

Legal Issues in ‘Interlocutory Orders in Trademark Infringement Suit’

Topic: ‘Can A Registered Trademark Be Presumed As Invalid At The Interlocutory Stage of A Suit During Pendency of Rectification Proceedings?’

Relevant Legal Provisions

❖ Section 124 (1) (a) (ii), Trade Marks Act, 1999 –

*“(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 1[High Court] for rectification of the register” (Emphasis supplied)*

❖ Section 124(5), Trade Marks Act, 1999 –

“(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”

Relevant Legal Provisions (Contd.)

❖ *Section 28, The Trade Marks Act, 1999*

“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” (Emphasis supplied)*

❖ *Section 31(1), The Trade Marks Act, 1999 –*

❖ *“Registration to be prima facie evidence of validity.—*

*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.**” (Emphasis supplied)*

Relevant Judicial Decisions

- ❖ *Clinique Laboratories LLC and Ors. v. Gufic Limited and Ors.* [I.As No. 15425/2008, 217/2009 and 2769/2009 in CS(OS) No. 2607/2008, Delhi High Court]
- “8. ...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.**” (Emphasis supplied)
- 9. Registration has been made only prima-facie evidence of the registration otherwise being in accordance with the Act under Section 31(1) as contended by senior counsel for plaintiff but I find that even Section 28(1) while being subject to other provisions of Act, further provides that "registration of the trademark, if valid, give to the registered proprietor" exclusive right to use the trademark. Thus the validity of registration can be gone into, **wherever permissible under the Act.**” (Emphasis supplied)

Relevant Judicial Decisions (Contd.)

❖ *Clinique Laboratories LLC and Ors. v. Gufic Limited and Ors.* [I.As No. 15425/2008, 217/2009 and 2769/2009 in CS(OS) No. 2607/2008, Delhi High Court] (Contd.)

“9. ...Section 124(1)(b) also indicates that ...the legislature while further providing for stay of suit in such cases, in sub Section (5) expressly provided that such stay would not preclude the court from making any interlocutory order. Section 31 r/w the scheme of 124 leads to an un-escapable conclusion that (A) there can be a suit for infringement against the registered proprietor (B) that upon the defendant taking the plea of his registration and of there being thus no infringement, such suit has to be stayed awaiting the rectification proceedings and (C) the court is empowered in such case to pass any interlocutory order. The court while passing interlocutory order will necessarily have to prima facie adjudicate the validity of the two competing registrations. The legislature under Section 124(5) has empowered the court under Section 124(5) to grant injunction against use of a registered trademark also if the court is satisfied of the invalidity thereof. Once having reached a conclusion that registration is only prima facie evidence of validity, it is axiomatic that if the court is satisfied otherwise on the basis of material on record and in the facts of the case, the court is empowered to injunct use of registered trademark also.” (Emphasis supplied)

Relevant Judicial Decisions (Contd.)

❖ **Mother Dairy Fruit and Vegetable Pvt. Ltd. v. Bhushan Oil & Fats Pvt. Ltd. [CS(COMM) 263/2017 & I.A. 2946/2018, Delhi High Court]**

- *"Section 31(2) suggests that the court notwithstanding registration being prima-facie evidence of validity as provided in Section 31(1) can hold the registered trademark to be invalid. It further provides that if the invalidity of registration is averred for the reason of non compliance of Section 9(1), i.e. of evidence of distinctiveness having not been submitted before the Registrar, then the party pleading validity of registration shall be entitled to give evidence in legal proceedings where validity is challenged, of the mark having acquired distinctiveness on date of registration. ...Since, Section 124 otherwise provides for stay of proceedings in such suit and only permits passing an interlocutory order, such finding of invalidity naturally has to be on the touchstone of principles for interlocutory order only...and in such suit, while staying the further proceedings pending decision of the registrar on rectification, an interim order including of injunction restraining the use of the registered trademark by the defendant can be made by the court, if the court is prima facie convinced of invalidity of registration of the defendant's mark."*

(Emphasis supplied)

Relevant Judicial Decisions (Contd.)

❖ **Dabur India v. Real Drinks Pvt. Ltd. and Anr., 2014 [CS (OS) No. 1812 of 2012, Delhi High Court]**

- *“26. Though as aforesaid, Section 29 providing, when a registered trade mark is infringed inter alia provides for acts of a person who not being a registered proprietor meaning that if the defendant is also a registered proprietor he cannot be in infringement, Section 124 envisages a suit for infringement against a defendant whose mark is also registered but registration in whose favour is pleaded by the plaintiff to be invalid. The conclusion therefrom is clear, that a suit for infringement against a defendant whose mark is also registered does lie. If it was not, there would have been no need for Section 124.”*

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Relevant Judicial Decisions (Contd.)

❖ **Pepsico Inc. & Anr. v. Parle Agro Pvt. Ltd. [CS (COMM) 268/2021, I.A. 7170/2021 & I.A. 9591/2021, Delhi High Court]**

“74. “Prima facie tenability”, within the meaning of Section 124(1)(ii) of the Trade Marks Act, therefore, would imply only a prima facie view that the challenge to the validity of the mark of the opposite party, as raised in the plaint or in the written statement, is a challenge worth consideration. It cannot amount, in any manner of speaking, to an expression of opinion, even tentative or perfunctory, regarding the merits of the said challenge”

“75. ...The Court is, therefore, while examining the prima facie tenability of the challenge to the validity of the mark, under Section 124(1)(a)(ii), only required to satisfy itself that the pleadings are sufficient to make out a challenge worth considering, whatever be the merits of the challenge.”

Relevant Judicial Decisions (Contd.)

❖ **Pepsico Inc. & Anr. v. Parle Agro Pvt. Ltd. [CS (COMM) 268/2021, I.A. 7170/2021 & I.A. 9591/2021, Delhi High Court]**

*“86. Section 124(5) also lends itself to an interesting discourse, relevant to the issue at hand...the jurisdiction to adjudicate on the Order XXXIX application filed by the plaintiff, even if has found the challenge to the validity of the plaintiff’s mark, as pleaded by the defendant in the written statement, to be prima facie tenable, and has framed the issue and adjourned the suit so as to enable the defendant to file a rectification petition in that regard, such exercise of Order XXXIX jurisdiction would have to be restricted to the aspect of passing off...Inasmuch as the opinion expressed under Section 124(1)(ii) is merely an opinion regarding prima facie tenability of the challenge to validity of PepsiCo’s mark, it cannot in any manner deprive PepsiCo of the rights which flow to it, under Sections 28 and 29 of the Trade Marks Act, consequent on registration. **Until and unless the registration is held, in the rectification proceedings (which, for that matter, the defendant may or may not choose to initiate), to be invalid, the benefit of such registration has necessarily to enure to the registrant.**”*

Conclusion

- ❖ Under Section 124(5) of the Trade Marks Act, the discourse regarding whether the Court can grant interlocutory relief when the validity of the registration is in question, and the prima facie tenability of the invalidity of the registration has been observed by the Court, remains in question.
- ❖ While the longstanding precedence has been that, in the instance of there being prima facie tenability of the registration, the Court has the power to pass interlocutory orders assuming that the registered mark is not valid, the recent observation has reopened the Court's consideration while granting interlocutory relief against use of a registered trademark by one of the parties.

Thank you!
Questions?

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