

* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

% *Judgment reserved on : 22nd February, 2023*
Judgment delivered on : 6th March, 2023

+ **CS(COMM) 229/2018**

BURGER KING CORPORATION Plaintiff
Through: Mr. Raunaq Kamath, Mr. Aditya
Gupta, Mr. Mukul Kochhar and
Mr. Rajul Bajaj, Advocates.

versus

RANJAN GUPTA & ORS Defendants
Through: Mr. Shailen Bhatia, Mr. Raghav
Bhalla, Ms. Sreelakshmi Menon and
Mr. Nakul Mehta, Advocates.

CORAM:
HON'BLE MR. JUSTICE AMIT BANSAL

JUDGMENT

1. The present suit has been filed on behalf of the plaintiff seeking relief of permanent injunction restraining the defendants from infringing plaintiff's trademark 'BURGER KING' and its formative marks, passing off their goods as that of the plaintiff along with other ancillary reliefs.
2. The plaintiff has obtained various registrations in respect of its mark 'BURGER KING' and its formative marks in various classes. Details of the registration of the said marks are given in Annexure A annexed to the plaint.
3. Vide order dated 25th July, 2014, an *ex parte* ad interim injunction was granted in favour of the plaintiff restraining the defendants from using the trademark 'BURGER KING' or any other deceptively similar mark. Subsequently, vide order dated 24th September, 2018, the aforesaid interim

order was confirmed till the final adjudication of the present suit. Appeal is stated to have been filed on behalf of the defendant, which is pending before the Division Bench of this Court.

4. It was noted in the order dated 18th February, 2020 passed in the suit that one of the defences raised by the defendants in their written statement is that the plaintiff's registered trademark 'BURGER KING' is liable to be cancelled. It was observed that the first question that is required to be adjudicated in the present case is whether the case of the defendants on this account is *prima facie* tenable.

5. Submissions on behalf of the parties on the aforesaid aspect were heard on 16th January, 2023, 24th January, 2023 and 22nd February, 2023.

6. Counsel appearing for the plaintiff has made the following submissions:

- I. In terms of Section 124(1)(b)(ii) of the Trademarks Act, 1999 (hereinafter 'Act'), the Court shall raise an issue regarding the plea of invalidity of a registered trademark only upon being satisfied that such a plea is *prima facie* tenable. From the date of framing of the said issue, the Court shall adjourn the case for a period of three months in order to enable the concerned party to apply for rectification of the register.
- II. It is necessary for the Court to determine the *prima facie* tenability of the plea of invalidity of the registered trademark raised by the defendant in order to ensure that the defendants do not institute rectification proceedings as a counter blast to the infringement actions filed against them. Reliance in this regard is placed on the judgments of the Supreme Court in *Patel Field Marshal Agencies v. P.M.*

Diesels Ltd, (2018) 2 SCC 112 and *Abbott Healthcare Pvt. Ltd. v. Raj Kumar Prasad & Anr.*, 2018 SCC OnLine Del 6657.

- III. A total of 13 rectification petitions have been filed on behalf of the defendants seeking cancellation of the trademark registrations of the plaintiff, of which four are listed before this Court today. The remaining nine were filed before different benches of Intellectual Property Appellate Board (IPAB) and are liable to be transferred before different High Courts after coming into effect of the Tribunals Reforms Act, 2021.
- IV. The grounds taken by the defendants in their written statement with regard to invalidity of the registration of the trademarks of the plaintiff are not tenable at all. The ground of 'non-use' of the registered trademark of the plaintiff taken by the defendants under Section 47 of the Act, is not tenable as the defendants have failed to show that the plaintiff had an intention to abandon the use of their trademark in India. Reliance in this regard is placed on *Hardie Trading Ltd. & Anr. v. Addissons Paint & Chemical Ltd.*, (2003) 11 SCC 92, and *Express Bottlers Services Private Ltd. v. Pepsico Inc. & Ors.*, 1988 SCC OnLine Cal 62.
- V. Prior to the launch of BURGER KING restaurant in India in November, 2014, the plaintiff had taken various steps towards the launch of the said restaurant in India, which would constitute 'use' under Section 47 of the Act.
- VI. The defendants are estopped from taking the defence that the trademark 'BURGER KING' is generic and common to the trade and hence, cannot be registered as a trademark, as the defendants

themselves have applied for registration of the said trademark. Reliance in this regard is placed on the judgments of the Division Bench of this Court in *Indian Hotels Company Limited & Anr. v. Jiva Institute of Vedic Science & Culture*, 2008 SCC OnLine Del 1758 and *PEPS Industries Private Limited v. Kurlon Limited*, 2022 SCC OnLine 3275.

- VII. The plaintiff has used the trademark 'BURGER KING' since 1954 and the said mark has acquired secondary meaning and is exclusively associated with the plaintiff. Further, the plaintiff has obtained registrations of the trademark 'BURGER KING' in over 122 countries.
7. Counsel appearing for the defendants has made the following submissions:
- I. The defendant no.2 through its predecessor adopted the trademark BURGER KING in the year 1970. Since then the defendants have extensively used the said mark in respect of their business.
 - II. The plaintiff has no exclusive right in the word 'BURGER' as the same is generic and common to trade and the word 'KING' is laudatory. Two generic/laudatory words cannot create a distinctive trademark. Therefore, the trademark 'BURGER KING' cannot be registered. Reliance in this regard is placed on the judgment in *National Bell Co. v. Gupta Industrial Corporation*, 1970 (3) SCC 665.
 - III. The registrations of the plaintiff are liable to be rectified on various grounds including on the ground of 'non-user' under Section 47 of the Act. It has been averred by the plaintiff in paragraph 17 of the plaint

that the plaintiff was not using the said trademark in India at the time of filing of the present suit.

- IV. The rectification petitions have been filed by the defendants in November, 2014 and therefore, the relevant period of five years to be considered in terms of Section 47 (1) (b) of the Act would commence from three months before the date of filing of the aforesaid rectification petitions, i.e., August, 2009 to August, 2014. In the said period, the plaintiff has failed to give evidence of its user of the trademark BURGER KING in India.
- V. The issues with regard to the invalidity of the plaintiff's trademarks arise out of the pleadings and therefore, the said issue has to be framed in terms of Order XIV of the Code of Civil Procedure, 1908 (CPC) as well as Section 124 of the Act. Reliance in this regard is placed on the judgment in *Abbott Healthcare* (supra).
- VI. The judgments cited on behalf of the plaintiff are distinguishable on facts and therefore, not applicable to the present case.
8. I have heard the counsels for the parties.
9. At the outset, a reference may be made to the relevant portion of Section 124 of the Act, which is set out below:

“124. Stay of proceedings where the validity of registration of the trade mark is questioned, etc.—(1) Where in any suit for infringement of a trade mark—

(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,—

(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.

(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 subsection (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.”

10. Sub clause (a) of Sub Section (1) of Section 124 of the Act deals with the situation where a defendant pleads that the registration of the plaintiff's trademark is invalid, as in the present case. Sub clause (b) (i) envisages a situation where the rectification proceedings are pending on the date of filing of the suit, which is not the situation in the present case. Sub clause (b) (ii) deals with the situation where the rectification proceedings have been filed subsequent to the filing of the suit and therefore, this sub clause would be applicable in the present case as admittedly, the rectification proceedings were filed on behalf of the defendants after filing of the present suit.

11. A perusal of sub clause (b) (ii) of Section 124(1) of the Act shows that the Court has to be satisfied that the plea regarding the invalidity of

registration of the trademark is *prima facie* tenable. Thereupon, the Court may raise an issue regarding the same and adjourn the case for a period of three months from the date of framing of the said issue to enable the concerned party to apply for rectification of the register. It is significant to note that there is no “or” between the words “*prima facie tenable*” and “*raise an issue regarding the same*”. In fact, the aforesaid phrases are separated by “,” which means that the Court will proceed to frame the issue with regard to invalidity of the registration of the trademark only upon being satisfied that the plea of invalidity is *prima facie* tenable. Thereupon, the defendant can file a rectification petition.

12. I am in agreement with the submission of the plaintiff that the finding of *prima facie* tenability is a statutory safeguard to ensure that the defendants do not file rectification proceedings as a counter blast to the infringement actions against them, unless their plea of invalidity is *prima facie* tenable. If this were not so, the defendants would be permitted to challenge the registrations of the plaintiff by filing rectification petitions on frivolous and untenable grounds. It is for this reason that the legislature has placed the safeguard of *prima facie* tenability in cases where the rectification proceedings are filed after a suit for infringement has been filed, whereas no such safeguard is there in cases where rectification proceedings have been filed before the suit.

13. In *Patel Field Marshal* (supra), the Supreme Court observed that where a civil suit is pending, the jurisdiction can be exercised by a statutory authority only on account of finding of the Civil Court as regards the *prima facie* tenability of the plea of invalidity. It was further observed that such a finding is a basic requirement so that false, frivolous and untenable claims of

invalidity are not raised.

14. In *Abbott Healthcare* (supra), relying upon *Patel Field Marshal* (supra), a Coordinate Bench of this Court observed that mere pleading of invalidity of registration would not suffice and there is a further requirement under Section 124 of the Act that the party invoking Section 124 must satisfy the Court that the plea regarding invalidity of the registration of the mark is *prima facie* tenable and the Court raises an issue regarding the same. It was further observed that under Order XIV Rule 1 of the CPC, issues have to be framed on the basis of material propositions of fact or law and not on all propositions of fact or law raised in the pleadings. A reading of Section 124 of the Act along with Order XIV Rule 1 of CPC shows that an issue with regard to validity of the registration granted in favour of the plaintiff can only be framed, when the plea to the said effect taken by the defendant is found *prima facie* tenable. Therefore, I do not find merit in the submission of the defendant that merely because pleadings have been made in the written statement with regard to invalidity of the plaintiff's trademark, an issue has to be necessarily framed in this regard.

15. In light of the principles of law elucidated in the aforesaid judgments, this Court would have to examine whether the plea of invalidity raised on behalf of the defendants is *prima facie* tenable or not.

16. The first ground of invalidity taken by the defendants is in terms of Sections 47(1)(b) and 47(3) of the Act. For ease of reference, Sections 47(1)(b) and 47(3) are set out below:

“47. Removal from register and imposition of limitations on ground of non-use- (1) A registered trade mark may be taken off the register in respect of the goods or services in respect of which it is registered on application made in the prescribed

manner to the Registrar or the [High Court] by any person aggrieved on the ground either—....

(a)...

(b) that up to a date three months before the date of the application, a continuous period of five years from the date on which the trade mark is actually entered in the register or longer had elapsed during which the trade mark was registered and during which there was no bona fide use thereof in relation to those goods or services by any proprietor thereof for the time being:

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(3) An applicant shall not be entitled to rely for the purpose of clause (b) of sub-section (1) or for the purposes of sub-section (2) on any non-use of a trade mark which is shown to have been due to special circumstances in the trade, which includes restrictions on the use of the trade mark in India imposed by any law or regulation and not to any intention to abandon or not to use the trade mark in relation to the goods or services to which the application relates.”

17. Section 47(1)(b) of the Act provides that a registered trademark may be removed from the register of trademarks if up to a date of three months before the date of cancellation application, a continuous period of five years or longer has elapsed from the date on which the trademark was entered in the register and during which period, there was no bonafide use of the mark by the registered proprietor in relation to the said goods. Section 47(3) contains an exception to Section 47(1)(b) and provides that if the ‘non-use’ of a trademark is on account of special circumstances and not on account of intention to abandon or not to use the trademark, the provisions of Section 47(1)(b) will not apply.

18. The aforesaid provisions were considered by the Supreme Court in *Hardie* (supra) in the context of Sections 46(1)(b)¹ and 46(3)² of the Trademark Act, 1958 (hereinafter ‘old Act’), which is *pari materia* with the provisions of Section 47(1)(b) and Section 47(3) of the present Act. In *Hardie* (supra), relying upon the definition of ‘*bona fide use thereof in relation to those goods*’ in Section 2(2)(b) of the old Act, it was observed by the Supreme Court that the ‘*use*’ may be other than physical and it need not be confined to use of the goods or sale of the goods bearing the trademark. It was held that the word ‘*use*’ in Section 46(1)(b) of the old Act may include actions other than the actual sale of the goods bearing the trademark in question in the market. Taking note of the words ‘*any*’ and ‘*whatsoever*’ qualifying the words “other relation” in Section 2(2)(b) of the old Act, it was held that the aforesaid words give a wider meaning to the words “other

¹ **46. Removal from register and imposition of limitations on ground of non-use.**—(1) Subject to the provisions of Section 47, a registered trade mark may be taken off the register in respect of any of the goods in respect of which it is registered on application made in the prescribed manner to a High Court or to the Registrar by any person aggrieved on the ground...

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(b) that up to a date one month before the date of the application, a continuous period of five years or longer had elapsed during which the trade mark was registered and during which there was no bona fide use thereof in relation to those goods by any proprietor thereof for the time being:

² **46. Removal from register and imposition of limitations on ground of non-use** —

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(3) An applicant shall not be entitled to rely for the purpose of clause (b) of sub-section (1) ... on any non-use of a trade mark which is shown to have been due to special circumstances in the trade and not to any intention to abandon or not to use the trade mark in relation to the goods to which the application relates.

relation”. Section 2(2)(b)³ of the old Act is *pari materia* with Section 2(2)(c)⁴ of the present Act.

19. It was further held in *Hardie* (supra) that the intention to abandon could not be limited to ‘*special circumstances of the trade*’. The intention to abandon is an essential component of ‘non-use’ for the purposes of Section 46(1)(b) of the old Act. Therefore, it has to be proved that there was an intention to either abandon or not to use the trademark.

20. In *Express Bottlers* (supra), it was held by the Supreme Court that the ‘non-user’ under Section 46(1)(b) of the Old Act has to be proved by the applicant. It was further held that the intention to abandon by the proprietor of the mark has to be proved by cogent evidence. To determine whether a mark has been abandoned by the proprietor thereof, the surrounding circumstances have to be seen and until the intention to abandon is established on account of surrounding circumstances, it cannot be stated that the proprietor has decided to abandon the trademark.

21. In light of the above, it has to be examined whether there has been a ‘non-use’ of the trademark by the plaintiff in the aforesaid period of five years or an intention to abandon the said trademark. To buttress his

³ **2. Definitions and Interpretations –**

(2) In this Act, unless the context otherwise requires, any reference—
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(b) to the use of a mark in relation to goods shall be construed as a reference to the use of the mark upon, or in any physical or in any other relation whatsoever, to such goods.

⁴ **2. Definitions and Interpretations –**

(2) In this Act, unless the context otherwise requires, any reference—
 c) to the use of a mark,—

(i) in relation to goods, shall be construed as a reference to the use of the mark upon, or in any physical or in any other relation whatsoever, to such goods;

(ii) in relation to services, shall be construed as a reference to the use of the mark as or as part of any statement about the availability, provision or performance of such services;

submission that the trademark 'BURGER KING' has been used by the plaintiff within the aforesaid period of five years and that there has been no intention to abandon the trademark, the counsel for the plaintiff has drawn attention of the Court to the following documents filed along with the plaint:

- i. Resolution of Board of Directors of plaintiff company passed in October, 2013 permitting the use of 'BURGER KING' trademark as a part of the company to be incorporated in India.
 - ii. Incorporation Certificate dated 11th November, 2013 in the name of 'BURGER KING Private Limited' to provide restaurant services in India.
 - iii. Announcement dated 19th November, 2013 on the plaintiff's website that it is entering into a joint venture to develop 'BURGER KING' brand in India and set up BURGER KING Restaurants in India.
 - iv. Various newspaper articles of November, 2013 with regard to plaintiffs entering into Indian market.
22. Counsel for the defendants has placed reliance on paragraph 17 of the plaint to contend that the plaintiff had no intention to use the aforesaid trademark in India at the time of filing of the present suit. Paragraph 17 of the plaint is set out below:

"17. On account of the inclusion of 'beef in the Plaintiff's burgers, (which in the Indian context would have previously made the conduct of the Plaintiff's business unviable) the Plaintiff had not launched a BURGER KING restaurant in India. However, owing to globalization and transformation in the Indian development and consequent on conducting exhaustive feasibility studies which have indicated the readiness of the Indian market for the Plaintiff's world-renowned restaurants, in 2013, the Plaintiff has entered into a Joint Venture with Everstone Group, a leading private equity

and real estate firm in India and South East Asia, to set up a supply chain in India and establish BURGER KING restaurants across the country.”

23. A reading of paragraph 17 of the plaint as a whole shows that the plaintiff has stated that the plaintiff has not launched BURGER KING restaurant in India till date as plaintiff's burgers include beef. However, in the latter part of the said paragraph, it has been stated that on account of transformation of the Indian market, the plaintiff has set up a joint venture in India to establish BURGER KING restaurants in India. Therefore, the aforesaid paragraph cannot be read in a manner as sought to be read by the defendant.

24. In *Radico Khaitan Ltd. v. M/s. Devans Modern Breweries Ltd.*, 2019 SCC OnLine Del 7483, relying upon *Hardie* (supra), it was held that the pre-launch and preparatory activities before the launch of the product bearing the trademark would amount to 'use' under the Act. In this case also, the plaintiff had entered into an agreement for supply of glass bottles in respect of its trademark and other preparatory work was also undertaken by the plaintiff in relation to the use of its trademark.

25. Therefore, in light of the discussion above, I am satisfied that there was 'bona fide use' on behalf of the plaintiff of the trademark 'BURGER KING' in the relevant period between August, 2009 and August, 2014 and there was no intention on behalf of the plaintiff to abandon the said trademark. It may be relevant to note that as a consequence of the preparatory work carried out by the plaintiff, the first BURGER KING restaurant was opened in India on 9th November, 2014 and as on date there are more than 300 BURGER KING Restaurants in India.

26. The other ground taken on behalf of the defendants is that the trademark 'BURGER KING' being generic and common to trade and hence, the same cannot be registered. To counter the aforesaid submission, the counsel for the plaintiff has drawn attention of the Court to the trademark applications filed on behalf of the defendants in respect of the trademark 'BURGER KING' and its formative device marks. He submits that in light of the aforesaid, the defendants are estopped from taking the ground of 'non-registrability'.

27. In *Indian Hotels* (supra), following the judgment in *Automatic Electric Limited v. R.K. Dhawan*, (1999) 91 PTC 81, the contention of the appellant of the trademark 'JIVA' being descriptive and hence, non-registerable, was rejected by the Court on the ground that the appellant itself had applied for registration of the mark 'JIVA' as a trademark and therefore, it did not lie in the mouth of the appellant to say that the aforesaid mark was a generic expression.

28. To the same effect is the finding of the Division Bench of this Court in *PEPS Industries* (supra), wherein it was observed that when the defendant has sought registration of the same mark as that of the plaintiff ('NO TURN' in the said case), such a defendant is estopped from raising a question on the validity of the said mark on the ground of it being descriptive in nature.

29. In *Sun Pharmaceutical Industries Ltd. v. DWD Pharmaceuticals Ltd.*, 2022 SCC OnLine 4015, the contention of the plaintiff therein that the mark 'ZEST' was being used by various third parties and hence, the same is a *publici juris* expression, was rejected by the Court on the ground that the plaintiff itself had sought and obtained registrations of the same mark and

therefore, it does not lie in the mouth of the plaintiff to state that the word 'ZEST' is a *publici juris* or a generic expression.

30. A perusal of the trademark applications of the defendants shows that the defendants have themselves sought for registration of the said marks and therefore, in light of the dicta of the aforesaid judgments, the defendants are estopped from taking a plea that the trademark BURGER KING is generic and common to trade. Therefore, reliance placed on behalf of the defendants on *National Bell* (supra) is misplaced.

31. In my view, the defendants have failed to place any material in support of their submission that the trademark 'BURGER KING' is either generic or common to trade. It cannot be denied that the plaintiff has used the trademark 'BURGER KING' since 1954 and holds registrations for the said mark in over 122 countries including India. The Division Bench of this Court in *M.A.C Personal Care Pvt. Ltd. & Anr. v. Laverana GMBH and Co. K.G. & Anr.*, 2016 SCC OnLine Del 530, observed that the registrations of the plaintiff in multiple jurisdictions create an even stronger presumption that the plaintiff's trademark has reputation in the market. It was further observed that if a trademark is registered in favour of the plaintiff in a jurisdiction abroad, the said fact suggests that the mark of the plaintiff is distinctive and hence, the same is capable of distinguishing the plaintiff's trademark from those of other businesses.

32. In view of the discussion above, I am of the considered view that the plea raised by the defendant with regard to the invalidity of registrations granted in favour of the plaintiff in respect of the trademark BURGER KING and other formative marks, is *prima facie* not tenable. There is no reasonable prospect of the defendants succeeding in the cancellation

petitions filed by them. Therefore, no issue with regard to validity of the registrations of trademarks of the plaintiff is liable to be framed in the facts and circumstances of the present case.

33. List on 20th April, 2023.

I.A. 16492/2019 (u/s 151 of CPC) & I.A. 10536/2022 (seeking Amendment of the WS)

34. List on 20th April, 2023.

MARCH 06, 2023

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AMIT BANSAL, J.

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