

## **Legal Issues in ‘IP Rights and Remedies’**

**Issue: Whether the expression “or otherwise” under groundless threats include statements made in legal proceedings?**

## Relevant Legal Provisions

### ❖ Section 142 (1) of the Trade Marks Act, 1999

(1) Where a person, **by means of circulars, advertisements or otherwise, threatens a person with an action or proceeding for infringement of a 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.

### ❖ Section 120 (1) of the Trade and Merchandise Marks Act, 1958

(1) Where a person, **by means of circulars, advertisements or otherwise, threatens a person with an action or proceeding for infringement of a 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.

## Relevant Judicial Decisions

- ❖ **Exxon Corporation Vs. Exxon Packing Systems Pvt. Ltd. on June 27, 1988, AIR(1989)Mad(182) [O.S.A. Nos. 17, 18 and 19 of 1988, High Court of Madras]**

13. *“Having regard to these rulings, we find no difficulty in upholding the argument of Mr. U.N.R. Rao, learned counsel for the respondent, and, therefore, **we are of the view that the word 'otherwise' would take within its fold a lawyer's notice also.** Of course, having regard to the language of Section 120(1), the court will have to find out, as of fact, whether these threats are unjustified or not. That is a matter which could be decided ultimately in the suit on an analysis of the evidence. The pendency of the suit in Suit No. 503 of 1988 in Delhi High Court filed by the appellant herein will not render the relief of injunction infructuous. (**emphasis supplied**)*

## Relevant Judicial Decisions

❖ **Sidharth Wheels Pvt. Ltd. Vs. Bedrock Limited and Ors. on October 16, 1987, AIR(1988)Mad(228) [IA No. 6588 of 1986 in Suit No. 2467 of 1986, High Court of Delhi]**

*11. “With this explanation it is pertinent to read S. 106 of the Patent Act 1970 which substituted, the ambiguous word 'otherwise' by the words "by communications, oral or in writing addressed to that or any other person". Thus, **a detailed reference to these substituted words, the Legislature expressed its intention to avoid any controversy on the word "otherwise" in the earlier statutes in India. S. 120 of the Act has to be construed in this background of the law .....**In these circumstances I feel constrained to dissent from the view expressed in Dolphins Laboratories that S. 120 of the Act is intended to give relief in cases where threats are made and published. **Threats made need not be 'published' to be actionable under Section 120 of the Act, and, the cause of action envisaged by that section is not similar to libel.....” (emphasis supplied)***

*12. “There can be no doubt that Poddar's letter dated 15th November 1986 constituted a threat envisaged under S. 120 of the Act. It stated :  
- "It has come to our knowledge that you are selling cycle tubes under our said Trade Mark in the market directly to the dealers which in the absence of your being appointed Registered User, of the said Trade Mark would amount to the infringement of the said Trade Mark for which a suit would lie against you under Section 29(1) of the Trade and Merchandise Marks Act."*



## Relevant Judicial Decisions

❖ **Value Invest Wealth Management (India) Private Limited Vs. B.G. Kishor Kumar on October 21, 2011, 2012(1)C TC 401 [O.A. No. 744 of 2011 in C.S. No. 586 of 2011, High Court of Madras]**

*18. The applicant/plaintiff in the plaint itself has not disputed that the trade mark, as claimed in the notice, is a registered trade mark of the defendants. Though the notice can be treated to be a threat, but in the facts and circumstances of the present case, it is clearly proved that after issuance of notice and reply, no further notice has been received. This Court, in exercise of powers under Section 142 of the Act cannot restrain the holder of the registered trade mark to bring out action in accordance with law. The suit under Section 142 of the Act cannot bar the defendants from filing the suit under Section 29 of the Act, where trade mark is registered. (emphasis supplied)*

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*19. It will be for the defendants either to proceed under Companies Act for change of name or to move under the Trade Marks Act, 1999. This certainly is not a case where the groundless threat can be said to have been given by the defendants/respondents, merely, because a notice is issued, conveying the applicant about registered trade mark, which is not followed by any other threat. In the facts and circumstances of this case, the notice issued to plaintiff cannot be said to be a groundless threat. (emphasis supplied)*

## Relevant Judicial Decisions

❖ **The Chartered Institute of Taxation Vs. Institute of Chartered Tax Advisers of India Ltd. On August 22, 2019, 2019(80)PTC 378(Del) [CS (COMM) No. 448/2019, IAs Nos. 11442/2019, 11441/2019 and 11440/2019, High Court of Delhi]**

6. *“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 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.” (emphasis supplied)*

## Relevant Judicial Decisions

- ❖ **The Chartered Institute of Taxation Vs. Institute of Chartered Tax Advisers of India Ltd. On August 22, 2019, 2019(80)PTC 378(Del) [CS (COMM) No. 448/2019, IAs Nos. 11442/2019, 11441/2019 and 11440/2019, High Court of Delhi]**

*13. “Mention may also be made of Intellectual Property Attorneys Association Vs. Union of India MANU/DE/2627/2014 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.” (emphasis supplied)*

## Relevant Judicial Decisions

- ❖ **Lotte India Corporation Ltd. Vs. Cadbury UK Limited and Ors. on September 30, 2021, 2021-5-LW55 [C.S. No. 215 of 2009, High Court of Madras]**

*27.5. “As rightly pointed out by the learned Senior Counsel for the defendants, may be the plaintiff would have a valid defence in a suit for infringement (this observation of mine is only prima facie and will not have any binding effect on the rights of the parties) but that alone would not entitle the plaintiff to a decree in a suit under Section 142. As persons having some rights over certain marks, the defendants are entitled to call upon the plaintiff to cease and desist from using the marks. Therefore, mere issuance of a notice seeking discontinuance of the user and warning of a statutory suit by a person, who has a semblance of a right over the marks would not amount to a groundless threat or unjustified threat .....” (emphasis supplied)*



## Relevant Judicial Decisions

❖ **Naga Limited Vs. Cherukuri Gopi Chand on July 16, 2025, 2025:MHC:1728 [A.No. 2583 of 2025 in C.S. (Comm.Div.) No. 92 of 2025, O.A.No. 344 of 2025 and A.No. 1777 of 2025, High Court of Madras]**

*11. “....Under Section 21 of the TM Act, "any person" is entitled to lodge a notice of opposition in the manner specified in the statute and the rules framed thereunder. **Such opposition proceedings are required to be determined by the Registrar of Trade Marks in accordance with the statute and, undoubtedly, qualify as legal proceedings.**” (emphasis supplied)*

*13. “Although the expression "or otherwise" in Section 142(1) covers all forms or modes of communication of a baseless or unjustified threat of initiation of infringement or like proceedings, **statements made by a party, such as the defendant herein, in pleadings in legal proceedings cannot be construed as threats for purposes of initiating such proceedings. As a corollary, they do not fall within the scope of Section 142(1).** While such proceedings are pending, as stated earlier, the adjudicating authority would be the sole judge of pleadings in such proceedings...*” (emphasis supplied)

## Conclusion

- ❖ The judicial interpretation of Section 142 of the Trade Marks Act reveals a carefully calibrated balance between preventing abuse of trademark rights and preserving legitimate legal enforcement. Early decisions such as *Exxon Corporation* and *Sidharth Wheels* adopted an expansive interpretation of the phrase “or otherwise”, bringing within its scope lawyer’s notices and private communications. These rulings ensured that trademark proprietors could not weaponise informal legal threats to stifle competition or intimidate legitimate businesses.
- ❖ Subsequent decisions, however, introduced necessary restraint. In *Value Invest* and *Lotte India*, courts clarified that not every assertion of trademark rights constitutes a groundless threat. Bona fide notices issued by registered proprietors, absent coercive or repetitive conduct, fall outside the mischief targeted by Section 142. Further, decisions such as *The Chartered Institute of Taxation* and *Naga Limited* draw a doctrinal boundary by excluding statements made in legal proceedings from the ambit of Section 142.
- ❖ Overall, while “or otherwise” is broad enough to include informal legal threats such as legal notices, it should not be applied to legal or statutory proceedings, ensuring that Section 142 functions as a shield against misuse rather than a barrier to enforcement.

# THANK YOU!

## Questions?

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