

**Legal Issues in ‘Remedies, Processes, Prosecutions, Enforcements & Defenses
in IP Matters’**

**‘Whether High Courts Can Proceed with Rectification Proceedings without
Staying the Initial Infringement Suit?’**

Relevant Legal Provisions

❖ Section 124, The Trade Marks Act, 1999

“124. Stay of proceedings where the validity of registration of the trade mark is questioned, etc.—

(1) Where in any suit of infringement of a trademark -

(a) the defendant pleads that registration of the plaintiff’s trade mark is invalid; or

(b) the defendant raises a defence under clause (e) of sub-section (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,—

Relevant Legal Provisions (Contd.)

❖ Section 124, The Trade Marks Act, 1999 (Contd.)

(i) if any proceedings for rectification of the register in relation to the plaintiff's or defendant's trade mark are pending before the Registrar or the [High Court], stay the suit pending the final disposal of such proceedings;

(ii) if no such proceedings are pending and the court is satisfied that the plea regarding the invalidity of the registration of the plaintiff's or defendant's trade mark is prima facie tenable, raise an issue regarding the same and adjourn the case for a period of three months from the date of the framing of the issue in order to enable the party concerned to apply to the [High Court] for rectification of the register.” (emphasis supplied)

“(2) If the party concerned proves to the court that he has made any such application as is referred to in clause (b) (ii) of sub-section (1) within the time specified therein or within such extended time as the court may for sufficient cause allow, the trial of the suit shall stand stayed until the final disposal of the rectification proceedings.” (emphasis supplied)

Relevant Legal Provisions (Contd.)

❖ **Rule 26, Delhi High Court Intellectual Property Rights Division Rules, 2021**

“Where there are multiple proceedings relating to the same or related IPR, irrespective of whether the said proceedings are between the same parties or not, the IPD shall have the power and the discretion, wherever appropriate, to direct consolidation of proceedings, hearings, and also to direct consolidated recording of evidence/ common trial and consolidated adjudication” (emphasis supplied)

Relevant Judicial Decisions

- ❖ *Kores (India) Limited v. Doms Industries Private Limited [CM(M)-IPD 6/2022 & CM APPLs. 10457/2022, 10458/2022]*

“10. This Court notes that since the Intellectual Property Appellate Board (hereinafter “IPAB”) has been abolished with the enactment of Tribunals Reforms Act, 2021, the remedy of filing a rectification petition before the High Court may have to be availed of by the Defendant....”

“11. If the plea is accepted, the suit for infringement would have to be adjourned for 3 months to enable the Defendant to avail of its remedies for seeking rectification. If the plea of invalidity is rejected by the Commercial Court/trial court at the prima facie stage itself, then the suit would proceed to trial.” (emphasis supplied)

Relevant Judicial Decisions (Contd.)

❖ *M/s L'oreal India Private Limited v. M/S Pornsricharoenpun Co. Ltd And Anr. [CS(COMM) 496/2023]*

“4. Issues have been framed. In view of the fact that the Tribunal Reforms Act, 2021 has abolished the IPAB and the jurisdiction vests in the High Court now for cancellation or rectification of trademark, it is deemed appropriate not to stay the suit as the issues which would be arising for determination would be overlapping and common between the suit and the rectification petition.”

“6. Exercising powers under Rule 26 of the IPD Rules , the trial in the suit and the rectification petition is consolidated and common issues have been framed as set out above.”

Relevant Judicial Decisions (Contd.)

❖ *Sana Herbals Pvt. Ltd. v. Mohsin Dehlvi [CS (COMM) 813/2016]*

“7. ... In terms of the Tribunals Reforms Act, 2021, the IPAB has been abolished and the jurisdiction to decide rectification petitions now vests with the High Court under Section 21 of the Act. Therefore, now the suit as well as the rectification applications have to be decided by one authority alone i.e. the High Court and resultantly, there cannot be any possibility of conflicting decisions. Hence, the rectification petitions can be clubbed with the civil suits and there is no requirement of staying the civil suit.”

“17. ... With the coming into effect of the Tribunals Reforms Act, 2021, and the consequent abolition of the IPAB, this situation does not exist anymore. Therefore, even if an issue with regard to invalidity of a trademark is framed by the civil court and rectification applications are filed by a litigant, the civil suit is not liable to be stayed. The rectification petitions/applications can be clubbed and tried along with the civil suit.”

Relevant Judicial Decisions (Contd.)

- ❖ *Mr. Amrish Aggarwal Trading as M/s Mahalaxmi Product v. M/s Venus Home Appliances Pvt. Ltd. and Anr. [C.O. (COMM.IPD-TM) 258/2022]*

“6.6 ... Section 124(2) ipso facto stays the suit, by legislative fiat, on a rectification petition being filed. There is no requirement of any orders being passed by the Court for the suit to be stayed. The stay of the suit is an inexorable legislative consequence to the filing of the rectification petition.”

“8. Where the Legislature has not chosen to delete Section 124(2) from the statute book, I have my serious reservations as to whether the Court can adopt a view that, given the present scenario, there is no requirement of staying the suit pending disposal of the rectification proceedings. At the cost of repetition, the stay of depending infringement suit, on a rectification petition being filed under Section 124(1)(ii), does not require any judicial order; it is an inexorable statutory consequence of the filing of the rectification petition.” (emphasis supplied)

Relevant Judicial Decisions (Contd.)

- ❖ *Mr. Amrish Aggarwal Trading as M/s Mahalaxmi Product v. M/s Venus Home Appliances Pvt. Ltd. and Anr. [C.O. (COMM.IPD-TM) 258/2022]*

“9. The view of the learned Coordinate Bench that, with rectification jurisdiction now being vested in the High Court, there is now no requirement of staying the infringement suit therefore, in my view, perilously teeters on the edge of judicial legislation.”

Conclusion

- ❖ A trend that arises from the decisions mentioned in this seminar is when a High Court is hearing both the civil infringement suit as well as the rectification application, the decision tends to ignore the stay provision in Section 124 in favor of allowing both the suit and the application to proceed simultaneously. However, if the civil suit has been instituted in front of the Commercial Court, the High Court tends towards staying the infringement suit until the rectification petition is decided first.
- ❖ It is also of note that the legal conundrum of whether a stay should be mandatorily followed has technically already been decided by the Division Bench, but the single bench courts continue to deviate from the letter of law and the decision of Division Benches owing solely to the abolishment of IPAB under the Tribunal Reforms Act, 2021.

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THANK YOU!
Questions?

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