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Trademark suits won at interlocutory stage? Complexities of trial in India

Vikram Grover and V Mohini of law firm Remfry & Sagar discuss strategies in tackling trademark cases in India

The Indian judiciary's outlook is, on the whole, very progressive and recent trends have gone a long way in boosting the confidence of businesses in the country. However, one aspect which sullies the good work is the huge backlog (the largest in the world) of pending cases and the resultant delays in concluding trials. Over thirty million cases are pending and more often than not, it takes years for a matter to reach trial from the date of its institution. Intellectual property suits are no different; these being instituted and tried in courts engaged in, *inter alia*, real estate, matrimonial, succession and recovery issues. Very often, it is said that Intellectual property matters are decided at the interlocutory stage – the losing party choosing to settle rather than battling it out to the end. But what if settlement cannot be achieved? What if a litigant is dissatisfied with the outcome at the interlocutory stage? What if damages and a permanent injunction are the object of the litigation? In such cases, trial ensues with a long wait for final resolution.

The High Court of Delhi, perhaps having achieved the distinction of receiving the maximum number of trademark suits in India, may take at least three-five years to conclude trial and pronounce the judgment and decree. However, there are Courts which may take more than 10 years. This reality underlines the importance of interim relief

as an immediate and effective remedy for trademark owners – a fact which the judiciary itself acknowledges.

The Supreme Court has held that the grant of an interim injunction is a matter requiring exercise of the discretion of the court and the following tests are applied to test the plea of interim injunction: (i) whether the plaintiff has a *prima facie* case; (ii) whether balance of convenience is in favour of the plaintiff; and (iii) whether the plaintiff would suffer an irreparable injury if the defendant is not restrained – the underlying objective being protection of the plaintiff against injury for which it could not be adequately compensated in damages if the suit were resolved in its favour at the trial. In fact, courts in India are known to adopt a proactive stance insofar as reputed trademarks are concerned and grant interim injunctions, *ex parte* and/or *inter parte*.

Usually, trademark suits in India draw to a close upon completion of the interlocutory proceedings. If an interim injunction is granted restraining the defendant from using a trademark pending final decision in a suit, the defendant is quite reluctant to contest the suit up to its conclusion. Also having successfully halted the misuse, the plaintiff may not pursue trial diligently. However, for a rightful owner of a trademark who is refused interim relief, continuing the proceedings to their logical end is the subject matter of

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a conscious decision. It has been seen that on refusal of interim relief, the defendant employs various tactics to thwart and delay trial. It is for these reasons that trademark practitioners in India are constrained to advise that trademark suits are usually won (or lost) at the interlocutory stage.

Beyond the interlocutory stage lies the somewhat arduous world of trial, where the rights of both parties must be conclusively determined on the basis of the evidence led. “Evidence” – any species of proof which tends to prove or disprove any matter in question – is governed by the provisions of the Indian Evidence Act (originally passed by the British parliament in 1872). The statute revolves around two types of evidence, oral and documentary evidence. All facts except contents of documents may be proved by oral evidence and further, oral evidence must in all cases be direct. That is to say, if the evidence refers to a fact which could be seen, it must be the evidence of a witness who can testify that he saw it. On the other hand, facts in dispute may be proved through documents as well – either by primary or secondary evidence. Primary evidence is the document itself produced for the inspection of the court while secondary evidence means and includes certified copies of an original, copies made from an original through a process which ensures accuracy of the copy etc. For example, the photograph of an original document would constitute secondary evidence.

Trial is preceded by ‘framing of issues’ – an exercise crystallising the dispute in the form of questions and pinning the burden of proof. Caution should be exercised to avoid coining irrelevant questions and the onus must fall correctly. Once issues are framed, parties are required to furnish a

list of witnesses who would be produced in Court to prove the respective cases of the parties. Witnesses competent to testify, having an understanding of the nature of the dispute, knowledge of the relevant facts and documents and ability to communicate must be deliberated beforehand. It is expected of witnesses to prove facts which are within their knowledge and documents that form the basis of the claims/defence.

Next, the testimony of witnesses, that is, examination-in-chief by a verbal or sworn statement followed by cross-examination by the opponent, and re-examination at the discretion of the litigant producing the witness, subject to approval by the court, is recorded. Where the witnesses cannot travel, parties can consider having a commission appointed which would travel to record evidence. Such recourse may, however, be expensive. The plaintiff’s emphasis should be on examination-in-chief so that the facts in issue are outlined succinctly. Cross-examination of witness would relate to relevant facts but need not be confined to the facts to which the witness testifies in examination-in-chief. Counsels over emphasise on cross-examination as it brings forth critical evidence, especially if a witness contradicts previous testimony. The intention is to extract favourable facts from the witness, or to impeach the credibility of the witness to minimise the weight of adverse evidence.

Counsels conducting trial revel in technicalities frustrating the basic aim of dispensation of justice and fair play. Novel techniques are used and various impediments created to slow down the process of trial. This is more typical of a defendant since its endeavour is to pressurise the plaintiff into losing interest in prosecuting its case. Judicial

notice has been taken of this fact by the High Court of Delhi in a case where the conduct of the defendant in delaying trial and creating technical hurdles in cross-examination of witnesses (who travelled from abroad for testimony) was frowned upon and hefty costs imposed.

Whilst tactical moves aimed at derailing the trial cannot be totally avoided, small measures can go a long way in protecting the plaintiff’s interest if the proceedings culminate in trial. It should always be the endeavour of the plaintiff to place on record the best possible documentary evidence, in terms of quality and admissibility, right at the inception of the suit as any delay in producing the same may be marred with legal and technical complexities.

It is commonplace for a defendant to have an issue framed on the institution of suit especially when the plaintiff is a corporation based outside India. Empowering lawyers associated with the office of the plaintiff’s attorney by way of a power of attorney to initiate the suit on behalf of the plaintiff is usual practice. This expedites signing and filing of papers with the court. However, such nomination may be riddled with problems if not followed carefully. Questions may be raised on the veracity of the statements contained in the document and the authority of the persons to empower others. Further, the court may enquire whether the lawyer – constituted attorney of a party – is also acting as a counsel in the matter. It is noteworthy to point out that the Madras High Court has recently held that a constituted attorney who is an advocate may act as a Counsel so long as there is no conflict of interest in the discharge of his professional duty and his duty as the constituted attorney.



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To embroil the issue even more, the (Indian) Code of Civil Procedure mandates that in suits filed by or against corporations, pleadings may be signed and verified on behalf of the corporations by the secretary or by any director or other principal officer of the corporation who is able to depose the facts of the case. It has been observed that in trademark suits filed by a plaintiff through a constituted attorney, great emphasis is laid by the opponent on the constituted attorney being merely authorised to sign and verify the pleadings on behalf of the plaintiff and not institute the suit. However, another provision of the Code of Civil Procedure contemplates appointment of a recognised agent to act on behalf of the appointing party. This may come to the rescue of the plaintiff which has chosen to appoint a constituted attorney provided the power of attorney (empowering the constituted attorney) is duly executed before a notary. The Supreme Court has also endorsed the view that once an original power of attorney which has been duly notarised is produced, the court should presume that all necessary requirements for the proper execution of the power of attorney have been fulfilled and the suit treated to have been validly instituted.


It is best to avoid controversy. Plaintiffs should either sign and verify the Statement of Claim themselves or consider appointing individuals from their subsidiary/affiliate or lawyers not working on the matter in question. The appointment of attorneys for instituting, signing and verifying the lawsuit should be cased in a power of attorney which is executed by authorised personnel before a notary. The plaintiff, if a corporation, could append the resolution to the power of attorney, where the initiation of the suit and execution of the power of attorney therefore are recorded and approved.

It is not to say that the judiciary and/or

the legislature are unconcerned by the lacunae in the Indian judicial system. The (Indian) Code of Civil Procedure has been amended to ensure speedy disposal. It curtails unnecessary adjournments and envisages payment of costs to compensate for delays caused by adjournment to the other party. Courts are also now doing away with oral testimony. Not only this, post granting an interim injunction, the Delhi High Court has, in a few instances dispensed with the cross-examination of witnesses and directed the parties to prove their case on the basis of examination-in-chief and documentary evidence. There are other instances where the High Court of Delhi has refused to pass any interim orders and directed trial to be completed within a few months so as to decide issues once and for all. In one such matter, cross-examination of witnesses was waived on account of the parties consenting that there was no dispute on the facts included in the suit and documents read in evidence without formal proof.

In a very encouraging move, the Supreme Court recently directed subordinate courts to decide IP cases within four months from filing. Recognising that parties primarily litigate on the issue of interim injunction and the main suit languishes for years, it has been observed that the emphasis must shift from temporary relief (by virtue of an interim injunction) to final settlement in suits pertaining to trademarks, copyrights and patents. It has also opined that the hearing in a suit should continue day-to-day until all witnesses in attendance are examined.

The observations of the Supreme Court may have a far-reaching impact on IP litigation in the country. If the pronouncement is followed religiously by the courts, trial would assume tremendous significance in that grant

of interim reliefs may be debated intensely and not awarded easily. The fate of litigation will boil down to the evidence led before the court and its appreciation. Whether or not such change is in the offing – retarded by insufficient infrastructure and paucity of judges – trial should be an integral constituent of any litigious strategy. 

AUTHORS

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