutory stage.

(iv) There is not even any implied bar under the Act from either the defendant raising such a defence or the Court considering such a defence, if so raised.

(v) On the contrary, the clear language of the Act and the statutory scheme not only recognises that, at an interlocutory stage, the defendant can raise and the Court can consider, objections about the invalidity of the registration, but, in fact obliges the Court to examine the same.

(b) The basic principle of statutory interpretation is of literal construction. The words of the statute will have to be read as it is, unless they lead to absurdity. It is only in such contingency, recourse to external aid is permissible.

(i) Section 28 states that registration of a trade mark, if valid, gives registered proprietor of the trade mark exclusive right to use the trade mark.

(ii) Section 31 states that in all legal proceedings relating to trade mark, the registration shall be a prima facie evidence of the validity. The reference to the legal proceedings in sections 31 and 57 will also mean a suit for enforcement. There is no reason to read legal proceedings in a restrictive manner.

(iii) Section 57 deals with the power to set aside registration and rectify the register, by the Tribunal.

(iv) Section 124 deals with stay of the proceedings where validity of the registration is questioned.

(v) Section 124(5) states that Court is not precluded from passing an interlocutory order.

The plain reading of these sections shows that registration of the trade mark gives a right for its enforcement. The registration of trade mark will be prima facie evidence of its validity and when registration is questioned before the Tribunal, though the Court will stay the proceedings, the Court has a power to pass interim orders.

(c) A conjoint reading of these sections, read as it is, would show that a right flows only if the trade mark is valid and the act of registration is a prima facie proof of its validity.

(d) If it is to be held that the Court is powerless to refuse any interim order when trade mark is registered, the words of the statute will have to be rewritten to the effect that the registration of trade mark is conclusive proof of its validity and/or once a trade mark is registered, till it is set aside, no Court shall have any power to question its registration.

Thus either the words if valid and prima facie will have to be omitted from these sections or be deemed to read as, valid and conclusive. Thus, by process of interpretation, the statute will have to be reenacted, which is not permissible unless the plain reading leads to absurdity or is not what is plainly intended by the legislation.

(e) The Act of 1958 was preceded by the Act of 1940, which contained the words if valid. An amendment was moved to the 1940 Act to delete the words if valid. A legislative intent can be gathered from the notes and the clause which stated that it sought to omit the words if valid so as to bar any Court to go into a question of validity of registration. Under the Act of 1958, the words if valid were introduced again. The legislative intent is clear that the words if valid are referable to the Court enforcing the registration. Thus it cannot be said that the words if valid and prima facie are superfluous. They are meant to grant power to the Court to examine validity of the registration.

(f) However, once registration is granted, it is desirable that the holder thereof should continue to exercise its right till the registration is set aside without having to face legal hurdles in enforcement. Though the words prima facie, valid are used, the registration of trade mark will have to be taken as a very strong evidence in favour of the validity.

(g) The burden of showing that the trade mark is not valid is extremely heavy on the challenger. No Court will lightly brush aside the factum of registration. Though it is permissible to argue that the factum of registration will have prima facie proof of its validity, it cannot be easily dislodged.

(h) Since this Court has always demanded extremely high degree of proof from a challenger regarding validity of registration of trade mark and in almost all cases the injunctions have been granted on the basis of the trade mark, it has thus become a practice of this Court not to lightly accept challenge to the validity of the trade mark. While using the discretion to grant injunction on the basis of the registration of trade mark, this Court has almost always granted such injunction; it is in this context that this Court has held that it is the practice of the Court to grant injunction on the basis of the registration.

(i) It is one thing to say that at an interlocutory stage, once the suit is brought on the basis of the infringement of registration of trade mark, injunction should normally be granted than to say that the injunction must be granted and the defendant cannot argue that the trade mark is not valid. Even if such argument is advanced, the Court can always use its discretion to hold that in a given case the heavy burden is not discharged and

rely upon practice of this Court in generally not granting the injunction, but to completely shut out an enquiry will be contrary to the statute.

(j) At the hearing of an application for interlocutory relief, the Court is guided by the three considerations of (a) prima facie case; (b) balance of convenience; and (c) irreparable injury/ injustice. It is no longer res integra that an enquiry into these parameters also obliges the Court to consider the strength/merit of the defence put forth by the defendant. A fortiori, it is, therefore, axiomatic that in making this enquiry, the Court will consider all defences that the defendant may raise, including defences on the invalidity of the registration of the mark whose registration is sought to be enforced.

(k) Whether any interpretation which prevents a defendant from raising such a defence and which prevents the Court from examining such defence, to be countenanced, the inexorable result thereof would be to bring forth a situation which would defeat the ends of justice and entail extremely serious ramifications. It will have the effect of depriving a defendant of an important right (defence), which the statute itself confers upon him. There is nothing in the language of the Act nor can anything be inferred by implication, which denies the defendant such an important defence.

SUBMISSIONS IN REJOINER

9. Dr. Tulzapurkar, learned senior counsel for the plaintiff, in rejoinder, submitted that:

(a) Had the intention of the Legislature been only to provide for burden of proof of invalidity of registration being cast on the applicant for rectification or for the provisions of Section 31 to have only evidentiary value, and not the recognition of the right of registration, the Legislature would have enacted Section 31 in the same words as those in Section 19 and 22 of the Designs Act 2000 and sections 64 and 107 of the Patent Act 1970.

(b) Provisions similar to the Designs Act and Patent Act above referred to, in respect of the presumption of entry made in the Register are separately made in Section 137 in addition to the presumption of validity of the registered trade mark (U/Sec 31) of the Trade Marks Act, 1999.

(c) Section 31 and Section 137 operate in different fields and Section 31 must be given full effect. Section 31 recognizes the rights created by registration and the said rights continue so long as the mark stands registered and the presumption of validity of registration remains valid and operative till it is rebutted at the final disposal of the rectification application by an order for rectification, and not at any stage before that, and only in rectification proceedings before the appropriate authority i.e the Registrar or the Intellectual Property Appellate Board (IPAB).

(d) Before granting registration the Registrar is statutorily obliged to take into consideration all grounds provided for in Sections 9, 11, 13 of the Act, and unless the applicant for registration discharges the burden of showing that the mark is distinctive or has acquired distinctiveness or is one which can be registered, his mark cannot/will not be registered. But once this burden is discharged by the applicant for registration and the Registrar, on being so satisfied duly registers the trade mark, the registered proprietor is not expected nor required to discharge the same burden again at an interlocutory stage of the suit if the Defendant disputes the validity of registration. It is for this purpose that the provisions were made in section 31 of the Act to the effect that in all the legal proceedings the registration shall be prima facie valid. If the civil court is required to go into the question of invalidity at a prima facie stage when it is considering the application for injunction then there was no need for providing for registration at all. As like in a passing off action the plaintiff would have been required to prove that his mark possesses all qualities required for registration and has acquired distinctiveness. The scheme of the Act clearly shows that the plea of invalidity cannot be considered at an interlocutory stage in a suit for infringement. It is further to be noted that if such plea is allowed then instead of the Defendant being required to discharge the burden of proving invalidity, the Plaintiff whose mark is registered will have to discharge the burden of proving that the registration is not invalid. Further, sec 18 to 23 of the Act are also significant. These provide for statutory advertisement of the

application for registration, opportunity to oppose the application and a decision thereon. When the Act provides for opposition proceedings before a Trade Mark is registered, then the registration once granted has to be given full effect and rights conferred by registration have to be upheld and enforced, unless the registration is expunged. This is another reason why, at an interlocutory stage, the registration cannot be questioned.

(e) The provisions of Section 124 are also required to be considered not by themselves, but along with the provisions of Sections 28 and 31 and 91 of the Act. As mentioned above, the provisions of Section 124 (Sec.111 of 1958 Act) were incorporated so that the IPAB decides the question of invalidity and the civil court trying the suit for infringement passes a decree in the suit in conformity with the final decision of the IPAB. The very fact that the civil court is required to pass a decree in conformity with the final decision of the IPAB shows that the civil court cannot touch upon or deal with the question of validity of registration. The civil court trying an infringement Suit, does not have any jurisdiction to consider the validity of registration at all, even at the final hearing of the Suit. Hence, much less can it go into that question at the interlocutory stage. The jurisdiction is barred at every stage of the suit.

(f) In view of the express ouster of jurisdiction of a civil court to consider the question of validity, if the legislature wanted the civil court at an interlocutory stage to consider, though, prima facie, or tentatively or during the pendency of the rectification application, the question of validity then an express provision conferring such power or jurisdiction on the civil court was required to be made. In the absence of such express provision it is not permissible by resorting to the general principles applicable to the grant of interlocutory injunction to permit the civil court to consider the plea of invalidity. It is a settled position in law that what cannot be done directly cannot be done indirectly. If such a plea is considered by a civil court it will amount to exercise of jurisdiction by the civil court which it does not possess at any stage of the suit. The aforesaid submission is supported by the express provision made in Section 9A of the Code of Civil Procedure, 1908, introduced in the State of Maharashtra.

(g) The Registrar, the IPAB and the civil Court are statutory functionaries under the Trade Marks Act, 1999, each having a separate distinct and independent jurisdiction which cannot be transgressed by any one of them. While registration can be granted only by the Registrar, rectification can be allowed only by the Registrar or only by the IPAB as the case may be, and reliefs in a suit for infringement can be granted only by a civil court. There is no question of any of the functionaries being put on a higher pedestal while they exercise their respective jurisdiction/ functions.

(h) While there cannot be any dispute about the principles to be applied while considering an application for interim reliefs in an infringement action, it is submitted that the plea of invalidity, not being a defense that can be raised at any stage of the suit until it is held by the appropriate authority that the registration is invalid, there is no question of such plea being considered while considering as to whether the Plaintiff has made out a prima facie case. The Act provides for the defenses which are available to a Defendant in an infringement action and those defenses can be raised at any stage of the suit to resist any relief that the Plaintiff seeks. The general principles governing the grant of injunction cannot be construed to confer an additional defense of invalidity to the Defendant at an interlocutory stage, which the statute does not permit the Court to go into, and which defense the civil court is precluded from considering even at the final stage of the suit, and the civil court is ordained to respect the decision of the appropriate forum, that is the Registrar or the IPAB as the case may be, and pass the final decree in accordance with such decision, and the civil court is not entitled to take any view different from the view taken by such authority on the question of validity or plea of invalidity of registration. The Civil Court has to proceed on the basis that the registration is valid at the interlocutory stage.

STATUTORY PROVISIONS

10. Before discussing the rival submissions, we may set out the relevant provisions of the Trade Marks Act,

1999 which call for our interpretation. The Trade Marks Act, 1999 is an Act to amend and consolidate the law relating to trade marks, to provide for registration and better protection of trade marks for goods and services and for the prevention of the use of fraudulent marks.

The Statement of Objects and Reasons of the Trade Marks Act, 1991 indicates as under :-

.... It was felt that a comprehensive review of the existing law be made in view of developments in trading and commercial practices, increasing globalisation of trade and industry, the need to encourage investment flows and transfer of technology, need for simplification and harmonization of trade mark management systems and to give effect to important judicial decisions. To achieve these purposes, the present Bill proposes to incorporate, inter alia the following namely :-

- (a)
- (b)
- (c) amplification of factors to be considered for defining a well-known mark;
- (d) doing away with the system of maintaining registration of trade marks in Part A and Part B with different legal rights, and to provide only a single register with simplified procedure for registration and with equal rights;
- (e) simplifying the procedure for registration of registered user and enlarging the scope of permitted use;
- (f)
- (g) providing an Appellate Board for speedy disposal of appeals and rectification applications which at present lie before High Courts;
- (h)
- (i)
- (j)
- (k)
- (l) incorporating other provisions like amending the definition of trade marks, amplifying the powers of the court to grant ex parte injunction in certain cases and other related amendments to simplify and streamline the trade mark law and procedure.

Section 2 of the Act contains, inter alia, the following definitions :-

- (w) registered trade mark means a trade mark which is actually on the register and remaining in force;
- (zb) trade mark means a mark capable of being represented graphically and which is capable of distinguishing the goods or services of one person from those of others and may include shape of goods, their packaging and combination of colours; and

Section 6, inter alia, contains the following :

6. The Register of Trade Marks (1) For the purposes of this Act, a record called the Register of Trade Marks shall be kept at the head office of the Trade Marks Registry, wherein shall be entered all the registered trade marks with the names, addresses and description of the proprietors, notifications of assignment and transmissions, the names, addresses and descriptions of registered users, conditions, limitations and such other matter relating to registered trade marks as may be prescribed.

(2) to (6)

(7) The Register of Trade Marks, both Part A and Part B, existing at the commencement of this Act, shall be incorporated in and form part of the register under this Act.

Section 9 lays down the absolute grounds for refusal of registration and such absolute grounds are as under :-

9. Absolute grounds for refusal of registration.

(1) The trade marks-

(a) which are devoid of any distinctive character, that is to say, not capable of distinguishing the goods or services of one person from those of another person;

(b) which consist exclusively of marks or indications which may serve in trade to designate the kind, quality, quantity, intended purpose, values, geographical origin or the time of production of the goods or rendering of the service or other characteristics of the goods or service;

(c) which consist exclusively of marks or indications which have become customary in the current language or in the bona fide and established practices of the trade, shall not be registered:

Provided that a trade mark shall not be refused registration if before the date of application for registration it has acquired a distinctive character as a result of the use made of it or is a well-known trade mark.

(2) A mark shall not be registered as a trade mark if-

(a) it is of such nature as to deceive the public or cause confusion;

(b) it contains or comprises of any matter likely to hurt the religious susceptibilities of any class or section of the citizens of India;

(c) it comprises or contains scandalous or obscene matter;

(d) its use is prohibited under the Emblems and Names (Prevention of Improper Use) Act, 1950 (12 of 1950).....

Section 11 lays down the relative grounds for refusal of registration if there exists a likelihood of confusion on the part of the public, which includes the likelihood of the association of the earlier trade mark on account of its identity with or similarity with an earlier trade mark or identity or similarity of goods covered by the earlier trade mark and there are also certain other relative grounds for refusal of registration.

Section 12 provides for registration of a case of honest concurrent use or of other special circumstances.

Sections 13 to 17 lay down some prohibitions.

11. Chapter III of the Act lays down the procedure for and duration of the registration. Section 18 provides for an application in writing to be made to the Registrar of Trade Mark in the prescribed manner for the registration of the trade mark.

Section 20 provides for advertisement of application for registration after it is accepted, absolute or subject to conditions or limitations.

Section 21 provides for opposition to registration within four months from the date of the advertisement of an application for registration. Such opposition is required to be served on the applicant and the applicant may give his counterstatement on the grounds on which he relies for his application. Such counterstatement is also required to be served upon the person giving a notice of opposition. The applicant as well as the

opponent may rely upon evidence to be submitted in the prescribed manner and in the prescribed time to the Registrar of Trade marks, who will give both of them an opportunity of hearing, if they so desire. After hearing the parties and considering the evidence, the Registrar shall decide whether and subject to what conditions or limitations, if any, the registration is to be permitted and may take into account a ground of objection, whether relied upon by the opponent or not.

Section 23 provides for registration of the trade mark within 18 months from the filing of the application with effect from the date of making of the application which shall be treated as date of registration. On registration of the trade mark, the Registrar may issue to the applicant a certificate in the prescribed form.

Section 25 provides for duration of such registered trade mark for a period of ten years, which may be renewed from time to time.

12. Chapter IV of the Act provides for Effect of Registration and the following sections are required to be quoted :-

27. No action for infringement of unregistered trade mark.-

(1) No person shall be entitled to institute any proceeding to prevent, or to recover damages for, the infringement of an unregistered trade mark.

(2) Nothing in this Act shall be deemed to affect rights of action against any person for passing off goods or services as the goods of another person or as services provided by another person, or the remedies in respect thereof.

28. Rights conferred by registration.-

(1) Subject to the other provisions of this Act, the registration of a trade mark shall, if valid, give to the registered proprietor of the trade mark the exclusive right to the use of the trade mark in relation to the goods or services in respect of which the trade mark is registered and to obtain relief in respect of infringement of the trade mark in the manner provided by this Act.

(2) The exclusive right to the use of a trade mark given under subsection (1) shall be subject to any conditions and limitations to which the registration is subject.

(3) Where two or more persons are registered proprietors of trade marks, which are identical with or nearly resemble each other, the exclusive right to the use of any of those trade marks shall not (except so far as their respective rights are subject to any conditions or limitations entered on the register) be deemed to have been acquired by any one of those persons as against any other of those persons merely by registration of the trade marks but each of those persons has otherwise the same rights as against other persons (not being registered users using by way of permitted use) as he would have if he were the sole registered proprietor.

29. Infringement of registered trade marks.-

(1) A registered trade mark is infringed by a person who, not being a registered proprietor or a person using by way of permitted use, uses in the course of trade, a mark which is identical with, or deceptively similar to, the trade mark in relation to goods or services in respect of which the trade mark is registered and in such manner as to render the use of the mark likely to be taken as being used as a trade mark.

(2) to (9)

Section 30 permits use of a registered trade mark in certain circumstances.

Section 31 is important and is required to be quoted in its entirety :-

31. Registration to be prima facie evidence of validity-

(1) In all legal proceedings relating to a trade mark registered under this Act (including applications under section 57), the original registration of the trade mark and of all subsequent assignments and transmissions of the trade mark shall be prima facie evidence of the validity thereof.

(2) In all legal proceedings as aforesaid a registered trade mark shall not be held to be invalid on the ground that it was not a registrable trade mark under section 9 except upon evidence of distinctiveness and that such evidence was not submitted to the Registrar before registration, if it is proved that the trade mark had been so used by the registered proprietor or his predecessor in title as to have become distinctive at the date of registration.

Section 32 provides for protection of registration on ground of distinctiveness in certain cases. Section 33 for effect of acquiescence and Section 34 saves certain vested rights.

Section 35 saves for bona fide use by a person of his own name or that of his place of his business or any bona fide description of character or quality of his goods or services. Similarly, Section 36 provides for saving of words for use of name, address or description of goods or services.

13. Chapter VII provides for Rectification and correction of the register. Section 57 confers power of rectification on the Intellectual Property Appellate Board (Appellate Board) established under Section 83 or to the Registrar of Trade Marks by any person aggrieved in the following terms :

57. Power to cancel or vary registration and to rectify the register.-

(1) On application made in the prescribed manner to the Appellate Board 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 the Appellate Board 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 subsection (1) or subsection (2).

(5) Any order of the Appellate Board 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.

Sections 58, 59 and 60 provides for correction, alteration or adaptation of entries in the register.

Chapter XI provides for the establishment and composition of the Appellate Board (Intellectual Property Appellate Board) and provides for an appeal to the Board against an order or decision of the Registrar. Section 93 provides that no court or other authority shall exercise any jurisdiction to entertain any matter which could be subject matter of appeal to the Appellate Board.

14. Chapter XIII of the Act though titled Miscellaneous contains important provisions.

Section 124 provides for stay of proceedings where validity of the trade mark is questioned. The section is required to be quoted in its entirety :

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 (3) of subsection (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 subsection (1) within the time specified therein or within such extended time as the court may 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 subsection (1) or subsection (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 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.

Section 125 is also important. It reads as under:-

125. Application for rectification of register to be made to Appellate Board 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 (e) of subsection (2) 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 47 or section 57, such application shall be made to the Appellate Board and not to the Registrar.

(2) Subject to the provisions of subsection (1), where an application for rectification of the register is made to the Registrar under Section 47 or section 57, the Registrar may, if he thinks fit, refer the application at any

stage of the proceedings to the Appellate Board.

Section 134 provides for suit for infringement to be instituted before District Court. Section 134(1) reads as under:-

(1) No suit-

(a) for the infringement of a registered trade mark; or

(b) relating to any right in a registered trade mark; or

(c) for passing off arising out of the use by the defendant of any trade mark which is identical with or deceptively similar to the plaintiff's trade mark, whether registered or unregistered, shall be instituted in any court inferior to a District Court having jurisdiction to try the suit.

(2)

Section 136 provides that in every proceeding under Chapter VII (Rectification and Correction of Register) or under Section 91 (appeal from the order or decision of the Registrar of Trade Marks to IPAB), every registered user of a trade mark, using by way of permitted use, who is not himself an applicant, shall be made a party to the proceedings.

Section 141 provides for certificate of validity in the following terms :

141. Certificate of validity If in any legal proceeding for rectification of the register before the Appellate Board a decision is on contest given in favour of the registered proprietor of the trade mark on the issue as to the validity of the registration of the trade mark, the Appellate Board may grant a certificate to that effect, and if such a certificate is granted, then, in any subsequent legal proceeding in which the said validity comes into question the said proprietor on obtaining a final order of judgment in his favour affirming validity of the registration of the trade mark shall, unless the said final order of judgment for sufficient reason directs otherwise, be entitled to his full cost charges and expenses as between legal practitioner and client.

Section 157 confers power on the Central Government to make rules to the conditions of previous publication, to carry out the provisions of the Act, giving a notice of opposition, etc. Accordingly, the Trade Marks Rules, 2002 have been made by the Central Government.

15. In the present Reference, we are not concerned with any procedural issue and, therefore, no reference is required to be made to any particular rule.

16. The functioning of the Appellate Board is governed by the Intellectual Property Appellate Board (Procedure) Rules, 2003. Nothing turns upon these rules and, therefore, we may now proceed to discuss the legal position.

LEGISLATIVE HISTORY

17. Before proceeding to deal with the rival submissions, it is necessary to make a brief reference to the history of the relevant statutory provisions which are now to be found in the Trade Marks Act, 1999 (hereinafter referred to as the 1999 Act) vis-a-vis the provisions of the Trade Marks Act, 1958 (hereinafter referred to as the 1958 Act) and their legislative history. First the definition of the Registered Trade Mark.

Section	1999 Act	Section	1958 Act
2(1)(w)	Registered Trade Mark means a trade mark which is actually on the register and	2(1)(r)	Registered Trade Mark means a trade mark which is actually on the

	remaining in force.		register.
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In view of the above change in the 1999 Act, a person who was earlier a registered proprietor, but whose registration has lapsed or is no longer in force, cannot be treated as a registered proprietor by the mere fact of his name physically continuing on the register (pending the formal act of its physical deletion). In other words, the trade mark must be on the register, both 'in law' and 'in fact'.

18. The next important provision is Section 28 of the 1999 Act which is in pari materia with Section 28 of the 1958 Act. The words if valid have generated a lot of debate and, therefore, it is necessary to refer to its legislative history. Section 21 of the Trade Marks Act, 1940 which preceded the Trade Marks Act, 1958, contained the words if valid. However, by an amendment to the 1940 Act in 1946, the words if valid were deleted. The Notes of Clauses to the said amendment (L.A. Bill No.20 of 1946) read as under :-

Clause 5. (a) The purpose of omitting the words if valid is to make it impossible for any court to go into the question of validity of registration in an infringement action unless rectification proceedings are taken. Where a trade mark has been registered in British India and an infringement action is filed in an Indian State, it will not be open to the Indian State to challenge the validity of the registration in British India. That can be done only by the aggrieved party taking rectification proceedings in British India.

(b) This clause renumbers the present section as subsection (1) and adds a further subsection in order to implement the reciprocal arrangement which has been arrived at between British India and the Indian States.

The purpose of omitting the words if valid was to make it impossible for any Court to go into the question of registration in an infringement action, unless rectification proceedings were taken. Where a trade mark was registered in British India and infringement action is taken in Indian State, it was not open to the Indian State to challenge the validity of the registration and that could be done only by the aggrieved party taking rectification proceedings in British India. Thus, the rationale behind the amendment was that a registration granted by Registrar in British India could not be called into question before a native State. The presence of words if valid would have enabled the Court in a native State to examine and/or go into and/or make an inquiry into questions of invalidity of the registration granted by the Registrar in British India. This the British legislature was not desirous of permitting and hence the amendment in 1946 to delete the words if valid. However, after India became independent, when the Trade Marks Act, 1958 was enacted, the words if valid were reintroduced. Clause 28 of the Statement of Objects and Reasons of the Act of 1958 read as under :

Clause 28. The references to Part A register are consequential to the introduction of Part B register. The words if valid which were deleted previously have now been reintroduced in this clause so as to provide explicitly that a defendant in an action for infringement may question the validity of the plaintiff's registration. But in such cases the issue as to validity must be determined by rectification proceedings in accordance with clause 111 of this Bill. The latter part of section 21 of the Trade Marks Act, 1940, which deals with what constitutes infringement, has been made the subject of a separate clause 29. Sub-clause (2) corresponds to the first part of section 22(1) of the Trade Marks Act, 1940. Sub-clause (3), which is new, clarifies the law as to the rights of registered proprietors, where the same mark is registered by two or more different persons.

19. The third important provision viz Section 31 of the 1999 Act is in pari materia with the provisions of Section 31 of the Act of 1958. In other orders, the words the original registration of the trade mark and of all subsequent assignments and transmissions of the trade mark shall be prima facie evidence of the validity thereof were also present in the Act of 1958.

20. There is no provision in the 1999 Act which is in pari materia with Section 32 of the Act of 1958 which read as under :-

32. Registration to be conclusive as to validity after seven years. Subject to the provisions of section 35 and section 46, in all legal proceedings relating to a trade mark registered in Part A of the register (including

applications under section 56), the original registration of the trade mark shall, after the expiration of seven years from the date of such registration, be taken to be valid in all respects unless it is proved-

(a) that the original registration was obtained by fraud;

(b) that the trade mark was registered in contravention of the provisions of section 11 or offends against the provisions of that section on the date of commencement of the proceedings; or

(c) that the trade mark was not, at the commencement of the proceedings, distinctive of the goods of the registered proprietor.

21. The contention of the defendant is that the deletion of Section 32 is also evidence of the legislative intent not to create or perpetuate conclusive presumption, even in very limited cases.

The power of rectification conferred by Section 57 of the 1999 Act was also conferred by Section 56 of the 1958 Act, but the power of rectification was conferred on the Registrar or the High Court. In other words, the forum for rectification proceedings which was earlier High Court, apart from the Registrar of Trade Marks, is now the Intellectual Property Appellate Board (Appellate Board for brevity).

22. Section 124 of the 1999 Act contains provisions which are in pari materia with Section 111 of the 1958 Act. These provisions under the new Act as well as the old Act, provide that where a challenge to the validity of the plaintiff's trade mark is raised in a suit for infringement of a trade mark before a Civil Court and the Civil Court finds the said challenge as prima facie tenable, the Civil Court will 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 defendant to apply to the Appellate Board for rectification of the register. If the defendant satisfies the Civil Court that he has made any such application within the specified time or the extended time, the trial of the suit shall stand stayed till the final disposal of the rectification proceedings. However, such stay does not preclude the Civil Court from making any interlocutory order (including any order granting an injunction) during the period of the stay of the suit. If such application is not made by the defendant within the specified or the extended time, 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 with regard to the other issues in the case. If any final order is made in the rectification proceedings, such final order shall be binding upon the parties and the Civil Court shall dispose of the suit in conformity with such final order, in so far as it relates to the issue as to the validity of the registration of the trade mark.

23. Provisions analogous to those of Section 125 in the 1999 Act were not to be found in the 1958 Act. This section specifically provides that where the validity of the registration of the plaintiff's trade mark is questioned by the defendant, 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 Sections 47 or 57, such application shall be made to the Appellate Board and not to the Registrar.

DISCUSSION

24. On an analysis of the provisions of Sections 2(w), 28, 31, 57, 124 and 125 of the Trade Marks Act, 1999 and on consideration of the legislative history, it appears to us that the legislature continued the provisions of Sections 28, 31 and 111 (124 in the 1999 Act) of the 1958 Act notwithstanding the changes made in Section 56 of the old Act (Section 57 of the new Act) and insertion of a new Section 125 in the new Act.

It is clear that till the enactment of the Trade Marks Act, 1999, the forum for deciding the suit for infringement and the forum for rectification proceedings was the same, viz., the High Court. The High Court, therefore, could take up both, the suit for infringement and the rectification proceedings, simultaneously, and therefore, Section 28 and Section 31 operated with same content and contours in the suit for infringement as well as in the rectification proceedings. The presumption in Section 31 of the 1958 Act regarding prima facie evidence of the validity of the trade mark, therefore, operated both during pendency of the suit and during pendency of

the rectification proceedings. However, the material change brought about by the 1999 Act now provides that while the suit for infringement of a trade mark may be pending before the District Court or a High Court, where the defendant questions the validity of the registration of the plaintiff's trade mark, such question shall be finally determined only on an application for the rectification of the register to be made to the Appellate Board. Thus, the question can be answered only by the Intellectual Property Appellate Board and not by the Civil Court or the High Court trying the suit for infringement.

Even so what the Civil Court/High Court can do under Section 124 of the new Act is that if the Court is satisfied that the plea regarding invalidity of the registration of the plaintiff's trade mark is prima facie tenable, the Court will raise an issue regarding the same and adjourn the case for three months to enable the defendant to apply to the Appellate Board for rectification of the register and upon such application being made, the trial of the suit shall stand stayed until final disposal of the rectification proceedings. Thus, Section 124 read with Section 125 bars the jurisdiction of the Civil Court from deciding the question raised by the defendant about validity of the registration of the plaintiff's trade mark. Subsection (5) of Section 124 of the 1999 Act, like subsection (5) of Section 111 of the 1958 Act, however, expressly permits the Civil Court to make an interlocutory order including an 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. Provisions of Section 124 therefore contemplate that if the defendant's plea regarding validity of the registration of the plaintiff's trade mark is frivolous, the Court is not bound to grant the defendant time to file rectification proceedings before the Appellate Board and even if such proceedings are pending, the Civil Court can grant injunction in favour of the plaintiff in the suit for infringement of the plaintiff's trade mark.

25. The moot question, however, is whether at this interlocutory stage while considering the question whether the defendant's plea regarding invalidity of the registration of the plaintiff's trade mark is prima facie tenable, the Civil Court is precluded from considering whether the registration granted in favour of the plaintiff is totally illegal or fraudulent or unconscionable which shocks the conscience of the Court.

26. It does, therefore, appear that the expression if valid in Section 28 and the words prima facie evidence of the validity of the trade mark in Section 31 of the 1999 Act permit the Court to consider at the interlocutory stage the defendant's plea regarding invalidity of the registration of the plaintiff's trade mark.

27. There was a serious debate at the hearing whether the question to be considered by the Civil Court at this stage is merely to ensure that the defendant's plea is not frivolous or thoroughly hopeless or whether the Court can also consider whether the defendant's plea is so strong that the Court should refuse to grant injunction on the ground that the registration granted in favour of the plaintiff is totally illegal or fraudulent or such that shocks the conscience of the Court.

28. Dr. Tulzapurkar, learned Senior Counsel for the plaintiff, submitted that while exercising the powers under subsections (1) and (5) of Section 124 of the 1999 Act, the Civil Court trying the suit for infringement is only supposed to consider the lower threshold i.e. whether the defendant's plea questioning the validity of the plaintiff's trade mark is so frivolous that the Court should adjourn the trial of the suit to enable the defendant to make an application to the Appellate Board for rectification proceedings. It is submitted that at the interlocutory stage the Civil Court is not required to make any further probe and has to proceed on the basis of the validity of the registration as per the presumption raised by Section 31 which can only be rebutted in the rectification proceedings before the Appellate Board under Section 57 read with Section 125 of the 1999 Act.

29. That takes us back to the interpretation of Section 28 read with Sections 134 and 135 of the 1999 Act. It is clear that Section 28 confers substantive rights by providing that subject to the other provisions of the Act, the registration of trade mark shall, if valid, give to the registered proprietor of the trade mark the exclusive right to the use of the trade mark in relation to the goods or services in respect of which the trade mark is registered and to obtain relief in respect of infringement of the trade mark in the manner provided by the Act.

Section 134 merely provides for the forum for obtaining the reliefs for the infringement of a registered trade mark. Such forum shall be a Court not inferior to a District Court having jurisdiction to try the suit. We, therefore, find considerable substance in the submission made on behalf of the defendant that the words if valid are not without significance specially read in light of the legislative history. The Trade Marks Act, 1940 included the words if valid and they were deleted in 1946 in order to take away the powers of a Court in a native State to examine challenge to the validity of the registration of the trade mark granted by the Registrar in British India. However, the 1958 Act again introduced those words; meaning thereby, the power to examine the question of validity of the registration of trade mark was given back to the Court.

30. The basic rule of interpretation of statutes is that if the words of the statute are precise and clear then nothing more is required than to give effect to their natural meaning. When the words are clear it is not necessary to go looking for a different meaning, by resorting to external and internal aids. When the plain reading leads to absurdity other modes of interpretation are resorted to. When the language is plain and clear, the statute speaks for itself.

31. Section 31 uses the phrase 'prima facie' which when plainly read, means registration will be a prima facie evidence. The expression 'prima facie' is too well-settled to be expounded. To substitute the words 'prima facie' with 'conclusive evidence', would be rewriting the section. Section 28 uses the phrase 'if valid'. If the registration was to be the 'conclusive', it was not necessary to introduce the phrases 'if valid' and 'prima facie'. In series of decisions, the Delhi High Court, Madras High Court, Andhra Pradesh High Court and Gujrat High Court have given plain meaning to these phrases to come to the conclusion that registration will be a prima facie evidence of its validity and not a conclusive evidence.

32. The argument that the Court must grant injunction to the proprietor of a registered trademark rests on two grounds. Firstly, that it is a practice of this Court to grant such injunction, and secondly, the scheme of the Act requires it to be so.

33. As regards the practice of this Court, it is interesting to note how this 'practice' originated. The origin lies in a passage quoted by Vimadalal, J. in the case of Hindustan Embroidery Mills v. K. Ravindra and Co. (1967 Vol. LXXVI Bom. L.R. 146) from the book by Kerly on Trademarks. Vimadalal J. referred to a passage from the book which stated that it is not the practice to consider the validity of registration of mark on a motion for interlocutory injunction and while the mark remains in the register even though wrongly, it is desirable that others should not imitate it. Thereafter the Division Bench in the case of M/s. Maxheal Pharmaceuticals (India) and others v. Shalina Laboratories Pvt. Ltd. (Appeal No.88/2005 decided on 16.2.2005) referred to the decision of Vimadalal, J. and observed that Vimadalal, J. has pointed out that it is not the practice of this Court to consider validity of a trademark on a motion for interlocutory injunction. The Division Bench attributed the phrase 'practice of this Court' to Vimadalal J., though Vimadalal, J. had not used the phrase 'the practice of this Court'. He had only referred to Kerly on Trademarks which contained a passage that it is a 'practice' not to consider the validity of the registration. However, the observations of the Division Bench in Maxheal have now been followed in various orders, treating it as a 'practice of this Court'. Be that as it may, since it is treated as a practice of this Court, we have to consider whether to elevate it to an absolute proposition of law, and also whether the Act requires it to be an absolute proposition. Mr. Kadam analysed various decisions of the English Courts referred to by Kerly in his commentary, to point out that even in England at the relevant time, it was not the consistent practice followed by Court not to question the validity of the trademark.

34. While we agree with Dr. Tulzapurkar for the Plaintiff that the object of providing for registration of a trade mark and recognising the exclusive right of the registered proprietor to use the registered trade mark in order to prevent others from using an identical or deceptively similar trade mark is to obviate the necessity of proving in each and every case the Plaintiffs title to the mark, its distinctiveness and its reputation, we are of the view that the object has been achieved by raising a presumption, and a strong presumption in law, as to the validity of registration of the mark. The burden is therefore cast, and a heavy burden at that, on the Defendant to question the validity of registration. While such a challenge can finally succeed only in a

rectification proceedings which now lie before the Intellectual Property Appellate Tribunal (IPAT), we do not find any express or implied bar in the Trade Marks Act to completely take away the jurisdiction and power of the Civil Court to consider the challenge to the validity of registration of the trade mark at the interlocutory stage by way of a prima facie finding on such issue.

35. The words if valid in section 28 and prima facie evidence of title in section 31 support the Defendants case that the defence of invalidity of registration of the Plaintiffs trade mark can be considered at the interlocutory stage. As per the settled legal position, a Court hearing and deciding an interlocutory application for injunction during the pendency of the suit is required to consider: (i) prima facie case; (ii) balance of convenience; and (iii) where an irreparable injury and injustice would be caused to the Plaintiff if an interim injunction is not granted.

36. Ultimately what the Plaintiff seeks from the Court is an order of injunction. There is nothing in the Act that suggests that any different parameters are required to be applied when a Plaintiff seeks injunction on the basis of it's registered trademark. The learned Single Judge of Delhi High Court in the case of N.R. Dongre v. Whirlpool Corpn (1996 PTC (16). granted injunction in favour of TVS WHIRLPOOL against M/s Chinar Trust in spite of M/s Chinar Trust holding registered trademark WHIRLPOOL. The appeal was carried by the M/s Chinar Trust to the Appeal bench of Delhi High Court which was dismissed and the matter was thereafter carried to the Apex Court. While upholding the decision of the learned Single Judge and Division bench of Delhi High Court, the Apex Court posed a question to itself as to whether the exercise of discretion by the trial Court to grant interlocutory injunction was in accordance with settled principles of law regulating interlocutory injunction or not. The Apex Court held it to be so. The Apex Court reiterated that an injunction is a relief in equity and based on equitable principles. If the arguments of Dr. Tulzapurkar are to be accepted, even in the cases where the Court is convinced that the grant of injunction would lead to highly inequitable results, the Court would be powerless to refuse the relief.

37. We will now consider the Plaintiff's submissions based on the comparison of Trademarks Act with the provisions of the Designs Act and the Patents Act. It is submitted that the Designs Act, 2000 [Section 22(4) read with Section 19] and the Patents Act [Section 10 read with Section 64] (unlike Trademarks Act) contain express provisions permitting the Defendant in an action for infringement of copyright in a design and for infringement of patent to raise the plea of invalidity of registration of design/grant of patent.

38. Though the argument may appear prima facie attractive, it needs to be remembered that the Designs Act, 1911 and the Patents Act, 1970 do not contain the provisions of Sections 28 and 31 to be found in the Trade Marks Act, 1999. It is for this reason that section 22 of the Designs Act and section 107 of the Patents Act provide that every ground on which registration of a design can be cancelled under section 19 of the Designs Act or every ground on which the patent may be revoked under section 64 of the Patents Act shall be available as ground of defence. We, therefore, find that the scheme of the Trade Marks Act is quite different from the scheme of the Designs Act and the scheme of the Patents Act. As per the well-settled principles of statutory interpretation, the provisions in one statute are not to be interpreted by reference to the provisions in another statute.

39. Dr. Tulzapurkar drew our attention to the reports of the Committees constituted to make recommendations to amend the Act of 1940. He pointed out that the Shavaksha Committee was of the opinion that the words "if valid" should not be included so that the defence of invalidity is not available to the defendant. He also drew our attention to the report of Justice Rajgopal Ayyangar Committee which opined that the defence of the invalidity should be available to the defendant, but recommended that the issue of invalidity should not be decided by the Court but should be decided in the rectification application. This may have been the view of the Committee constituted to recommend changes in the enactment, but at the highest, it was only a material placed before the legislature at the time of enactment of this statute. The fact remains that the words "if valid" and "prima facie evidence" were incorporated in the statute. Furthermore, the question of referring to any external material would arise if the language of the statute was ambiguous.

As we have already held that the words "if valid" and "prima facie evidence" are clear enough upon plain reading of them and it is not necessary to adopt any other rule of interpretation, except literal interpretation.

40. We may also note that the Madras High Court has also taken a view that it is not impermissible to look at the validity of the registration at the interlocutory stage. In the case of *Malar Network (P) Ltd. v. Arun Prasath* (2011 (2) MWN (Civil) 828), the plaintiff had filed a suit for infringement to restrain the defendants in respect of the plaintiff's registered trade mark 'Malar TV' as the defendant had started a business under the name 'Malar TV'. One of the defences to the interlocutory application filed by the plaintiff was that the word 'Malar' was a general word in Tamil, it meant a magazine. The learned Single Judge declined interlocutory relief holding that the words 'Malar TV' have become *publicia juris*. The appeal filed by the plaintiff was also dismissed. In this case, the Madras High Court made a *prima facie* enquiry into the question whether the words in the trademark 'Malar' and 'TV' were *publicia juris* and did not automatically grant injunction on the basis of the registration. Same approach was taken in the case of *Parle Products Ltd. v. Bakemans Industries Ltd.* (1998 PTC (18) Mad.) and *N. Ranga Rao and Sons v. Koya's Persumery Works* (2011 (45) PTC 140 (Mad.) DB). Gujarat High Court in the case of *Regency Sanitary Ware Pvt. Ltd. v. Madhusudan Industries Ltd* (2001 PTC 422 (Gujarat). And Andhra Pradesh High Court in the case of *AR Gangadhara and Co. v. Firm of Police Mallaih* (1961 PTC 510 (AP)) also considered the validity of the trademark at the time of grant of interim relief. Therefore, we find that the High Courts other than the Bombay High Court, have held that it is not impermissible for the Court to consider the validity of the trademark at the time of grant of interim injunction.

41. The case of *Milment Oftho Industries v. Allergan Inc.* (2004 (28) PTC 585 (SC)) needs to be noted in detail:

(i) The appellant (Milment) is an Indian pharmaceutical company. The respondent (Allergan Inc.) is a pharmaceutical company manufacturing products in several countries. Allergan filed a suit for injunction based on an action for passing off in respect of mark OCUFLOX used on a medicinal preparation manufactured and marketed by the Allergan. Allergan claimed that it was the first user of the mark OCUFLOX in respect of eye care product containing Ofloxacin and other compounds. Allergan claimed that they first used the said mark in September 1992 and marketed the product in other countries like Europe, Australia, South Africa and South America and they had obtained registration in many countries like Australia, South Africa, Canada and USA and that they had applied for registration of mark in several other countries including India and that their registration applications were pending.

(ii) Milment also were selling OCUFLOX, a medicinal preparation containing CIPROFLOXACIN HCL for the treatment of eye and ear. They claimed that they coined the word OCUFLOX by taking the prefix OCU from OCULAR and FLOX from CIPROFLOXACIN, which is the basic constituent of their product. Milment applied for registration of the mark OCUFLOX in September 1993 and their registration application was also pending.

(iii) Allergan got an ad-interim injunction in December 1996 which came to be vacated by a Single Judge in January 1997 on the ground that the plaintiff's (Allergan) product was not being sold in India and the defendant (Milment) had introduced the product first in India and, therefore, the plaintiff was not entitled to an injunction. The plaintiff filed an appeal before the Division Bench of the High Court which allowed the appeal and held that the plaintiff was first in the market and, therefore, entitled to an injunction.

(iv) In the appeal filed by Milment, the Supreme Court considered the question and following its decision in *N.R. Dongre vs. Whirlpool Corporation* (supra) and *Cadila Health Care Ltd. v. Cadila Pharmaceutical Ltd.* (2001 PTC 300 (SC)), the Supreme Court made the following observations:

9. We are in full agreement with what has been laid down by this Court. Whilst considering the possibility of likelihood of deception or confusion, in present times and particularly in the field of medicines, 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. However one note of caution must be expressed. 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.

10. In the present case, the marks are the same. They are in respect of pharmaceutical products. The mere fact that the Respondents (Allergan Plaintiff) 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 (Defendant Milment) 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.

42. We are in agreement with the view expressed by the learned Single Judge in the order of reference that if the defence of prior user can be a good defence in passingoff action as held in *Milment Oftho Industries v. Allergen Inc.* (supra), there is no reason why it should not be available as a defence in an infringement action where the Defendant is able to show fraudulent nature of the registration of the Plaintiffs trade mark. As observed by the Supreme Court in *Milment Oftho Industriess* case, the Court must keep in mind the fact that nowadays, the field of medicine is of an international character. Doctors, particularly eminent Doctors, medical practitioners and persons or Companies connected with medical field keep abreast of latest developments in medicine preparations worldwide. Medical literature is freely available in this country. Doctors and medical practitioners and persons connected with the medical field regularly attend medical conferences, symposiums, lectures, etc. Goods are widely advertised in newspapers, periodicals, magazines, and on the internet. This results in a product acquiring a worldwide reputation in a very short time. If the trade mark in respect of a medicine is associated with the Defendant worldwide, it would lead to an anomalous situation if an identical mark in respect of a similar medicine is allowed to be sold in India only on the ground that the Plaintiff got it registered in India first. The ultimate test should be who is first in the market.

43. It is true that the Plaintiffs argument is that registration of a trade mark is done after following the procedure prescribed under the Trade Marks Act and that if the Defendant wanted to raise any objection against the Plaintiffs mark, an opportunity was available to the Defendant when the plaintiffs application was advertised by the Registrar of Trade Marks and an opportunity was given to the world at large to raise an objection to the grant of registration of the trade mark in favour of the Plaintiff. We are of the view that it is precisely because of that reason that there is a strong presumption in favour of the validity of a registered trade mark and at an interlocutory stage in a suit for infringement action, the Civil Court will not easily doubt the validity of the registration of the Plaintiffs trade mark. Even where the Defendant has taken rectification proceedings before the Appellate Board, the Civil Court will not treat it as a sufficient ground for refusing the grant of an adinterim injunction in favour of the Plaintiff. But having said so, it is difficult to accept the Plaintiffs contention that the Court is barred from considering the Defendants plea about fraudulent nature of the Plaintiffs registered trade mark or where the registration of the Plaintiffs trade mark bears the mark of invalidity on its forehead. For instance, in *Corn Products Refining Company v. Shangrila Foods Products Limited*, the Supreme Court held that the words like Glucose Biscuits or Gluco biscuits are ordinary dictionary words in which no one has any right.

44. In the case of *Lowenbrau AG and Anr. v. Jagpin Breweries Ltd. and Anr.* (2009 (39) PTC 627), the plaintiff

therein had filed a suit in respect of infringement of its trademark LOWEN BRAU AG. The plaintiff moved for interim relief. The defendants opposed the grant of relief by contending that the registration was in violation of Section 9(1) of the Act. The defendants contended that the word 'LOWEN BRAU' was widely used by several manufacturers of beer in Germany and the mark was not distinctive. The defendants contended that the Court in Germany had also not granted the claim of plaintiff claiming exclusive right to use the mark. The learned Single Judge of the Delhi High Court, after considering the provisions of the Act, held as under :

11. Section 28 of the Act while referring to rights conferred on registration begins with the words registration of trademarks shall, if valid, Rights under Section 28 flow when the registration of the mark is valid. Registration is only prima facie evidence of its validity (Refer, P.M. Diesels Pvt. Ltd. versus Thukral Mechanical Works reported in AIR 1988 Del. 282).

14. In view of Section 124(5) of the Act, this Court is competent to adjudicate and decide the interlocutory application for injunction. While deciding the interlocutory application in view of language of Sections 28 and 124 of the Act, the Court is competent to take prima facie view on the question of validity of registration of the mark in favour of either side. Merely because the mark is registered, injunction will not automatically follow, when validity of registration is questioned in the written statement/ pleadings. While deciding whether injunction should be granted or not, a tentative view is required to be taken on the question of validity of registration and principles for grant of injunction applied. However, final decision on validity of registration is to be taken by the authorities and not by the civil court. Registration is prima facie regarded as valid but mere registration alone is not conclusive and is not binding on the civil court when the application for injunction is considered and decided. Onus however, will be on the party which questions validity of registration to show that the registration is prima facie and tentatively bad or invalid.

16. (The said section 31) has to read harmoniously with Sections 28 and 124 of the Act. At the stage of interim application the court is required to examine question of validity. Registration is prima facie evidence of validity but not conclusive even at this stage. Subsection 2 to Section 31 of the Act, stipulates that registration of the mark will not be held to be invalid on the ground that the mark could not have been registered under Section 9 of the Act except upon evidence of distinctiveness and there was failure to submit such evidence before the Registrar, provided evidence is filed in the legal proceedings to prove that the mark had acquired distinctiveness on the date of registration. Legal proceedings will include Suits filed by the registered owner of the mark against third parties. Section 32 of the Act, states that if a mark stands registered contrary to Section 9(1) of the Act and registration is bad for lack of distinctiveness on the date of registration, the party can defend the challenge by showing that they have acquired a distinctive character after registration but before commencement of the legal proceedings. These sections also show that question of distinctiveness can be examined at the stage of grant of interim injunction by the courts.

45. In the case of Gufic Ltd. v. Clinique Laboratories (2010 (43) PTC 788 (Del.) (DB)), the plaintiff therein had filed a suit in respect of infringement of its trademark 'CLINIQUE'. An ex-parte injunction was granted in favour of the plaintiff. An application for vacating the injunction was moved by the defendants. It was the case of the defendants that they were using mark 'CLINIQUE' for which they held a registration and, therefore, they could not be enjoined. The plaintiff countered this case of the defendant by contending that the trademark 'CLINIQUE' held by the defendants could not have been granted and it was bad in law and was liable to be ignored for the purpose of interim orders. The learned Single Judge of Delhi High Court rejected the arguments of the defendants that since the mark 'CLINIQUE' was registered in their favour, the Court could not go beyond the registration at the interlocutory stage. The learned Judge observed as under :

8. In my view, Section 29 of the Act providing for infringement of the registered trademark does not contemplate infringement by another registered proprietor. Section 29(1), (2) and (4) expressly provide that 'registered trademark is infringed by a person who, not being a registered proprietor.....'. Though Section 29(5) which has been newly introduced in the 1999 Act does not use the same language but in my view the same would be irrelevant for the present purposes. Section 30(2)(e) further fortifies the said position by

expressly providing that the registered trademark is not infringed where the use being as one of two or more trademarks registered under the Act which are identical or nearly resemble each other and in exercise of the right to use of that trademark given by registration thereof. However, Sections 28(3), 29 and 30(2)(e) cannot be read in isolation. If the intent was that there could be no action for infringement against the registered proprietor, the legislature while giving the right for rectification before the registrar would not have in section 31 made the registration as only prima facie evidence of validity thereof. If that had been the intention all that would have been said is that as long as the registration exists it is valid, without any question of prima facie or not. Then the courts would have had to wait for the outcome of the rectification proceedings.

Though the facts in this case were different in as much as it was the case of the plaintiff to grant an interim relief in their favour, but the position of law urged for that purpose was the same which is involved in the present reference, namely, whether the Court could, at the interlocutory stage, go beyond the registration. The learned single Judge while issuing interlocutory order, prima facie adjudicated the validity of the registration and held that there was no need to read Section 124(5) in a restrictive manner.

46. One more case where the Delhi High Court has taken a view regarding the prima facie validity of the registration is of Marico Limited v. Agro Tech Foods Limited.(2010) (43) PTC 39 (Del) In this case, the plaintiff held registration of two trademarks 'LOSORB' and 'LOSORB'. The trademarks were in respect of edible oil. The defendant was packaging its products with the words 'WITH LOWABSORB TECHNOLOGY'. The plaintiff alleged infringement of its trademark by the defendant, and filed a suit. The plaintiff took out an application for interlocutory relief, which was opposed by the defendant. One of the contentions raised by the defendant was that registration of the trademark was bad in law and, therefore, the plaintiff is not entitled to any injunction. An ex-parte interim-relief was granted in favour of the plaintiff which was later on vacated by the learned Single Judge. The plaintiff challenged the order denying interim relief to it, by way of an appeal before the Division Bench. Before the Division Bench, issues arose as to whether the factum of registration gave exclusive right to use the trademark, and whether the registration constitutes only prima facie validity, and whether the Court can deny injunction in spite of the registration. The Division Bench crystallized these issues and answered them as under :

13. ... Registration is only prima facie evidence of its validity and the presumption of prima facie validity of registration is only a rebuttable presumption, see para 31 of N.R. Dongre Vs. Whirlpool Corp. 1995 (34) DRJ 109 (DB).

14. ...The learned Single Judge was fully entitled to look into the aspect of validity of registration in the facts of the present case by reference to the expression if valid as occurring in Section 28 and the related provisions of Section 31 and the different subsections of Section 124. The learned Single Judge applied his mind and considered this issue of prima facie validity of registration of trademark for deciding the interlocutory application and which is very much permissible and in fact so provided under Section 124(5).

21. The following conclusions thus emerge:

(i) ..

(ii) ..

(iii) A civil court in a suit filed for infringement of a registered trade mark is entitled (if there is no earlier judgment which has achieved finality in cancellation proceedings) to consider the validity of registration for the purpose of passing an interlocutory order including of grant or refusal of an interim injunction-once the objection as to invalidity of registration is taken up in the pleading/written statement.

(iv) ...

(v) ...

Even if there is finality to registration of a trade mark, yet the defendant in infringement action can take statutory defences under Sections 30 to 35 to defeat the infringement action.

47. In the case of *S.M. Dye Chem v. Cadbury (India) Ltd.* (2000) 5 SCC 573 the parameters of grant of injunction in cases relating to trademark fell for consideration to the Apex Court. The case arose from the suit filed by the plaintiff S.M. Dye Chem in Gujrat High Court in respect of its trademark 'PIKNIK'. The defendant Cadbury (India) Ltd. used the mark 'PIKNIK' for its chocolates. S.M. Dye Chem gave notice for infringement and passing off and thereafter filed a suit against Cadbury. An application for interim relief was taken out. The Trial Court granted temporary injunction in favour of the plaintiff. An appeal was filed by the defendant. In appeal, the High Court reversed the decision and set aside the order of temporary injunction. In the appeal by the Plaintiff, after considering the rival contentions, the Apex Court culled out the issues for determination as under:

10. On these contentions, the following points arise for consideration:

(1) Whether the defendant could, in the present interlocutory proceedings, based on infringement and passing off, raise any defence that the registration of plaintiff's mark was itself "invalid" because the plaintiff's mark did not satisfy the ingredients of clauses (a) to (e) of section 9(1) and was, in particular, not "distinctive" as required by section 9(1)(e)?

(2) For grant of temporary injunction, should the Court go by principle of prima facie case (apart from balance of convenience) or comparative strength of the case of either parties or by finding out if the plaintiff has raised a 'triable issue'?

18. In our view, any decision on the question of 'validity' of the appellant's trade raised as a defence in the present application filed under Order 39 Rule 1 CPC will seriously jeopardise a decision on the same issue now pending in the rectification proceedings filed by the respondent in the Bombay High Court. We would therefore not go into the question of 'validity' or 'distinctiveness' of the plaintiff's trade mark nor into the applicability of *National Bell Co. Case* (1970(3) SCC 665) as those issues are to be decided in the rectification proceedings. We are of the view that the case before us can be disposed of by considering whether there is prima facie any deception and hence infringement and whether there is any 'passing off'. Points 1, 2 and 3 are therefore not decided.

19. This point deals with the principles applicable for grant of temporary injunction in trade mark cases. Before *American Cyanamid Co., vs. Ethicon Ltd.* (1975(1) ALL E.R. 504(HL)), it was customary for the Courts to go into prima facie case in trade mark cases for grant or refusal of temporary injunction. But in *American Cyanamid*, it was observed that it was sufficient if a "triable issue" was presented by the plaintiff and the merits need not be gone into. The said judgment was referred to by this Court in *Wander Ltd. Vs. Antox India (P) Ltd.* (1990 Supple. SCC 727). The judgment in *Wander Ltd.* was followed in *Power Control Appliances Vs. Sumeet Machines (P)Ltd.* (1994(2) SCC 448). But in *Gujarat Bottling Co. Ltd. Vs. Coca Cola Co.* (1995(5) SCC 545), this Court again adverted to the prima facie case principle while granting temporary injunction.

48. While dismissing the appeal of Plaintiff in *S.M. Dye Chem*, the Apex Court kept the issue of validity or distinctiveness open observing that those are to be decided in the rectification proceedings. The Apex Court disposed of the appeal by considering whether there was any prima facie case of infringement and whether there was any passing off. Point Nos.1, 2 and 3 were not decided. Dr. Tulzapurkar contended that the Apex Court could not go into the validity and distinctiveness as according to it, those issues have to be considered in the rectification proceedings and not by the Court. However, the decision of the Apex Court cannot be read in a manner suggested by Dr. Tulzapurkar and a principle of law cannot be culled out from these observations. The Apex Court found that the appeal could be disposed of by considering the issue of prima facie case and therefore it did not consider the other points posed for consideration. Since the rectification proceedings were pending, the Apex Court did not go into the question of validity, but that does not mean that the Apex Court laid down a proposition of law that the validity can only be considered in rectification

proceedings. The Apex Court only stated that the issues 'are' to be decided in the rectification proceedings and did not state the issues 'have' to be decided in the rectification proceedings. According to Mr. Kadam, the perusal of these observations of the Apex Court would indicate that the Apex Court could go into the question of validity but it chose not to do so. He submitted that the observations nowhere indicate that the Court is disentitled from examining the validity, except in rectification proceedings. We find considerable substance in the submissions of Mr. Kadam.

49. Reliance was placed by Dr. Tulzapurkar on the case of the Division Bench of Delhi High Court in the case of P.M. Dissels Pvt. Ltd. v. Thukral Mechanical Works. (AIR 1988 Delhi 282) In this case the plaintiff was a registered proprietor of the trademark 'FIELD MARSHAL' The plaintiff had filed a suit against the defendant in respect of infringement of its trademark. The defendant had also obtained registration of trademark 'FIELD MARSHAL'. The plaintiff had filed an application for cancellation of defendant's registration. The Court observed in paragraphs 7, 13 and 17 as under :

7. The main question which would, therefore, arise for consideration at this stage is whether notwithstanding the application of the plaintiff for cancellation/rectification of the aforesaid trade mark, which has now been filed against the defendants, can the plaintiff ask for the grant of or for the continuance of an interim injunction restraining the registered proprietor of a trade mark from using that trade mark.

13. The perusal of the aforesaid provision (of sections 28 and 31 of the Trade Marks Act, 1958) clearly shows that an exclusive right to the use of the trade mark has been given to the registered proprietor by Section 28(1) in relation to the goods in respect of which the trade mark is registered. It is the registered proprietor who is also given the right to obtain relief in respect of the infringement of the trade mark. It is true that Section 28(1) confers the right on the registered proprietor if the registration is valid. This provision has, therefore, to be read along with Section 31(1) which, inter alia, provides that the registration of the trade mark shall be the prima facie evidence of the validity thereof. Reading the two provisions together, namely Section 28(1) and Section 31(1), the implication would be that as long as a trade mark stands registered in the name of a proprietor, the said registration shall be deemed to be valid and the registered proprietor would have an exclusive right to use the said trade mark. If the registration is cancelled by an action being taken under Section 56 of the Act, then the protection and right afforded under Section 28(1) read with Section 31(1) would no longer be available, but till the Register of Trade Mark is corrected and the name of a person holding a trade mark is deleted, that person who is shown as the proprietor of the registered trade mark would continue to have all the rights and privileges which are conferred by the Act on the registered owner of the trade mark. Therefore, even though the plaintiff has filed an application in this Court being C.O. 6/87 for rectification of the Trade Mark Register for deletion of the name of the defendants there from, the registration of the trade mark in the name of the defendants is prima facie evidence of the validity thereof because of the provisions of Section 31(1).

17 . Again there is no interim relief granted in that suit. The defendants who are registered proprietor of the trade mark are entitled to use that trade mark till the registration stands. These rights have been conferred on the defendants by virtue of provisions of Section 28 of the Act even though the marks may be similar.

Based on these observations it was contended that the prima facie validity means mark is valid till it is set aside. If that was to be so, there was no need to use the prefix 'prima facie'. Every right is valid till it is set aside but in the present statute the legislature has chosen to employ the word 'prima facie' before such a right.

50. In Aravind Laboratories v. V.A. Samy Chemical Works, (AIR 1987 Madras 265) the registration of trade mark in favour of the plaintiff was more than seven years old and, therefore, the Court applied section 32 of the Trade Marks Act, 1958 that the registration is to be conclusive as to validity after seven years. After seven years, the registration can be questioned only on the ground that the original registration was obtained by fraud. However, the defendant had failed to institute rectification proceedings on the ground that the

registration of the plaintiff's trade mark was not valid. Hence, the Court did not allow the defendant to raise the plea in the plaintiff's suit for infringement that the registration of the plaintiff's trade mark was invalid and held that the plaintiff is entitled to market his product in the registered trade mark as long as he continues to be the registered proprietor of the said trade mark.

51. In *Carter and Parker Ltd. vs. Scotia Wools Ltd.*, (1960) Vol.8 Reports of Patent, Design and Trade Mark Cases 206) Cross, J. observed as under:

It does seem to me that as long as there is on the Register a trade mark .. however wrongly it may be there I do not know what the rights or wrongs of that are it is not desirable that other people should use what is substantially exactly the same trade description.

In this case, however, the Court dismissed the motion for rectification filed by the defendant as misconceived. The Court merely held that in interlocutory proceedings, cross-motion for expunging the plaintiff's trade mark is not maintainable.

52. In *Edwards v. Dennis Re: Edwards' Trade Mark*, (Chancery Division vol. XXX 1885 Court of Appeal 454) Chancery Division vol. XXX 1885 Court of Appeal 454) the Court observed as under:

Now, although he does not carry on the business of making and selling galvanised wire, he rests his case almost entirely upon the Trademarks Registration Act, 1875. In the first place, what is the object of that Act? Speaking generally, its object is, not to give new rights, but to place restrictions on the bringing of actions for infringement of trademarks by requiring that a trademark shall be registered before any action to prevent its infringement can be brought. That is provided for by the 1st section of the Act as amended by the subsequent Act of 1876. Another object of the Act is to facilitate evidence of title to trademarks by means of registration; for the 3rd section of the Act provides that registration of a person as first proprietor of a trademark shall be prima facie evidence of his right to the exclusive use of the trademark, and that five years' registration shall be conclusive evidence of his right to such exclusive use.

In *Apollinaris Company v. Herrfeldt and Campbell*, (18 Reports of Patent, Design and Trade Mark Vol. IV 478) the Court emphasised that the purpose of the Trade Marks Act is to do away, to a great extent, with the necessity of proving user by a plaintiff having a registered trade mark, and observed:

In my opinion if a Defendant desires to avail himself of that defence and to show that the trade mark, though on the register, ought not to have been there and could not properly have been registered as a trade mark, he ought to raise that point by a motion to take the mark off the register, and that has been so decided although Mr. Aston thought it had not been. I stated in the course of the arguments that that question did not arise here in my opinion, and I so think because it does not lie on the Plaintiffs to show that in fact they had used it. If the Defendants desired to contest its being a good trade mark, it was for them to show that it had never been so used, if the propriety of the trade mark being registered depended on that. I also express my opinion, that in order to raise such a defence the Defendant must himself move to take the mark off the register. If he does so, and if it is taken off the register, of course the Plaintiff loses his trade mark, but if it has been on the register for more than five years, in my opinion, in the absence of such a motion, a Plaintiff, having his trade mark on the register, is entitled to ask the Court to protect him in the enjoyment of that trade mark. That is the substance of the Act which provides that after five years it shall be sufficient evidence of his title to the mark as a trade mark.

53. In the above two cases, the Court laid emphasis on the provisions of the English Act which provides that after five years of the trademark having been on the register, it shall be sufficient evidence of the registered proprietor's title to the mark as a Trademark. There is no such provision in the Trademarks Act, 1999. The English Court merely stated that to raise the challenge to the validity of a registered Trademark, the Defendant ought to raise that point by a motion to take the mark off the register i.e. by filing rectification proceeding in the same Court. The Court did not have to deal with the contention whether in a suit for

infringement of Trademark, the question of invalidity can be examined as a prima facie case in an interlocutory proceeding.

54. In *Corn Products Refining Co. v. Shangrila Food Products Ltd.*, (1959 PTC (Suppl) (1) 13 (SC) = AIR 1960 SC 142) the respondent (manufacturer of biscuits) applied for registration of the mark Gluvita in November 1949. The respondent agreed to limit the registration to biscuits only which was the only class of goods specified in class 30. The appellant, an American Company, organised under the laws of New Jersey, contended that it had registered the mark Glucovita under the Trade Marks Act in USA in class 30 in respect of Dextrose (dGlucose powder mixed with vitamins), a substance used as food or as an ingredient in food; glucose for food. The appellant opposed the respondent's application for registration. The Deputy Registrar granted registration for the respondent's trade mark Gluvita. The appellant preferred an appeal to the Bombay High Court from the order of the Deputy Registrar. The Single Judge of the High Court set aside the order of the Deputy Registrar and held that the respondent's mark could not be registered in view of section 8(a) of the Act. The respondent appealed from the judgment before the Division Bench. The Division Bench allowed the appeal and restored the order of the Deputy Registrar. Hence, the appellant appealed before the Supreme Court. The Supreme Court accepted the view of the Single Judge of the High Court and held that words like 'Glucose Biscuits', 'Glucose biscuits' and 'Glucose Lactine biscuits' are ordinary dictionary words in which no one has any right. They are really not marks with a common element or elements. Glucose is used in the manufacture of biscuits. That would establish a trade connection between the two commodities, namely, glucose manufactured by the appellant and the biscuits produced by the respondent. An average purchaser would therefore be likely to think that the respondent's 'Gluvita biscuits' were made with the appellant's 'Glucovita' glucose. The Court further held that the test of trade connection between different goods would apply where the competing marks closely resemble each other.

55. We are, therefore, of the view that while the registered proprietor of a trade mark would ordinarily be entitled to a finding of the Civil Court in its favour that the trade mark registered in its name is prima facie valid, the jurisdiction of the Court is not barred for considering the plea of the Defendant at the interlocutory stage that the registration in the Plaintiff's favour is so fraudulent or is so apparently invalid that the Court should not grant an injunction in favour of the Plaintiff. Of course, a very heavy burden lies on the Defendant to rebut the strong presumption in favour of the Plaintiff at the interlocutory stage. The Civil Court obviously cannot give any final finding on this question as the jurisdiction to give such final finding is conferred on the Appellate Board in the rectification proceedings, but it is not possible to accept the Plaintiff's contention that at the interlocutory stage the jurisdiction of the Civil Court is completely barred.

56. The Division Bench of the Delhi High Court in *Marico Limited v. Agro Tech Foods Limited* (supra) has also held that since as per Section 31 the registration is only a prima facie evidence of the validity of the registration, it is open to the Court to go into the question of tentative validity of the registration while considering the application for grant of injunction. Of course, the onus lies on the person who challenges the validity of the mark and he will have to establish that the registration of trade mark in favour of the proprietor thereof is prima facie or tentatively not valid.

57. Even while agreeing with the aforesaid view of the Delhi High Court, we do find considerable substance in the submissions of Dr. Tulzapurkar, learned Counsel for the plaintiff, that at the interlocutory stage the Court is not required to call upon the plaintiff to prove that the registration of his trade mark is not invalid. In view of the scheme of the Act that the application of the applicant for registration of the trade mark is required to be advertised with an opportunity to the world at large to submit opposition to such application and the Registrar grants opportunity to lead evidence and opportunity of hearing to the applicant as well as the opponent and thereafter decides the application and grants registration, there will be a strong presumption in favour of the plaintiff. Hence, at the interlocutory stage, the Civil Court is not to embark upon and evolve factual inquiry, but the Civil Court hearing the application for interim injunction to restrain the defendant from using the trade mark registered in the plaintiff's name, is only permitted to consider whether the registration is totally illegal or fraudulent or shocks the conscience of the Court. It is not sufficient for the

defendant resisting the application for interim injunction to show that the defendant has an arguable case for showing invalidity of the trade mark registered in the name of the plaintiff. Such low threshold prima facie case may be sufficient for the defendant to get an opportunity under Section 124(1) and (2) of the 1999 Act to get the trial of the suit stayed for the purpose of enabling the defendant to apply to the Appellate Board for rectification. Such prima facie satisfaction of the Civil Court at the lower threshold will not be sufficient to refuse interim injunction in favour of the plaintiff who has filed the suit for infringement. But if the defendant is able to show, without Civil Court being required to embark upon detailed inquiry, that the registration granted in favour of the plaintiff is totally illegal or fraudulent or such which shocks the conscience of the Court, the Civil Court will refuse to grant interim injunction.

58. Before parting, it is clarified that the observations made in this judgment are for the limited purpose of deciding the question referred to us.

CONCLUSIONS

59. In a nutshell, our conclusions are as under:

(1) The expression 'if valid' in section 28 and the words 'prima facie evidence of the validity of the trade mark' in section 31 of the Trade Marks Act, 1999 (the Act) must be given their plain and natural meaning. The plain and natural meaning is given to these phrases by various High Courts.

(paras 24, 26, 29, 31, 35, 44 and 56)

(2) Though the object of providing registration of trade mark is to obviate the difficulty in proving each and every case the plaintiff's title to the trade mark, the object is achieved by raising a strong presumption in law to the validity of the registration of the trade mark and heavy burden is cast on the defendant to question the validity of the trade mark.

(Paras 34, 43, 55 and 57)

(3) A challenge to the validity of the registration of the trade mark can finally succeed only in rectification proceedings before the Intellectual Property Appellate Board. However, there is no express or implied bar taking away the jurisdiction and power of the Civil Court to consider the challenge to the validity of the trade mark at the interlocutory stage by way of prima facie finding.

(Paras 34 and 53)

(4) There is nothing in the Act to suggest that any different parameters for grant of injunction are required to be applied when a plaintiff seeks injunction on the basis of registered trade mark. The relief of injunction being a relief in equity, when the Court is convinced that the grant of interim injunction would lead to highly inequitable results, Court is not powerless to refuse such relief.

(Paras 35, 36 and 47)

(5) However, a very heavy burden lies on the defendants to rebut the strong presumption in favour of the plaintiff on the basis of the registration at the interlocutory stage. The plaintiff is not required to prove that the registration of a trade mark is not invalid, but only in the cases where the factum of registration is ex facie totally illegal or fraudulent or shocks the conscience of the Court that the Court may decline to grant relief in favour of the plaintiff.

(Paras 25, 27 and 55)

(6) It is not sufficient for the defendant to show that the defendant has an arguable case for showing invalidity. The prima facie satisfaction of the Court to stay the trial under section 124 of the Act is not enough to refuse grant of interim injunction. It is only in exceptional circumstances, such as, the registration being ex

facie illegal or fraudulent or which shocks the conscience of the Court that Court will refuse the interim injunction in favour of the registered proprietor of the trade mark.

(Para 57)

(7) The Division Bench in the case of Maxheal Pharmaceuticals considered it as the view of Vimadalal, J. that it is the practice of this Court to grant injunction to the holder of a registered trade mark. However, there was no sound footing for the Division Bench to recognize it as a longstanding practice of this Court.

(Para 33)

(8) Though it is considered as a practice of this Court in granting injunction in favour of the plaintiff having a registered trade mark, the same cannot be treated as a total embargo on the power of the Court to refuse grant of interim injunction. In exceptional cases, that is in cases of registration of trade mark being ex facie illegal, fraudulent or such as to shock the conscience of the Court, the Court would be justified in refusing to grant interim injunction.

(Para 33)

(9) As regards the controversy at hand, the provisions of the Trade Marks Act, 1999 are not comparable with the provisions of the Designs Act, 2000 and the Patent Act, 1970.

(Paras 37 and 38)

60. The question posed for consideration in the reference:

Whether the Court can go into the question of the validity of the registration of the plaintiff's trade mark at an interlocutory stage when the defendant takes up the defence of invalidity of the registration of the plaintiff's trade mark in an infringement suit? is answered thus:

In cases where the registration of trade mark is ex facie illegal, fraudulent or shocks the conscience of the Court, the Court is not powerless to refuse to grant an injunction, but for establishing these grounds, a very high threshold of prima facie proof is required. It is, therefore, open to the Court to go into the question of validity of registration of plaintiff's trade mark for this limited purpose, to arrive at a prima facie finding.

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