

Judgment sheet

IN THE HIGH COURT OF SINDH AT KARACHI

Miscellaneous Appeal No. 182 of 2024

Present

Mr. Justice Muhammad Jaffer Raza

CSM Pakistan (Guarantee) Limited

Versus

Kresta Corp.

Appellant : CSM Pakistan (Guarantee) Limited,
through M/s. Hanya Haroon and
Alizeh Mehak Advocates.

Respondent : Kresta Corp., through Mr. Kazim Raza
Abbasi Advocate.

Date of Hearing: 17.03.2025

Date of announcement: 07.04.2025

J U D G M E N T

MUHAMMAD JAFFER RAZA – J: The instant Miscellaneous Appeal has been filed against the Impugned Order dated 31.08.2024 passed in Suit No.52/2018, under Section 19 of the Intellectual Property Act, 2012 (**‘Act’**) whereby plaint of the above suit was rejected under Order VII Rule 11 CPC, on an application preferred by the Respondent. Facts of the case are summarised as follows: -

2. Suit No.52/2018 was filed by the Appellant before the Intellectual Property Tribunal, Karachi with the following prayers: -

“That the Plaintiff respectfully prays for:

- i. A decree in favor of the Plaintiff and TV defendant granting Permanent Injunction restraining the Defendant, their agents, suppliers, affiliates, distributors, employees, or representatives from using the trademark EXTASY PLUS or KLIMAX EXTACY and or any name/logo/trademark similar to that or having the tendency to cause confusion or deception in the minds of the consumer alone or in conjunction to/with any other mark in any variation whatsoever.

- ii. A decree in favor of the plaintiff directing defendant to submit a detail account of profit made through advertisement and other digital commercial activities while using the imitated trademark EXTASY or KLIMAX EXTASY.
- iii. Directing the Defendant to submit to the Plaintiff, or destroy in the Plaintiff's presence, all stocks, signage and promotional materials and/or all those products that bear the XTACY Packaging and Trade dress or any similar or close variation, thereof in any manner whatsoever.
- iv. Any other relief or reliefs which this Honorable Tribunal deem fit and proper under the circumstances of the case.
- v. Cost of suit.”

3. An application was also filed along with the above suit under Order XXXIX Rules 1 & 2 CPC which was dismissed. No further discussion is required as the same is not the subject matter of the instant appeal. Thereafter, an application was filed by the Respondent under Order VII Rule 11 CPC and the same was allowed vide Impugned Order dated 31.08.2024.

4. It has been argued by learned counsel for the Appellant that the learned Intellectual Property Tribunal of Sindh (**“Tribunal”**) has adjudicated the case on merits and deliberated in the Impugned Order, the entire controversy between the parties. The same, it was argued, is beyond the scope of Rule 11 of Order VII CPC. Learned counsel has also contended that an elaborate deliberation regarding the similarities and differences between the respective Trademarks was unwarranted and impermissible. Further it was argued that the learned Tribunal has gone into the merits of the case and the same cannot conceivably be grounds for rejection of plaint. The learned counsel has argued that reliance by the learned Tribunal on Section 81 of the Trademark Ordinance, 2001 (**“Ordinance”**) is misconceived and the same cannot be a ground for rejection of plaint. It is argued that the “date of knowledge” required evidence to be recorded and the same cannot be adjudicated in a summary manner. It has also been argued by the learned counsel for the Appellant that the Tribunal has considered in detail the written statement filed by the Respondent and has therefore gone over and above the scope of the noted provision. Lastly, learned counsel has stated that the

Impugned Order is essentially a judgment on merits, which is not permissible under the provision of Order VII Rule 11 CPC.

5. Conversely learned counsel for the Respondent has argued that plaint is liable to be rejected and has supported the Impugned Order. He has argued that the “Trade Dress” of the Appellant was not registered and therefore no cause of action accrued to the Appellant. He further contended that there is concealment of facts by the Appellant because marketing/selling of the Respondent’s products was in the knowledge of the Appellant and hence the plaint, as filed, is liable to be rejected. He has further argued that both the contesting parties are involved in the same line of business and it is inconceivable that the Appellant had no knowledge about the Respondent’s operation. Further it has been contended by the learned counsel for the Respondent, that the Respondent has been producing, marketing and selling the products since the year 2011 and therefore the provision of Section 81 of the Ordinance of 2001 shall be applicable thereto. He has further averred that the Appellant has made false and misleading claims and the slogan claimed by the Appellant, is owned by the Respondent, as the same is an integral part of the Respondent’s trademark. Learned counsel in this regard has also referred to sales invoices from 2011 to 2023 to show the long standing, continuous use of trademark in the market. He has further contended that the Appellant failed to produce a single document to prove the alleged use of the trademark and the assertions of the Appellant are unsubstantiated and false. Lastly, he has argued that the Appellant failed to disclose the reply of the legal notice dated 23.07.2018 wherein the Respondent clearly informed the Appellant regarding the trademark on the basis of which the plaint was rightly rejected.

6. I have heard the learned counsels and perused the record. The law pertaining to Order VII Rule 11 CPC, was elaborately laid down in the case of **Haji Abdul Karim v. M/s. Florida Builders Pvt. Ltd¹** and it is on those principles that the instant Miscellaneous Appeal shall be adjudicated. Relevant

¹ PLD 2012 SC 247

parts of the judgment are reproduced below: -

8. *At this stage it would be appropriate to carry out an analysis of Order VII, Rule 11 of the Code of Civil Procedure 1908. The said provision is reproduced below:*

"(11) Rejection of plaint. ---The plaint shall be rejected in the following cases:

(a) Where it does not disclose a cause of action.

(b) Where the value claimed is under-valued, and the plaintiff, on being required by the Court to correct the valuation within a time to be fixed by the Court, fails to do so;

(c) Where the relief claimed is properly valued, but the plaint is written upon paper insufficiently stamped, and the plaintiff, on being required by the Court to supply the requisite stamp-paper within a time to be fixed by the Court, fails to do so;

(d) Where the suit appears from the statement in the plaint to be barred by any law.

This is an important provision of law which has often been construed in a wide-ranging series of cases. The interpretation applied thereto falls within a wide spectrum and some of the important case-law will be examined by us at a later stage. Prior to doing so, however, it is important to carry out an analysis of the precise language used in the statute. The salient features contained in the provision are the following:

(i) The words used are "rejection of plaint". In other words the legislature has deliberately refrained from providing that the suit should be "dismissed". A distinction has thus been drawn between a dismissal of a suit and the rejection of a plaint and it is this distinction which needs to be elucidated.

(ii) The opening words indicate that it is mandatory on the court to reject the plaint if one or more of the four clauses is found to be applicable. This is made clear by the use of the word "shall" in the opening phrase.

(iii) The first clause need not detain us for long since it contains a clear statement that in case the plaint does not disclose a cause of action it is to be rejected. The next two clauses, namely, clauses (b) and (c) relate to the valuation of the plaint and the stamp duty to be affixed thereon and again do not require much discussion. It is the last clause, namely (d) in relation to which most of the litigation has taken place. It is this, therefore, which requires a careful analysis.

(iv) Clause (d) has three constituent elements. The first part uses the important word "appears", the second part relates to statements made in the plaint, (i.e. there is no reference to the written statement) and the third part states the inference to be drawn if a suit "appears" from the statement in the "plaint" to be "barred" by any law. This read in conjunction with the opening words of Rule 11 make it mandatory on the court to reject the plaint.

Right at the inception it needs to be stated clearly that Order VII, Rule 11, C.P.C. cannot be properly construed in isolation. In order to understand the theory of law underlying it reference has to be made to its complementary provision, namely, Order VII, Rule 13, C.P.C. which is reproduced below: --

"13. Where rejection of plaintiff does not preclude presentation of fresh plaintiff.--- The rejection of the plaintiff on any of the grounds hereinabove mentioned shall not of its own force preclude the plaintiff from presenting a fresh plaintiff in respect of the same cause of action."

Rule 13 states the consequence of the rejection of the plaintiff. It is, in brief, to keep the right of the plaintiff alive to present a fresh plaintiff even if based on "the same cause of action" notwithstanding the rejection of the plaintiff. This is a distinctly unusual provision. It will be seen immediately that this marks a clear distinction from the provisions of section 11, C.P.C. which not merely imposes a legal bar on an unsuccessful plaintiff but actually takes away the jurisdiction of the court to try any suit or issue in which the matter directly or substantially in issue has also been in issue in a former suit between the same parties litigating under the same title in a court of competent jurisdiction which has been "heard and finally decided". This is of course the well known principle of res judicata which is one of the foundational principles of our procedural law. It follows that in Order VII, Rule 11 read with Rule 13 the concept of rejection of a plaintiff is clearly distinct from that of a suit which is decided and disposed of in the normal course by a court of competent jurisdiction after recording evidence. The question which therefore arises is, what is the reason for this distinction and why has it been created? What has to be determined is, firstly the exact scope and ambit of Order VII Rule 11, and secondly, the effect of an order passed rejecting the plaintiff in accordance therewith.

9. We have already noticed that the court is bound by the use of the mandatory word "shall" to reject a plaintiff if it "appears" from the statements in the plaintiff to be barred by any law. What is the significance of the word "appears"? It may be noted that the legislative draftsman has gone out of his way not to use the more common phraseology. For example, in the normal course, one would have expected that the language used would have been "where it is established from the statements in the plaintiff that the suit is barred by any law" or, alternatively, "where it is proved from the statement in the plaintiff that the suit is barred by any law". Neither of these alternatives was selected by the legislative draftsman and it must be assumed that this was a deliberate and conscious decision. An important inference can therefore be drawn from the fact that the word used is "appears". This word, of course, imports a certain degree of uncertainty and judicial discretion in contradistinction to the more precise words "proved" or "established". In other words the legislative intent seems to have been that if prima facie the court considered that it "appears" from the statements in the plaintiff that the suit was barred then it should be terminated forthwith. The great advantage of this would be twofold: --

(a) On the one hand the defendant would be saved from the harassment of being subjected to a prolonged and costly trial including the leading of evidence which could be extended over a considerable period of time. Secondly, a great deal of valuable court time would also be saved from being wasted. This second consideration is of special importance considering the extent to which the courts are at present clogged with an enormous amount of arrears. Thus the idea, in brief, would be to bury the suit at its inception. This therefore, appears to be the rationale for the use of word "appears" as against the more strong words "established" or "proved". A further reason why the latter words have not been used is, of course, that normally they would be used if evidence had

been recorded. That would then be a definitive finding by the court based on evidence and after examination of the law in the light thereof.

(b) *At the same time we have to consider the matter from the other point of view as well. It is important that injustice should not be caused to a plaintiff merely because, for example, of defective drafting in the plaint. No irretrievable loss should be caused to a plaintiff in the event of a plaint being rejected merely on the basis that it "appears" to be barred. It is for this reason that the legal status of rejection of a plaint has not been equated to that of a judgment and decree given after the recording of evidence. In the latter case section 11 and the principle of res judicata become applicable whereas in the present case that principle has been expressly excluded by the provisions of Order VII, Rule 13. It needs to be emphasized that the language of Rule 13 is explicit in clarifying that a fresh plaint can be filed in respect of the very same cause of action in relation to which the plaint was earlier rejected. This interpretation reconciles the language of Rule 11 and Rule 13 with that of section 11 of the C.P.C. by providing a valid rationale for the differentiation. A further pointer in the same direction is to be found if the definition of decree contained in section 2, C.P.C. is taken into account. In common practice the words judgment and decree are often used more or less synonymously. However, these two concepts are completely distinct in terms of clauses (2) and (9) of section 2, C.P.C. Clause 9 defines a "judgment" as meaning merely the grounds given by a judge for arriving at the conclusion embodied in a decree. (Emphasis added)*

7. The Honourable Court before parting with the judgment laid down clear and unambiguous guidelines in paragraph number 12. The same are reproduced below: -

"12. After considering the ratio decidendi in the above cases, and bearing in mind the importance of Order VII, Rule 11, we think it may be helpful to formulate the guidelines for the interpretation thereof so as to facilitate the task of courts in construing the same.

Firstly, there can be little doubt that primacy, (but not necessarily exclusivity) is to be given to the contents of the plaint. However, this does not mean that the court is obligated to accept each and every averment contained therein as being true. Indeed, the language of Order VII, Rule 11 contains no such provision that the plaint must be deemed to contain the whole truth and nothing but the truth. On the contrary, it leaves the power of the court, which is inherent in every court of justice and equity to decide or not a suit is barred by any law for the time being in force completely intact. The only requirement is that the court must examine the statements in the plaint prior to taking a decision.

Secondly, it is also equally clear, by necessary inference, that the contents of the written statement are not to be examined and put in juxtaposition with the plaint in order to determine whether the averments of the plaint are correct or incorrect. In other words the court is not to decide whether the plaint is right or the written statement is right. That is an exercise which can only be carried out if a suit is to proceed in the normal course and after the recording of evidence. In Order VII, Rule 11 cases the question is not the credibility of

the plaintiff versus the defendant. It is something completely different, namely, does the plaint appear to be barred by law. Thirdly, and it is important to stress this point, in carrying out an analysis of the averments contained in the plaint the court is not denuded of its normal judicial power. It is not obligated to accept as correct any manifestly self-contradictory or wholly absurd statements. The court has been given wide powers under the relevant provisions of the Qanun-e-Shahadat. It has a judicial discretion and it is also entitled to make the presumptions set out, for example in Article 129 which enable it to presume the existence of certain facts. It follows from the above, therefore, that if an averment contained in the plaint is to be rejected, perhaps on the basis of the documents appended to the plaint, or the admitted documents, or the position which is beyond any doubt, this exercise has to be carried out not on the basis of the denials contained in the written statement which are not relevant, but in exercise of the judicial power of appraisal of the plaint.”(Emphasis added)

8. Prior to applying the principles set out above it will be expedient to reproduce excerpts of the Impugned Order. The same are reproduced below: -

“It is pertinent to mention here that as per documentary evidence proof as annexure H & H/1 of plaint & annexure annexed with written statement the trademark, trade dress of plaintiff & the defendant are dissimilar with each other as the background of both products i.e. xtacy & extacy plus are different i.e. Grey & Black whereas on the front side of Plaintiff’s product is with the trade name “xtacy” having x in grey color in middle ground but the front side of Defendant product is with the trade name i.e. extacy plus having x with black color in middle ground and is also the dis-similarity in visualizing both the products as well as on the left side on the front of packing of trademark XTACY of Plaintiff’s products there are three vertical lines of different size with orange color and such vertical lines are very distinguished along with alphabet "a" of xtacy filed with orange color as the products of defendant has not such type of vertical or horizontal lines. It is pertinent to mention here that it is also the dissimilarity in the size of alphabets of xtacy & extacy plus and the product of defendant i.e "Klimax Xtacy" and on such product the word KLIMAX has been shown with capital letters and under it extacy printed with the calligraphic the letter/ alphabet "E" with orange color and the said products of defendant are with registered mark and are not similar with the product of plaintiff

It is pertinent to mention here that according to the record the defendant applied for registration of such trademark in the year 2011 and prior to registration of it, it should be published in the journal in terms of section 28 of the trademark ordinance but no any objection was raised by the plaintiff side so it was registered, which shows that being the defendant as registered

proprietor of the trademark & copyright, the defendant is using such mark legally.

It is pertinent to mention here that at the time of filing this suit the plaintiff was aware about the registration of the defendant trademark & copyright registrations as the plaintiff has sent the legal notice to him as per annexure A/4 of written statement which was also replied by the defendant annexed with annexure A/4 of written statement with mentioning the contents in para No.4 & 8 that the Defendant has their proprietary rights on the copyright for their mark by registration of its style, getup & color scheme and they retain all rights to use the same with de further submission that the plaintiff was aware for their such mark when it was advertised in the trademark journal No. 745 prior to acceptance & registration but the Plaintiff did not disclose the same in the averment of plaint which shows that the Plaintiff side deliberately concealed the facts only to get the benefit from the Court.

It is also pertinent to mention here that the product of defendant with disputed trademark was also available in the market in the year 2011 as per sales tax invoices as annexure A/3 of written statement which was into the knowledge of plaintiff being running the same business of the products of defendant and the said sales tax invoices as annexure A/3 of written statement shows the development, stability & turn over of the business of defendant for the year 2011 and by the passage of time the defendant also got registered such disputed trademark with copyright registration as per registration certificate of trademark and copyright as annexure A/1 & A/2 of written statement but no any action was taken at that time i.e 2011 and filed this suit after about i.e 07 years...

So in light of such relevant provision of law u/s 81 of trademark ordinance the right of plaintiff has also been ceased for having any entitlement on the basis of its earlier trademark to oppose the use of the later trademark of defendant in relation to the products or services, for which it is used.”

9. This detailed deliberation on facts, which were otherwise disputed between the parties, was adjudicated on an application under Order VII Rule 11 CPC and it is held that the same could only have been adjudicated after recording of evidence. The detailed comparison and assessment of the similarities and differences between the competing products was therefore unwarranted and beyond the scope of the noted provision. It is apparent from the perusal of the Impugned Order, relevant excerpts of which have been reproduced above, that the learned Tribunal went into details regarding the merits and demerits of the Appellant's claim and

embarked on an impermissible exercise comparing the similarity and differences of both competing products. The learned Tribunal, with respect, has failed to appreciate the clear distinction between a “rejection” and a “dismissal” and the learned Tribunal has for all intents and purposes, dismissed the suit of the Appellant.

10. It is also noteworthy that the learned Tribunal has also given a finding regarding the “awareness” of the Appellant regarding the existence of the Respondent’s Trade Mark and Copyright, without recording any evidence. The finding of the learned Tribunal regarding the Appellant’s “deliberate concealment” is also unfounded as the parties in this respect had not led any evidence. Learned Tribunal relying on Section 81 of the Ordinance has implicitly held that the Appellant acquiesced to the use of the Trade Mark by the Respondent. At this juncture it will be advantageous to reproduce Section 81 of the Ordinance: -

“Effect of acquiescence.- (1) Where the owner of an earlier trade mark, or other earlier rights, has acquiesced for a continuous period of five years from the date of registration in the use of a registered trade mark in Pakistan, being aware of that use, there shall cease to be any entitlement on the basis of that earlier trade mark or other right-
(a) to apply for a declaration that the registration of the later trade mark is invalid; or
(b) to oppose the use of the later trade mark in relation to the goods or services in relation to which it has been so used,
unless the registration of the later trade mark was applied for or used in bad faith.
(2) Where sub-section (1) applies, the proprietor of the later trade mark shall not be entitled to oppose the use of the earlier trade mark or, as the case may be, the exploitation of the earlier right, notwithstanding that the earlier trade mark or right may no longer be invoked against his later trade mark.”

11. There is a dearth of case law on the above noted provision. However, a bare reading of Section 81 of the Ordinance indicates that the burden to prove the date of knowledge and acquiescence, atleast at the outset, is on the Defendant. It is inconceivable for the date of knowledge to be established without leading evidence, unless admitted in the plaint itself. Therefore, the learned Tribunal erred in presuming the date of knowledge of the Appellant and rejecting the plaint citing the above noted provision.

12. Prior to delineating on Section 81 of the Ordinance the concept of acquiescence as elaborated in various judgements must be highlighted and, in that context, the above-noted section shall be interpreted. It was held in the case of

Asadullah Khawaja versus Investment Corporation of Pakistan² as under: -

“What is applicable to the facts of present case is, is the principle of acquiescence. This doctrine has been evolved, amongst other, also through the interpretation of Article 114 of the Evidence Law. The crux of which is that if an individual does not assert his known right or remain quite by way of his conduct or otherwise, then it will be construed that he has waived / relinquished such right.”

13. The Honourable Supreme Court of Pakistan in the case of **Messrs Dadabhoy Cement Industries Limited and others v. Messrs National Development Finance Corporation**³ held as under: -

“Article 114 of the Qanun e Shabadat Order deals with waiver or acquiescence and describes it as intentional relinquishment of a known right or such conduct as would warrant an inference of relinquishment of such right; implying consent to dispense with or forgo something to which a person is entitled; an agreement to release or not to assert a right; to constitute waiver there must be some conscious giving up of a right and a person cannot be held bound unless he is aware of what exactly he was waiving and what right he was giving up with knowledge of all the facts.”

14. In light of the pronouncements above it is clear that acquiescence is a species of estoppel and it is in this context that I shall now turn to examine the scope of Section 81 of the Ordinance and make an attempt to interpret the said provision, more specifically in the context of its applicability *vis-a-vis* Order VII Rule 11 CPC.

15. Whilst adjudicating an application under Order XXXIX Rule 1 & 2 reference was made to the concept of “acquiescence” under the Trade Marks Act 1940 in the case of **Messrs Tristar Industries (pvt.) Ltd. Versus Messrs Trisa Bursten Tabrik a. G and others**⁴. It was observed as follows: -

² 2021 P L C (C.S.) 1012

³ 2002 SCMR page-1761

⁴ 1999 YLR 638

“The defendants have raised many other technical objections such as limitation and acquiescence in use of the mark by defendant No. 1, with regard to maintainability of this application and indeed the Suit itself but these again cannot be used to displace plaintiffs rights without further evidence being led as limitation is invariably a mixed question of fact and law in infringement or passing of actions and acquiescence by its very nature would be a question of fact.”
(Emphasis added)

16. I concur with the observation that infringement and acquiescence by their very nature are questions of fact which cannot be deliberated upon without recording of evidence. The Competition Commission of Pakistan in **Show Cause Notices Issued To Nimko Corner Messrs Karachi Nimco**⁵ under paragraph number 23, correctly held as under: -

“23. The onus to discharge the burden of prior knowledge was upon the Respondent No. 2, however, no evidence is presented by the Respondent No. 2 to affirm the prior knowledge of infringement for over five years. Hence, the critical pre-condition to attract the provisions of section 81 of TM Ordinance is missing in the instant case.” (Emphasis added)

17. Whilst adjudicating appeals against order of Registrar Trade Marks dismissing opposition applications and without alluding to Section 81 of the Ordinance specifically, it was correctly held in the case of **Messers Arqam Educational Society Versus Dar-e-Arqam School**⁶ as under: -

“5. There are two factual points on which there is no disagreement between the parties: firstly, that the inventor/adopter of the name Dar-e-Arqum was Professor Irfan Chaudhry and secondly, that said name was adopted by a society registered in Sargodha in the year 1991 for a school which was established in 1992 prior in time to a school established by the appellant at Faisalabad. However, there is a dispute between the parties on two points: firstly, whether there is acquiescence on the part of each party in dispute to the use of common name by the other party and, if so, the consequence thereof; and secondly, there is a dispute as to which party had a larger footprint in the public domain in order to claim benefit of such standing, repute and business profile for claiming the exclusive use, if at all, of the name in question. The finding on the foregoing points of fact should provide an answer to the rival claims for exclusive use of the said name. The respondent No.2, Registrar shall record evidence of the parties on the foregoing two points of dispute. He shall thereafter give his finding on the respective claims

⁵ 2020 CLD 277

⁶ 2014 CLD 504

of the parties for exclusive use and trademark registration of the name Dar-e-Arqam within a period of three months from the date of receipt of a certified copy of this order. (Emphasis added)

18. Delay in filing of a claim and or acquiescence was held to be fatal for grant of interim injunction in the cases of *Al-Karam Textile Mills (pvt.) Limited through duly authorized officer versus Mehtab Chawala and 3 others*⁷ and *Rupali Polyester Ltd. Versus Baba China Builders & Others*⁸, however, it is held that the same cannot be a ground for rejection of plaint.

19. In the cases of *Messrs Platinum Pharmaceuticals versus Stand Pharma Pakistan Ltd*⁹ and *Maaza International Co.LLC versus Popular Food Industries Ltd*¹⁰ the defence of acquiescence was rejected and injunctive relief was granted to the respective Plaintiffs. It is noteworthy that in all the judgments cited above, the plaint was not rejected and the noted provision was taken into consideration whilst adjudicating injunction applications or opposition applications rejected by the Registrar Trade Marks.

20. The dearth of judgments on Section 81 of the Ordinance, more specifically in reference to rejection of plaint, has already been noted above. Therefore, I have examined the Trade Marks Act 1999 (“**Indian Act**”) promulgated in India. The relevant section in this regard is Section 33 and the same is reproduced below: -

“33. Effect of acquiescence. — (1) Where the proprietor of an earlier trade mark has acquiesced for a continuous period of five years in the use of a registered trade mark, being aware of that use, he shall no longer be entitled on the basis of that earlier trade mark—

(a) to apply for a declaration that the registration of the later trade mark is invalid, or

(b) to oppose the use of the later trade mark in relation to the goods or services in relation to which it has been so used, unless the registration of the later trade mark was not applied in good faith.

(2) Where sub-section (1) applies, the proprietor of the later trade mark is not entitled to oppose the use of the earlier trade mark, or as the case may be, the exploitation of the earlier right, notwithstanding that the earlier trade mark may no longer be

⁷ 2007 C.L.D 966

⁸ 2014 CLD 1601

⁹ 2006 CLD 1109

¹⁰ 2004 CLD 171

invoked against his later trade mark.”

21. It is evident that Section 81 of the Ordinance and Section 33 of the Indian Act are similar and therefore it will be expedient to examine how the superior courts of India have dealt with issues regarding acquiescence. The issue was extensively deliberated in the case of ***Essel Propack Ltd. vs. Essel Kitchenware Ltd. and Ors***¹¹ and it was held (citing other judgments) as under: -

“38. Perhaps it is time to rid ourselves once and for all of this strange conflation of delay and acquiescence, and of this habit of saying that since mere delay is no reason to refuse an injunction that Notice of Motion (L) No.1852 of 2014, decided on 7th October 2014.

Yonex Kabushiki Kaisha v Philips International & Anr., 2007 (35) PTC 345 (Del.) 32 of 38 915-NMS370-10-ESSEL.DOC is otherwise warranted, therefore there can be no acquiescence; and, too, of this equally fallacious notion that when we speak of a positive act in the context of acquiescence in intellectual property, we mean and mean only some sort of pinpointed go-ahead. If that were so, there would be no distinction between consent and acquiescence. The latter is a species of estoppel, and for that reason, it is both a rule of evidence and a rule in equity. It is an estoppel in pais, and this only means that a party is prevented by his or her own conduct from obtaining the enforcement of a right which would operate to the detriment of another who justifiably acted on such conduct. This type of estoppel differs from an estoppel by deed or by record which, as a result of the language set out in a document, bars the enforcement of a claim against a party who acted in reliance upon those written terms. Courts adopt estoppel in pais when a contradictory stance stands unfair to another person who relied on the original position. What was the 1st Defendant here to make of the Plaintiff's failure to sue after it served a cease and desist notice? After it served caveats and no suit followed? After the Plaintiff abandoned its opposition to the 1st Defendant's registration application and allowed the 1st Defendant's mark to proceed to registration? Acquiescence means assent to an infringement of rights, either express or implied from conduct, by which the right to equitable relief is normally lost. It takes place when a person, with full knowledge of his own rights and of any acts which infringe them, has either at the time of infringement or after infringement, by his conduct led the persons responsible for the infringement to believe that he has waived or abandoned his rights.

33 It literally means silent assent. It imports Earl Jowitt, The Dictionary of English Law, 2nd ed.

33 of 38 915-NMS370-10-ESSEL.DOC placid consent,

¹¹ 2016(66) PTC173(Bom)

concurrence, acceptance, or assent.

34 The equitable doctrine of acquiescence may be taken to be that if a party having a right stands by and sees another dealing with the property in a manner inconsistent with that right and makes no objection while the act is in progress, he cannot afterwards complain.

35 A proprietor of the trade mark who knowingly watches his competitor grow in the market and takes no action can claim no exclusivity in his own trade mark. He is deemed to have affirmed his rival's use of the mark in question. If the owner of a registered trade mark stands by and allows a man to spend considerable amounts on sales and promotional activities in order to acquire a reputation, he cannot then assert his rights in order to stop the business of another. Where acquiescence in the infringement amounts to consent, it is a complete defence. (Emphasis added)

22. The Indian Supreme Court in a Trade Mark dispute elaborated on the concept of acquiescence in the case of **Power Control Appliances vs Sumeet Machines Pvt. Ltd**¹². It was held as under: -

*"26. Acquiescence is sitting by, when another is invading the rights and spending money on it. It is a course of conduct inconsistent with the claim for exclusive rights in a trade mark, trade name etc. It implies positive acts; not merely silence or inaction such as is involved in laches. In *Harcourt v. White*¹⁰ Sr. John Romilly said: "It is important to distinguish mere negligence and acquiescence." Therefore, acquiescence is one facet of delay. If the plaintiff stood by knowingly and let the defendants build up an important trade until it had become necessary to crush it, then the plaintiffs would be stopped by their acquiescence. If the acquiescence in the infringement amounts to consent, it will be a complete defence as was laid down in *Mouson (J. G.) & Co. v. Boehm*". (Emphasis added)*

23. The Dehli High Court in the case of **Vbm Medizintechnik GmbH vs Geetan Luthra**¹³ laid down the test of acquiescence under Section 33 and set out the principles in the following words: -

"11.2 Pared down to its essentials, [Section 33\(1\)](#) applies where the following ingredients are satisfied:

- (i) Acquiescence, by the proprietor of the earlier trademark must have continued, uninterrupted, for a period of 5 years.*
- (ii) The acquiescence must be to the use of the later, registered trade mark.*
- (iii) The proprietor of the earlier trademark must be aware of the said use.*

¹² 1994 SCR (1) 708

¹³ CS (Comm) 820/2022 & I.A.19757/2022

(iv) *The application for registration of the later trademark must have been made in good faith.*

(v) *If these ingredients are satisfied, then, the proprietor of the earlier trademark is not entitled either*

(a) to seek a declaration that the registration of the

(b) to oppose its use, in relation to the goods or services in respect of which it has been so used.

For [Section 33\(1\)](#) to apply, therefore, there must be an earlier trademark; a later registered trademark, obtained in good faith; knowledge, by the proprietor of the earlier trademark, regarding the use of the later trademark, and acquiescence, by the proprietor of the earlier trademark, to such use. Needless to say, "use", of the later trademark is to be understood as defined in [Section 2\(2\)\(b\)](#) and (c).⁷" (Emphasis added)

24. An exhaustive commentary on the subject was undertaken by Soumi Lahri in an article titled **"PRINCIPLE OF ACQUIESCENCE – SEC 33 OF TRADEMARKS ACT 1999"**¹⁴. After tracing the meaning and history of the above noted section the elements were delineated as under: -

"The owner of the later trademark must therefore prove that, despite being aware of the later mark's use, the owner of the earlier trademark decided not to take any action against the owner of the later mark for more than 5 years, and that this failure on the part of the earlier trademark owner to act encouraged the owner of the later trademark to continue using the mark. So, the owner of the later mark continued to use the mark under the presumption that the owner of the earlier mark had no objections to its use."

25. It is inconceivable in light of the ratio in the above cited judgements, that Section 81 of the Ordinance can be used to reject a plaint summarily, as it will have to be *proved* by the Defendant that the proprietor of the earlier Trade Mark was *aware* of the infringement. It is therefore held that rejection of a plaint, presuming the date of knowledge, which otherwise is a question of fact, is beyond the permissible scope of Order VII Rule 11 CPC and the learned Tribunal erred in this regard. To support this interpretation, it is imperative to cite the view of the High Court of Madras, which was seized with a similar matter involving a Trade Mark dispute, in the case of **Parthasarathy Seniammal Educational Trust Versus V. Rangasamy Naidu Educational Trust**¹⁵. Relevant excerpts of the judgment are

¹⁴ VOL. 2 ISSUE 2 Journal of Legal Research and Juridical Sciences

¹⁵ MANU/TN/6794/2018

reproduced as under: -

“16.1 thought it appropriate to extract sub-clause (d) of Rule 11 of Order VII of CPC because in such cases, defendants should be able to show that the suit is barred by law from the statements in the plaint. This in addition to the fundamental principle that in testing on application under Order VII, Rule 11 of CPC, the court will look at the plaint with a 'hood'. When I say with a hood, it means that the court will not look at anything other than uncontroverted averments in the plaint. In other words, the court will look at only plaint averments without any addition or subtraction. The only addition to this is, admitted documents if any.

17. In the above backdrop, I now proceed to examine the grounds on which the instant reject the plaint application was pursued.

18. Grounds on which this reject the plaint application was argued by defendants is threefold and they are:

(a) Said trademark, i.e., 'CIT' being an abbreviation does not qualify as a mark within the meaning of Section 2(1)(m) of Trade Marks Act, 1999 (hereinafter referred to as T.M. Act' for brevity);

(b) Plaint is hit by Section 33(1)(b) of T.M. Act owing to acquiescence;

(c) Registration of said trademark is nullity.

24. With regard to acquiescence, defendants' counsel took me through paragraphs 28 and 29 of the plaint and argued that the date of knowledge, i.e., the date on which the plaintiff came to know about the use of the said trademark by the plaintiff has not been given clearly. It is their submission that it has been vaguely mentioned as 'recently'. On the above basis, learned counsel submitted that the suit is hit by Section 33(1)(b) of T.M. Act.

25. It is seen from the case file before me that the suit was presented on 20.04.2017. For whatever it is worth, there is an averment that the plaintiff came to know recently about defendants using the said trademark 'CIT'. As this is a reject the plaint application, I have to go by the uncontroverted averments in the plaint. Going by the uncontroverted averments in the plaint, how recently it was will become the matter for trial. Recently is qua point of time. Therefore, I am inclined to accept the submission of learned senior counsel Mr. S. Silambanan that this is a matter for trial. Moreover, with regard to clause (d) of Rule 11 of Order VII of CPC, defendants should be able to demonstrate from the averments in the plaint that it is barred by law. In other words, only if there are some averments in the plaint which go to show even according to the plaintiff, it was aware of the use of alleged offending mark of defendants more than five years prior to the date of presentation of the suit, such a plea cannot be sustained in a reject plaint application.” (Emphasis added)

26. The above judgment was upheld in appeal vide judgment dated

30.01.2019¹⁶ and the Appellate Court which dismissing the appeal, held as under: -

“5. The contentions sought to be raised would not come within the purview of Order 7 Rule 11 CPC. The exercise of power under Order 7 Rule 11 CPC would arise only on four contingencies as mentioned thereunder. In this case, the suit is filed not only for infringement but also for passing off. Therefore, the merits cannot be gone into at this stage.”

27. Another aspect of the Impugned Order requires consideration. The learned Tribunal has rejected the plaint on the basis that the plaint does not have a cause of action. It is a settled principle of law that not having a cause of action is distinct from not disclosing a cause of action. The plaint can only be rejected in the case of the latter. Reliance in this regard can be placed on the case of **Shaheen Nasir Khan versus Mst. Asmat Ara**¹⁷ wherein it was held as under: -

“The applicant asserted that the plaintiffs had no cause of action. Plaintiffs having no cause of action is something different from the plaint disclosing no cause of action. Whether the plaintiff has a cause of action or not can only be determined on the basis of evidence. It could be rejected under Order 7, rule 11, C.P.C. only in case disclose a cause of action.”

28. For the foregoing reasons the instant appeal is allowed. The Impugned Order dated 31.08.2024 is set aside with no order as to cost. The learned Tribunal shall decide the case without being influenced by the findings in the Impugned Order, after recording of evidence of both parties.

The instant appeal is allowed in the above terms.

Judge

“Nadeem Qureshi” P.A.

¹⁶ Parthasarathy Seniammal Educational vs V.Rangasamy Naidu Educational Trust on 30 January, 2019

¹⁷ PLD 2002 Karachi 408