

The Chartered Institute of Taxation vs.institute of Chartered Tax Advisers of India Ltd.

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Court : Delhi

Decided On : Aug-22-2019

Appellant : The Chartered Institute of Taxation

Respondent : Institute of Chartered Tax Advisers of India Ltd.

Judgement :

* % + IN THE HIGH COURT OF DELHI AT NEW DELHI Date of decision:

22. d August, 2019 CS(COMM) No.448/2019, (for exemption), 11441/2019 [u/O XI R-1(4) of CPC]. & 11440/2019 (u/O XXXIX R-1&2 CPC). IAs No.11442/2019 THE CHARTERED INSTITUTE OF TAXATION PLAINTIFF Through: Mr. Sanjeev Sindhwani, Sr. Adv. with Mr. Naqeeb Nawab & Mr. Himanshu Deora, Advs. Versus INSTITUTE OF CHARTERED TAX ADVISERS OF INDIA LTD. ...DEFENDANT Through: None. CORAM: HON'BLE MR. JUSTICE RAJIV SAHAI ENDLAW1 The plaintiff has instituted this suit for declaration, permanent injunction and damages in respect of groundless threats under Section 142 of the Trademarks Act, 1999, pleading, (i) the plaintiff, having its registered office at London, is the leading professional body in United Kingdom, concerned solely with taxation and its mission is the advancement of public education in taxation; (ii) the plaintiff administers and awards two qualifications: Advanced Diploma in International Taxation (ADIT) for international tax professionals around the world, and the Chartered Tax Adviser (CTA) qualification for domestic tax practitioners in the

United Kingdom; (iii) the trade mark ADIT, which is an acronym, was adopted by the plaintiff in the year 2003 and is in use since then CS(COMM) No.448/2019 Page 1 of 16 and is one of the most prestigious qualifications in professional tax expertise and is popular among professionals in various countries including India; the plaintiff conducts its examinations for ADIT in various countries around the world including in India; the plaintiff has at least 346 current ADIT students, 67 ADIT graduates and 7 International Tax Affiliates in India; (iv) the plaintiff has made applications for registration of its mark ADIT in Classes 9, 16, 35, 36 and 41; (v) the defendant has opposed the application of the plaintiff for registration of the trade mark ADIT in Class 41, on misconceived grounds; there is no opposition to the application for registration in other classes; (vi) the plaintiff has also acquired common law rights in the trade mark ADIT which is used by the plaintiff in provision of examination services, publication of instructional and teaching material, provision of training conferences and educational courses and various other related and ancillary services and the trade mark ADIT is distinctive of the plaintiff and the plaintiff has considerable goodwill and reputation attached thereto; (vii) the defendant is a company incorporated under the Companies Act, 2013 having its registered office at Kota in Rajasthan; (viii) the plaintiff and the defendant have past litigation history with respect to plaintiffs well known and distinctive CS(COMM) No.448/2019 Page 2 of 16 trade marks CHARTERED TAX ADVISER and CTA; (ix) the trade mark ADIT, which is the subject matter of the present suit is not the subject matter of the Kota suit; the plaintiff has also filed a Counter Claim in the said suit; there is an interim order in the said suit against the plaintiff, qua the trade marks CHARTERED TAX ADVISER and CTA; the plaintiff has preferred an appeal to the High Court of Rajasthan at Jaipur against the said interim order and the said appeal is pending; (x) the plaintiff has also filed cancellation / rectification petition against the defendant for the mark and the said proceedings are also pending before the Intellectual Property Appellate Board (IPAB); (xi) the defendant has sent various communications to the Trade Marks Registry in respect of plaintiffs application for the trade mark / trade name The Chartered Institute of Taxation, which is not even subject matter of dispute in the Kota suit; (xii) the opposition filed by the defendant with the Registry of Trade Marks to the application of the plaintiff for registration of the trade mark ADIT in

Class 41 is on frivolous, misleading, concocted and false grounds, and merely to harass the plaintiff; the defendant has opposed CS(COMM) No.448/2019 Page 3 of 16 on the basis that it is the registered proprietor of the trade marks CHARTERED TAX ADVISER and CTA; in the said opposition, reference has also been made to the Kota suit, though the same does not relate to the trade mark ADIT, for registration of which the application has been filed; the frivolity of the opposition is also evident from one of the grounds taken therein, of the claim of the plaintiff being contrary to the fundamental rights of Indian citizens; it is also the claim of the defendant in the notice of opposition, that the use of the trade mark ADIT by the plaintiff would amount to passing off and infringement of the defendants registered trade mark; (xiii) the said allegations made in the notice of opposition clearly constitute groundless threats to the plaintiff inasmuch as the defendant has accused the plaintiff of infringement and passing off actions and has further threatened that the plaintiff is liable to be prevented from using the trade mark ADIT; the defendant has made such threats / allegations despite the fact that the plaintiffs trade mark ADIT has no visual, phonetic, structural or any other similarity with the mark CHARTERED TAX ADVISER and CTA and in fact the two marks are totally different; (xiv) the apparent dissimilarity between the two marks is by itself sufficient to constitute the defendants threats of infringement and passing off as groundless threats; the CS(COMM) No.448/2019 Page 4 of 16 defendant has made these claims without any locus, valid ground or basis, since the defendant neither has any rights nor has ever claimed any rights in respect of the trade mark ADIT, in the pending proceedings between the parties at Kota and Jaipur; (xv) the defendant has filed oppositions, merely to harass the plaintiff, by not allowing the application of the plaintiff to proceed to registration, so that the defendant may arm-twist and pressurize the plaintiff to accede to its unreasonable and monetary demands; (xvi) public search by the plaintiff on the Trade Marks Registry's website has also not revealed any application and / or registration for the mark ADIT by the defendant; (xvii) the notice of oppositions filed by the defendant is a mala fide act, wherein the defendant, by creating illusory facts and grounds, has stalled the registration of the plaintiffs mark ADIT; (xviii) the statements made by the defendant in the notice of oppositions make it clear that the defendant may also file frivolous proceedings against the plaintiff; the threats being extended by

the defendant are wholly unjustified and the defendant is liable to be restrained from extending / continuing such groundless threats; (xix) the plaintiff is suffering greatly at the hands of the defendant, in earlier litigations between the parties in respect of trade marks CHARTERED TAX ADVISER CS(COMM) No.448/2019 Page 5 of 16 and CTA, and with the present conflict being raised by the defendant, the plaintiff has strong apprehension that the defendant will not stop merely with the filing of the notice of oppositions against the plaintiffs trade mark ADIT but can go to any extent to malign the plaintiff which may include but not limited to filing a frivolous suit against the plaintiffs honest use of the trade mark ADIT.; (xx) the apprehension of the plaintiff with respect to the mark ADIT is further accentuated by the past conduct of the defendant with respect to trade marks CHARTERED TAX ADVISER and CTA; (xxi) the threats meted out by the defendant are groundless inasmuch as the defendant neither has nor can have any statutory and / or common law right over the trade mark ADIT; (xxii) even otherwise, despite the defendants right to oppose the registration of plaintiffs mark ADIT, though none of the grounds taken by the defendant in the notice of oppositions is justified and tenable, the defendant is liable to be restrained from extending / continuing the groundless threats of infringement and passing off; and, (xxiii) paragraph 74 and 75 of the plaint are as under: 74. That the immediate concerns and cause of action for filing the present suit arose in the month of July 2019 when the notice of oppositions filed by the Defendant against CS(COMM) No.448/2019 Page 6 of 16 to various served on the groundless the Plaintiffs Trademark Application No.IRDI-3049160 were the counsels of the Plaintiff in New Delhi, wherein the Defendant were categorically mentioned. The Plaintiff also has concerns regarding the unjustified communications being sent by the Defendant government organizations / departments without any locus stand, thereby maligning the image, enormous reputation and goodwill of the Plaintiff. The aforesaid acts / instances of groundless the Defendant are giving rise to an actionable cause of action in favour of the Plaintiff. The cause of action is continuing and subsisting till the time the Defendant is not restrained from continuing its illegal and unjustified threats to the Plaintiff by this Honble Court. threats being threats by issued by the this Honble Court as 75. That the cause of action to file the present suit arose within the territorial jurisdiction of illegal, unjustifiable and groundless threats were received

by the Plaintiff through its counsels having its address for service in India at Zeus IP Advocates LLP, C-4, Jangpura Extensions, New Delhi 110014. In addition to this, the Plaintiff carries on extensive activities within jurisdiction of this Honble Court, inter alia, by holding ADIT examinations in Delhi and by conducting / participating in various promotional events in Delhi in respect of the prior and well-known trademark ADIT and all such activities are likely to be adversely affected by the groundless threats issued by the Defendant. Further, this Honble Court also has jurisdiction to try and entertain the the CS(COMM) No.448/2019 Page 7 of 16 threats and the Plaintiff present matter as the wrong has been and / or is continuing to be done to the Plaintiff within the jurisdiction of this Honble Court, the Defendant has been sending since groundless frivolous communications against to various Departments in Delhi such as University Grants Commission situated at Bahadur Shah Zafar Marg, New Delhi- 110002; All India Council for Technical Education situated at Nelson Mandela Marg, Vasant Kung, New Delhi-110070, etc. within the territorial jurisdiction of this Honble Court. 2. Section 142 of the Trade Marks Act, 1999, invoking which the suit has been filed, is as under: 142. Groundless threats of legal proceedings.- (1) Where a person, by means of circulars, advertisements or otherwise, threatens a person with an action or proceeding for infringement of trade mark which is registered, or alleged by the first-mentioned person to be registered, or with some other like proceeding, a person aggrieved may, whether the person making the threats is or is not the registered proprietor or the registered user of the trade mark, bring a suit against the first-mentioned person and may obtain a declaration to the effect that the threats are unjustifiable, and an injunction against the continuance of the threats and may recover such damages (if any) as he has sustained, unless the first-mentioned person satisfies the court that the trade mark is registered and that the acts in respect of which the proceedings were threatened, constitute, or, if done, would constitute, an infringement of the trade mark. (2) That last proceeding sub-section does not apply if the registered proprietor of the trade mark, or a registered CS(COMM) No.448/2019 Page 8 of 16 user acting in pursuance of sub-section (1) of section 52 with due diligence commences and prosecutes an action against the person threatened for infringement of the trade mark. in this section shall render a (3) Nothing legal practitioner or a registered trade marks agent liable to an action

under this section in respect of an act done by him in his professional capacity on behalf of a client. (4) A suit under sub-section (1) shall not be instituted in any court inferior to a District Court. 3. Finding, on a reading of the plaint, that the groundless threats by the defendant, with respect to which declaration to the effect that the threats are unjustifiable and against making of which injunction is sought, to be by way of oppositions filed by the defendant to the application of the plaintiff for registration of the trade mark ADIT, I have straightaway enquired from the senior counsel for the plaintiff, how can a plea taken in a legal / statutory proceedings, howsoever frivolous and groundless, and pending consideration before a Court / statutory authority, be subject matter of declaration as unjustifiable in another proceeding, and whether not the effect of injunction against the defendant from continuing the groundless threats, complaining whereof this suit has been filed, would amount to injuncting the defendant from pursuing oppositions filed by it to the application of the plaintiff to the Registrar of Trade Marks for registration of the mark ADIT. Attention of the senior counsel for the plaintiff is drawn to Section 41(a) of the Specific Relief Act, 1963 which bars the grant of injunction to restrain any person from prosecuting a judicial CS(COMM) No.448/2019 Page 9 of 16 proceeding pending at the institution of the suit, unless such restraint is necessary to prevent a multiplicity of proceeding. Attention is also drawn to the dicta of the Supreme Court in Cotton Corporation of India Limited Vs. United Industrial Bank Limited (1983) SCC625 holding (a) that expression court in Section 41 of the Specific Relief Act should be given the widest amplitude, comprehending every forum where relief can be obtained in accordance with law; and, (b) that anyone having a right that is a legally protected interest and complaining of its infringement and seeking relief through Court, must have an uninhibited, uninterrupted access to law Courts and that Courts ordinarily will not impede access to Courts. It was held that access to justice must not be hampered even at the hands of judiciary; no other Court can by its action, impede access to justice.

4. The senior counsel for the plaintiff contends that it is not the intent and want of the plaintiff to injunct the defendant and this Court may clarify that the pendency of this suit and / or grant of any interim injunction sought herein will not affect the proceedings before the Registrar of Trade Marks in the application of the plaintiff

for registration of the mark ADIT and adjudication of the opposition by the defendant thereto.

5. However once a suit is not found to be maintainable in law and the relief claimed therein is found to be barred, the same cannot be made maintainable by making such statements. The effect of entertaining this suit and / or a finding of prima facie case of threats by the defendant in the averments in its oppositions to the application of the plaintiff for registration of the mark ADIT, are bound to have an CS(COMM) No.448/2019 Page 10 of 16 impact on the Registrar of Trade Marks, who is within the supervisory jurisdiction of this Court; this Court cannot turn a blind eye to the said reality of life.

6. I have even otherwise enquired from the senior counsel for the plaintiff, as to how a plea taken in opposition proceedings before the Registrar of Trade Marks and which are statutory in nature, can constitute a threat within the meaning of Section 142 of the Trade Marks Act. Section 142 of the Trade Marks Act is the remedy provided by the legislature against the mischievous acts, by means of circulars, advertisements or otherwise, threatening a person with an action or proceeding for infringement of trade marks. Certainly oppositions filed in statutory proceedings cannot be equated with circulars or advertisements with reference whereto remedy of Section 142 of the Trade Marks Act has been provided. The intent of the legislature in drafting Section 142 of the Trade Marks Act appears to be, to provide remedy against a person, who without instituting legal proceedings, metes out threats of legal proceedings. This is clear from Sub-Section (2) of Section 142, which brings to an end, an action even if initiated under Section 142(1), the moment a proceedings for infringement of trade marks is initiated. The Scheme of the Section is, that adjudication of rights asserted should be through legal proceedings and not in public arena. If Section 142 of the Trade Marks Act is read in this manner, once the Registrar of Trade Marks, being a statutory authority empowered to decide the opposition, is seized of the matter, the pleas if any of the plaintiff, of the grounds taken in the opposition being frivolous, groundless and baseless, have CS(COMM) No.448/2019 Page 11 of 16 to be adjudicated by the Registrar, and / or in proceedings against the order of the Registrar, and not by way of a separate suit. It is not the pleaded case, that the Registrar of Trade

Marks is incompetent to decide the objections.

7. The senior counsel for the plaintiff relies on *Sidharth Wheels Pvt. Ltd. Vs. Bedrock Ltd.* AIR1988 Del 228, holding that (i) the word otherwise in Section 120 of the Trade and Merchandise Marks Act, 1958, which is the equivalent of Section 142 of the Trade Marks Act, is not to be construed ejusdem generis with the words circulars, advertisements; (ii) cause of action envisaged therein is not similar to libel; and, (iii) threats need not be published to be actionable; thus, a threat of suit for infringement of trade mark, in a letter to the plaintiff, was held to be actionable.

8. The senior counsel for the plaintiff has further contended that since the defendant in its opposition before the Registrar of Trade Marks, is opposing registration of ADIT on the ground of being the proprietor of the marks CHARTERED TAX ADVISER and CTA, the question falling for determination therein is of similarity / deceptive similarity of the mark ADIT with the mark CHARTERED TAX ADVISER and/or CTA and which question the Registrar of Trade Marks is not authorized to determine / adjudicate.

9. No merit is found in either of the contentions. *Sidharth Wheels Pvt. Ltd. supra* is not a judgment on a proposition, that pleas contained in a legal / statutory proceedings also fall within the domain of Section 142 of the Trade Marks Act. Thus, the reliance placed thereon is misplaced. CS(COMM) No.448/2019 Page 12 of 16

10. Similarly, the contention that the Registrar of Trade marks is not competent to decide the question of similarity / dissimilarity, is not found to be correct. Section 21(5) provides for the Registrar to, after hearing the applicant and the opponent and considering the evidence, decide whether the registration is to be permitted or not. There is no express bar on the Registrar to adjudicate on issues on similarity when an objection is filed. Otherwise also, under Section 11(1), the Registrar is required to adjudicate on similarity of a trade mark, application for registration whereof has been filed, with any earlier trade mark. The power of the Registrar to decide on issues of similarity/deceptive similarity of marks on the oppositions filed before it has also been recognized by the Division Bench of this Court in *Hindustan Lever Ltd. Vs. Rameshwar Mundia* 2009 (39) PTC570(Del) (DB), and the principle of judicial comity applied thereto. Thus, there

is no merit in the contention of the defendant.

11. In Metro Tyres Ltd. Vs. Advertising Standards Council of India (2017) 240 DLT119 I was concerned with the para materia provision, being Section 60 of the Copyright Act, 1957. The plaintiff therein also was seeking to restrain the defendant therein from prosecuting its complaint of infringement of its copyright by the plaintiff, before the Advertising Standards Council of India (ASCI). It was enquired from the counsel for the plaintiff therein, how there could be an injunction from invoking legal proceedings, and the counsel was further called upon to address on the interplay of Section 60 of the Copyright Act and Sections 41(a) and 41(b) of the Specific Relief Act. The suit was finally dismissed, inter alia holding that the CS(COMM) No.448/2019 Page 13 of 16 defendant therein having already initiated proceedings before the ASCI, Section 60 had no application; the argument that since the proceedings before the ASCI were not of infringement and therefore the provision had no application, was rejected. It was also held that there could be no defamation of the plaintiff therein by the defendant therein, in accordance with the complaint procedure of the ASCI, preferring the complaint against the plaintiff. It was further reasoned that the plaintiff therein could not be permitted to scuttle the proceedings in the complaint filed by the defendant therein before the ASCI, by instituting the suit in this Court.

12. Reference in this regard may also be made to (i) Super Cassette Industries Ltd. Vs. Bathla Cassettes India (P) Ltd. AIR1994 Del 237; (ii) Dolphin Laboratories Pvt. Ltd. Vs. Kaptab Pharmaceuticals AIR1981 Cal 76 holding that while restraining a person from making unjustified threats, it is not open to the Court to restrain him from taking the matter to a Court of Law and from agitating his rights there; the right to institute a suit was held to be an important and vital right incapable of being interfered with except by a statutory bar; (iii) Value Invest Wealth Management (India) Private Limited Vs. B.G. Kishore Kumar 2011 SCC OnLine MP2397 where notice issued by the defendant to the plaintiff asking the plaintiff to cease and desist from infringing the trade mark of the defendant was held to be not a groundless threat within the meaning of Section 142 of the Trade Marks Act, reasoning the said notice to be in aid of intending legal proceedings and further holding that the defendant could not be restrained from exercising its

legal rights; and, (iv) Sachdeva and CS(COMM) No.448/2019 Page 14 of 16 Sons Industries Pvt. Ltd. Vs. Jain Riceland Pvt. Ltd. MANU/PH/2565/2016 holding that a proceeding under Section 142 of the Trademarks Act or Section 60 of the Copyright Act does not lie against a legal action.

13. Mention may also be made of Intellectual Property Attorneys Association Vs. Union of India 2014 SCC OnLine Del 1912 where myself, speaking for the Division Bench of this Court, held that the power vested in the Registrar of Trademarks is a quasi judicial power. Hence the proceedings pending before the Registrar of Trademarks i.e. the application of the plaintiff for registration of its trade mark ADIT and the opposition of the defendant thereto are quasi judicial proceedings, and such quasi judicial proceedings cannot be termed as groundless threats within the meaning of Section 142 of the Trademarks Act.

14. In view of the aforesaid, it appears that the suit has been instituted by the plaintiff before this Court with the oblique motive of shifting the pending litigation with the defendant from the Courts at Kota and Jaipur, to this Court, though the senior counsel for the plaintiff vehemently denies and states that even the thought had not crossed the mind of the plaintiff/its advocate.

15. I have however in this context drawn the attention of the senior counsel for the plaintiff to para 75 of the plaint reproduced above, where the territorial jurisdiction of this Court has been invoked pleading that the illegal and unjustifiable and groundless threats were received by the plaintiff through its counsels having their address for service in Delhi, and enquired that if the plaintiff had chosen an CS(COMM) No.448/2019 Page 15 of 16 advocate with address for service at Andaman and Nicobar islands and the defendant had corresponded with the plaintiff there, would the plaintiff be free to invoke the jurisdiction of that Court.

16. Though the senior counsel for the plaintiff has also generally stated that the defendant has been writing letters to various authorities and copies of which have been filed, but a bare perusal of the plaint and the cause of action paragraph therein discloses the groundless threats complained of in this suit to be in the opposition to the application of the plaintiff for registration of the mark ADIT, so much so that the senior counsel for the plaintiff has not even drawn attention to

any part of the pleading or any document treating which as groundless threat this suit has been filed.

17. The plaint thus does not disclose any cause of action in law for the suit to be admitted.

18. Resultantly, the suit is dismissed.

19. No costs.

20. Decree sheet be drawn up. RAJIV SAHAI ENDLAW, J.

AUGUST22 2019 gsr/pp.. (Corrected and released on 14th September, 2019).
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