

When is a stay allowed in an infringement suit?



709/710 Tolstoy House, 15-17 Tolstoy Marg
New Delhi - 110 001
India
Tel: +91 11 2371 6565
Fax: +91 11 2371 6556
Email: mail@lexorbis.com
www.lexorbis.com



By Manisha Singh Nair,
Lex Orbis IP Practice

A key provision that invariably concerns any suit on trademark infringement is section 124 of the Trade Marks Act, 1999, which provides for a stay of proceedings where the validity of registration of the trademark is questioned.

Under section 124, the defendant in a suit for trademark infringement may plead that registration of the plaintiff's trademark is invalid or raise the defence that the right to use that trademark was given to the defendant by registration as two or more similar or identical trademarks were registered under the act.

If the plaintiff pleads that the registration of the defendant's trademark is invalid, and any proceeding for rectification of the register in relation to the plaintiff's or defendant's trademark is pending before the Registrar or the Intellectual Property Appellate Board, the court trying the case will stay the suit pending the final disposal of such proceedings.

If no such proceedings are pending and the court is satisfied that the plea regarding the invalidity of the registration of the plaintiff or defendant's trademark is prima facie tenable, the court will raise this issue and adjourn the case for three months to enable the party concerned to apply to the appellate board for rectification of the register.

Recent decision

In *Godfrey Phillips (India) Limited v ITC Limited*, a divisional bench of the High Court of Calcutta heard an appeal by Godfrey Phillips against the dismissal of its application for the stay of a suit for trademark infringement and passing off brought by ITC. The divisional bench upheld the order of the single judge and refused to

grant a stay proceedings of the suit

In arriving at its ruling, the court considered the issue of whether an application for cancellation of registration of a trademark on grounds of non-use of the mark under section 47 of the act is equivalent to rectification of the register under section 57 of the act and thus attracts section 124.

ITC had filed a suit for a permanent injunction to restrain Godfrey Phillips from using the trademark Pilot or Pilot Number One in respect of cigarettes or other tobacco products.

Godfrey Phillips applied under section 124 for a stay of the suit as its application for cancellation of ITC's registration of the trademark was awaiting adjudication by the Registrar of Trade Marks.

Contents examined

To arrive at its view on whether Godfrey Phillips has filed rectification proceedings based on invalidity of registration of ITC's mark so as to attract section 124, the court considered the contents of Godfrey Phillip's application for rectification and, on the basis of the contents, what relief had been sought.

The court found that claim for relief was mainly based on non-use of the mark under section 47 of the act, i.e. the mark was registered without any bona fide intention to use it, and for five years up to three months preceding the filing of the application, ITC had not used it.

Godfrey Phillips also relied on the ground that the mark was registered without sufficient cause and wrongly remained on the register and therefore was liable to be expunged from the register under section 57(2) of the act. The court opined that this was a repetition of the ground of

removal and not available under section 57(2).

To bring a case within the purview of section 57(2), the applicant must show that: (1) an entry duly registered has been removed or omitted from the register for no valid reason; (2) an entry has been entered in the register although it has not been registered; (3) an entry wrongly remains in the register because there is already an order of removal or rectification; or (4) a particular entry has been registered, but there is some error or defect in that entry so that it is not the exact one which was granted registration.

Different grounds

The court said it was apparent that Godfrey Phillips, in its application before the Registrar, had made out a case for removal of the registration of the ITC trademark under section 47. It is well-known that unlike a declaration of invalid registration, an order of removal takes effect from the passing of such order.

If an application for removal succeeds in the long run, the registration will be removed from the date of the order, unlike in the case of rectification of registration.

The court further remarked that the concept of removal of registration being different from that of rectification of registration, there cannot be overlapping grounds for both.

The legislature was conscious of this as the same ground cannot be the basis for both rectification and removal of registration.

Manisha Singh Nair is a partner at Lex Orbis IP, a New Delhi-based intellectual property practice.