

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

Date of Reserve: 20.1.2009
Date of Order: 6th February, 2009

CS(OS) No. 78/2009
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06.02.2009

M/s ST. Ives Laboratories Inc.

... Plaintiff

Through: Mr. S.K.Bansal, Advocate &
Mr. Santosh Kumar, Advocate

Versus

M/s Arif Perfumers & Anr.

... Defendants

JUSTICE SHIV NARAYAN DHINGRA

1. Whether reporters of local papers may be allowed to see the judgment? *Yes.*
2. To be referred to the reporter or not? *Yes.*
3. Whether judgment should be reported in Digest? *Yes.*

JUDGMENT

This suit has been filed by the plaintiff under Section 134 & 135 of The Trade Marks Act as well as under Section 51 & 55 of the Copyright Act and under Specific Relief Act seeking permanent injunction of various nature against the defendants. In the title of suit, the address of the plaintiff is that of USA and the address of the defendants is of Maharashtra. The suit has been filed in Delhi on the ground that the defendants were surreptitiously and clandestinely trading their goods under the impugned trademark and labels in Delhi and other parts of the country as well and another ground is that plaintiff's trademark was registered

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with Registry of Trade Marks at Delhi and plaintiff was also having its business in Delhi through its authorized importer and distributor and that plaintiff holds excellent goodwill and reputation in Delhi.

2. It is argued that this Court has jurisdiction to try and adjudicate this suit under Section 134 (2) of the Trade Marks Act and under Section 62(2) of the Copyright Act. Section 62(2) of Copyright Act gives jurisdiction to every District Court to try a suit for infringement of Copyright if within the local limits of its jurisdiction, at the time of institution of the suit or other proceedings, the person instituting the suit or other proceeding or, where there are more than one such person, any of them actually and voluntarily resides or carries on business or personally works for gain. It is not the case of the plaintiff that plaintiff has been actually working for gain or was having registered office in Delhi therefore, Section 62(2) of the Copyright Act cannot be invoked. Similarly, Section 134(2) of the Trade Marks Act 1999 which is *pari materia* with Section 62(2) for the purpose of jurisdiction by the plaintiff.

3. The Counsel for the plaintiff argued that this Court would have jurisdiction under Section 20(c) of CPC since a part of cause of action arose in Delhi and as an instance of part of cause of action having arisen in Delhi, the plaintiff has averred in the suit that the defendants were carrying on their business surreptitiously and clandestinely at Delhi besides other parts of the country.

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4. A perusal of the plaint would show that plaintiff had claimed reliefs viz. A decree of permanent injunction restraining the defendants or their agents/distributors etc. from manufacturing, selling and dealing with the products using the trademark that of plaintiff's or the labels similar or deceptively similar to that of the plaintiff's. It is obvious that this injunction can be enforced by personal obedience of the defendants alone since plaintiff has not given name of any distributor, agent or stockiest or representatives of the defendant. The other relief sought is that defendants be restrained from infringing plaintiff's trademark and passing off their goods and business as that of plaintiff's and be restrained from infringing copyright in the artistic work involved in the plaintiff's label. This relief can also be enforced only by personal obedience of the defendants. The other relief sought is that the defendants be restrained from disposing of their assets and stocks and properties at shop no. 1 of Arif Apartment, Veer Savarkar Nagar, Vasai (West) thane, Maharashtra and they be directed to deliver all finished and unfinished material bearing the impugned trade mark/label and they be directed to render the accounts for ascertainment of the profits or in the alternative be granted damages of Rs.20,01,000/-. All the reliefs which are sought by the plaintiff can be enforced only by personal obedience of the defendants.

5. Before entertaining a suit, the Court has to ensure whether any part of cause of action had arisen within the jurisdiction of this Court. The registration

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of a trademark in Delhi cannot be a ground to invoke jurisdiction of Delhi Courts. The Trade Marks Act does not provide that registration of trademark at a particular office shall be a ground for filing a suit for infringement of trademark or passing off trademark within the limits of that Court.

6. It is well settled legal position that cause of action is a bundle of material facts which are necessary for the plaintiff to prove his case in order to entitle him to succeed in a given case. However, each and every fact pleaded in the plaint does not *ipso facto* lead to conclusion that those facts give rise to cause of action within the Court's territorial jurisdiction. The facts pleaded must have a nexus or relevance so as to show that the Court where the suit has been filed is the proper Court of jurisdiction. Facts, which have no bearing with the *lis* or the dispute involved in the case, do not given rise to a cause of action so as to confer territorial jurisdiction. In *M/s Kusum Ingots & Alloys Ltd. v. Union of India & Anr.* (2004) 6 SCC 254 Supreme Court observed that if a small fraction of cause of action accrued had arisen within the territorial jurisdiction of a particular High Court, it was not bound to entertain the petition. It would be sufficiently empowered to refer the petition to the Court where substantial cause of action had arisen and it would be more convenient to adjudicate the matter.

7. The entire tenor of provisions regarding jurisdiction from Section 16 to Section 20 CPC show that where the subject matter of suit is immovable property, the suit has to be instituted where the immovable property is situated

and if more than one immovable property is there then suit can be instituted at any of the places where one of the immovable properties is situated. However, Section 16 carves out a case of exception even in case of immovable property held by or on behalf of the defendant and provides that where the relief sought can be entirely obtained through personal obedience of a defendant, suit may be instituted in the Court within the local limits of whose jurisdiction the defendant actually and voluntarily resides, or carries on business, or personally works for gain. The residence of the defendant is an important factor for considering jurisdiction. This is also evident from Section 20(a) and 20(b) of CPC.

8. In case of intellectual property rights, where the property rights vest in the plaintiff, an advantage has been given to the plaintiff to file a suit under Section 62(2) of the Copyright Act and Section 134(2) of the Trade Marks Act wherever he resides or carries on business. Where this advantage cannot be availed of or is not being availed of, the Court can entertain the suit only if the suit substantially meets the criteria of invoking jurisdiction under provisions of CPC.

9. In the present case, the plaintiff seeks to invoke jurisdiction against defendant in a Delhi Court while the defendant is having its place of business in Maharashtra. In para 22 of the suit it is specifically stated by the plaintiff that defendant no.1 was a firm of defendant no. 2 and was engaged in the trade of cosmetics and personal care products. The plaintiff was not aware of exact

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constitution of defendant no. 1 and nexus of defendants. In para 23 it is stated that defendants, in the course of trade, were using the trademark/label same or deceptively similar to that of the plaintiff's and the goods were being sold through trade channels/shops. In para 31 it is stated by the plaintiff that plaintiff learnt of the violations being carried by the defendants in October, 2008 and the enquiries revealed that defendants, just towards the beginning of October, 2008, started trading in the impugned trademark and defendants were not issuing any formal sale bills with respect to the sales of impugned goods, under impugned trademark/label. Defendants were carrying out impugned activities under the impugned trademark from their shop no. 1 of Arif Apartment at Veer Savarkar Nagar, Thane and were supplying their goods to major parts of the country including Delhi. The Plaintiff has not placed on record a receipt showing purchase of any of the goods of the defendants from Delhi nor has not mentioned any market or place or shops where goods of defendants were available with or without bill.

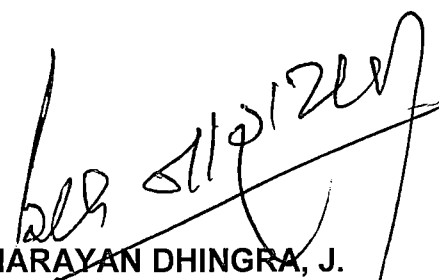
10. Looking at the entire plaint, it only seems that the plaintiff had filed this suit at Delhi only as a device of harassment calculated to force the defendant to come to Delhi, engage a Counsel at enormous expense and contest litigation. The plaintiff, who was resident of USA could have easily filed this suit at Courts at Bombay/Maharashtra and pursued the matter. Filing of suit in Delhi on the basis of value allegations that the goods of defendants were being sold

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clandestinely throughout the country including Delhi makes no sense. No cause of action can be said to have arisen in Delhi. Such allegations of clandestine sale can be made against any person without any foundation and the plaintiff even during trial can always escape giving proof of such clandestine sale saying that he has stated in the plaint that the sale was clandestine and no bills were being issued. The Court cannot be used as a tool to put such a burden on the defendant that the defendant is unable to even defend the suit. The plaintiff cannot be given absolute liberty to choose the place of suing a defendant out of entire country on the basis of unfounded and vague allegations. In such a case CPC provisions regarding jurisdiction stand rendered useless.

11. Where the defendant is living in another State doing his business there and is in fact having only one shop, to presume the defendant was having a clandestine business throughout India is too much and on the basis of such vague allegations made by the plaintiff of clandestine sale in the plaint, this Court is not inclined to invoke its jurisdiction and entertain the suit. The plaint is liable to be returned to the plaintiff to be presented to the Court of appropriate jurisdiction i.e. Court at Maharashtra. The plaint of the plaintiff therefore be returned to it.

February 06, 2009
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SHIV NARAYAN DHINGRA, J.