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CS(OS) 2804 of 2011

M/S.KIRAN SHOES MANUFACTURERS Plaintiff

Through: Mr. P. Sarkar, Advocate

versus

M/S ASHU INDUSTRIES Defendant

Through: Mr. Kirti Uppal, Senior Advocate
with Mr. N.K. Kantawala,
Mr. Satyender Chaher & Mr. Ritesh,
Advocates.

CORAM: JUSTICE S. MURALIDHAR

ORDER

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15.07.2013

1. The present suit has been filed by M/s. Kiran Shoes Manufacturers, with its address shown as Maharaj Ganj, Ring Road, Kathmandu, Nepal, “through its constituted attorney.” The Defendants are M/s Ashu Industries at Hapur, Ghaziabad, Uttar Pradesh (Defendant No.1), M/s Gemini Footwear, Meerut, Uttar Pradesh (Defendant No.2), M/s Naveen Plastic, Hapur, Ghaziabad, Uttar Pradesh (Defendant No.3) and Neeraj Plastic, Hapur, Ghaziabad, Uttar Pradesh (Defendant No.4).

2. The suit is for permanent injunction to restrain the infringement of copyright, piracy of registered design, passing off, damages, rendition of accounts, delivery up etc.

3. The Plaintiff firm is stated to be engaged in the business of manufacturing and marketing of sports shoes and footwear under the trade mark 'GOLDSTAR' with various label marks. It states that it has been exporting shoes to India since 1997/1998. In para 2 of the plaint, the Plaintiff claims to be the proprietor of two marks stated to be registered in its favour. The applications for registration of the other marks under Class 25 are stated to be pending. The Plaintiff claims that by virtue of long, continuous and extensive use of the trademark 'GOLDSTAR' and the various listed label marks in respect of the shoes, the said trademark has acquired immense reputation and goodwill amongst the consumers and the members of the trade. It is stated that the Plaintiff is the proprietor of the copyright of the artistic work of the label mark as indicated in para 10 of the plaint, the rights for which were assigned to it by the designer of the label. It is stated that the Copyright Board by its order dated 30th June 2010 ordered that the copyright registered in favour of the Plaintiff in respect of the said label be expunged

and the appeal filed by the Plaintiff against that order is stated to be pending with an interim order in its favour. As regards the design, it is stated that it has been registered in favour of the Plaintiff under registration No.178564 dated 27th January 1999. The sales and advertisement figures of the Plaintiff's products have been set out in paras 19 to 21.

4. The case of the Plaintiff is that each of the Defendants has been manufacturing and selling the sports shoes with the same trademark, design and get up as that of the Plaintiff. It is stated in para 23 of the plaint that the Defendants are manufacturing the infringing products and that "since Defendants are not properly organized entities, the exact constitution of the Defendant firms is not known to the Plaintiff." The cause of action, as set out in para 32, is as under:

"32. That the cause of action for the present suit first arose in September, 2011, when the Plaintiff received the information from its representative in India and conducted investigation in October 2011 about Defendants using the copyright, design and trade mark of the Plaintiff. That cause of action further arose when the Plaintiff purchased the shoes of the Defendant in Delhi. The cause of action is a continuous one and continues to subsist till such time the Defendants are restrained by an order of injunction passed by this Hon'ble Court. There has been

no delay in filing the action. The Plaintiff has approached this Court with diligence and utmost dispatch.”

5. Thereafter, in para 33, the Plaintiff explains how this Court has jurisdiction to entertain the suit as under:

“33. That this Hon'ble Court has got the jurisdiction to entertain and try the present suit by virtue of Section 20 of Civil Procedure Code, 1908. The infringing goods of the Defendant are sold within the territory of this Hon'ble Court. Hence this Hon'ble Court has jurisdiction to entertain and try the present suit.”

6. Summons were directed to issue in the suit and notice in IA No.18046 of 2011 [under Order XXXIX Rules 1 and 2 of the Code of Civil Procedure, 1908 ('CPC')] and IA No. 18047 of 2011 (under Order XXVI Rule 9 CPC) on 16th November 2011. On 17th February 2012, the Court noted that the written statement ('WS') has been filed on behalf of Defendants 1, 3 and 4. It noted the statement on behalf of Defendant No.2 that it will simply file an affidavit that it has no connection with the trademark in question.

7. On 23rd May 2012, learned counsel for the Plaintiff informed the Joint Registrar that it intended to file an application to amend the plaint. On 28th May 2012, the Court was informed by learned counsel for the Plaintiff that it

did not intend to file any replication and that the admission/denial of the documents filed by the Defendants were not required since none of those documents pertained to the Plaintiff. On 31st August 2012, learned counsel for the Plaintiff undertook to obtain instructions on whether the Plaintiff would like to withdraw the suit. Thereafter, IA No. 22584 of 2012 under Order VI Rule 17 CPC was filed by the Plaintiff seeking to amend the plaint. Notice in the said application was issued on 17th December 2012. Thereafter, IA No. 2619 of 2013 under Order VI Rule 17 was filed by the Plaintiff seeking further amendment to the plaint. Notice was directed to issue in the said application on 15th February 2013.

8. A preliminary objection has been taken in the WS filed by the Defendants regarding jurisdiction of the Court to entertain the suit. It has been stated, *inter alia*, in para 6 that no cause of action or any part thereof ever arose within the jurisdiction of this Court. It is asserted that “the defendants have never sold and have no sales within the jurisdiction of this Hon'ble Court of its products under the mark GOLD STAR. Further, in para 7 of the WS, it is stated as under:

“7. That the goods of the answering defendants are not available within Delhi as claimed by the plaintiff and they do not have any dealers or distributor in Delhi. It is submitted that the plaintiff has filed the present suit in Delhi by making false statements and without supporting any documentary evidence to establish the same. That the Plaintiff only in order to harass the defendants who has to bear enormous expenses of litigation in Delhi has filed the present suit before this Hon’ble Court whereas the proper Court having jurisdiction to adjudicate this issue is District Courts, Hapur, Uttar Pradesh. In any event, it is submitted that the defendants herein are the prior user and adopter of the mark GOLD STAR in respect of footwears and have used the same with consent from its original owner i.e. Naveen Boot House, Hapur which for the first time had adopted and used the same in the year 1984.”

9. The second major objection is taken in para 10 of the WS as under:

“10. That it is submitted that there is no cause of action against the defendants herein and the plaint filed is defective in view of the fact that the same has been filed in the month of November, 2011 and cause of action for filing the present suit had arisen to be claimed by the plaintiff was in the month of September, 2011 and in the month of October, 2011 investigations were carried out by the plaintiff to ascertain the users of the mark GOLD STAR but strangely but surprisingly factually the plaint of the present suit which could have only been prepared or signed in the month of November, 2011 or in October, 2011 was got signed and attested by Mr. Noor Pratap Rana on 5th September, 2011 which proves

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on record that the cause of action is frivolous and has only been a planted one. The fact that the plaintiff signed and verified the plaint on 5th September 2011 shows that it had the clear knowledge about the use of the mark GOLD STAR by the defendants much prior to the filing of the present suit and claimed cause of action is nothing but a false and frivolous statement as no cause of action ever arose.”

10. What is significant is that the Plaintiff has made a statement that it does not wish to file any replication. The first application, IA No.2258 of 2012 under Order VI Rule 17 CPC, was for seeking to amend the plaint. Strangely, the Plaintiff now seeks to amend the verification paragraph to say “verified at Kathmandu this 30th day of November 2012” instead of “this 5th day of September 2011.”

11. The above amendment cannot be allowed for more than one reason. In the first place, the verification paragraph actually has been verified by a notary public who has signed with the date 5th September 2011 in Kathmandu. That fact cannot be simply altered by way of a subsequent amendment. It must be taken that the said affidavit was indeed sworn on 5th September 2011. The anomaly that by the said affidavit the Plaintiff was affirming the truth of para 32 of the plaint which spoke about same

investigation conducted in October 2011, a future date, remains. Consequently, IA No. 22584 of 2012 is dismissed as misconceived.

12. IA No. 2619 of 2013 seeks to amend the plaint to substitute several paragraphs to incorporate the fact that the marks of the Plaintiff are registered in its favour. Para 32 of the plaint is sought to be amended only to the extent of incorporating the above fact. Significantly, para 33 is sought to be amended by now contending that the Plaintiff does extensive business by sale of its goods in Delhi and carries on business through its distributor in Delhi and, therefore, by virtue of Section 134(2) of the Trade Marks Act, 1999 ('TM Act'), the Court has jurisdiction to entertain the present suit. The averment that the infringing goods of the Defendant are sold within the territory of this Court is retained.

13. The above amendments do not help the Plaintiff since the averment is only that it carries on business "through its distributor in Delhi at the address Katyal Metal Agencies, 9611/13, Sadar Thana Road, Motiakhana, Paharganj, New Delhi." The law in this regard is well settled. For the purpose of Section 134(2) of the TM Act, the Plaintiff will have to show that it has appointed a sole distributor who is selling its goods within the jurisdiction of

this Court. The law is discussed in some detail in *Archie Comic Publications, Inc. vs. Purple Creations Pvt. Ltd.* 2008 (37) PTC 279 (Del). After referring to the earlier judgments in *Dhodha House vs. S.K. Maingi* (2006) 9 SCC 41 and *Pfizer Products Inc. v. Rajesh Chopra* 2006 (32) PTC 301(Del), the Court concluded that the expression “carries on business” in Section 134(2) of the TM Act would mean “having an interest in business at that place, a voice in what is done, a share in the gain or loss and some control over the same.” It was emphasized that the following three conditions should be satisfied:

- “(1) The agent must be a special agent who attends exclusively to the business of the principal and carries it on in the name of the principal and not a general agent who does business for any one that pays him;
- (2) the person acting as agent must be an agent in the strict sense of the term; and
- (3) To constitute ‘carrying on business’ at a certain place, the essential part of the business must take place in that place.”

14. Going by the above explanation of the law, it is plain that the Plaintiff herein has failed to satisfy the Court that it is carrying on business within the

territory of this Court. Some of the documents filed by the Plaintiff show that the Plaintiff is carrying on business within the territory of this Court.

15. Consequently, IA No. 2619 of 2013 filed by the Plaintiff under Order VI Rule 17 CPC is dismissed.

16. *De hors* the above proposed amendments, the plaint as it stands does not persuade the Court to conclude that this Court has jurisdiction to entertain the suit.

17. The suit is, accordingly, dismissed. However, it is clarified that this order will not preclude the Plaintiff from seeking other appropriate remedies against the Defendants in accordance with law.



S.MURALIDHAR, J

JULY 15, 2013/tp

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CS(OS) 2804/2011

KIRAN SHOES MANUFACTURERS

..... Plaintiff

Through: Mr. Pranay Sarkar, Adv.

versus

M/S ANHU INDUSTRIES & ORS

..... Defendants

Through: Mr. Satyender Chahar, Adv. for D-1,
3 & 4

CORAM:

ANIL KUMAR SISODIA (DHJS), JOINT REGISTRAR

(JUDICIAL)

ORDER

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25.04.2016

File has been received from the Court of Sh. S.K. Gautam,

Joint Registrar (Judicial).

IA Nos.3179/2016 and 3180/2016

Defendants have filed these applications for return of the original documents.

I have perused these applications.

The suit has been disposed of on 15.07.2013 and review petition has been disposed of on 06.09.2013. The defendants have filed certified copies of the original documents.

Registry is directed to return the original documents to the defendants/their counsel against proper acknowledgment.

Defendants/their counsel are directed to appear before AR (O) on 27.04.2016 at 3.30pm for collecting the documents.

Both the IAs stand disposed of accordingly.

[Signature]
25/4/2016

**ANIL KUMAR SISODIA (DHJS)
JOINT REGISTRAR (JUDICIAL)**

APRIL 25, 2016/afa