

IN THE HIGH COURT OF JUDICATURE AT BOMBAY**ORDINARY ORIGINAL CIVIL JURISDICTION****LEAVE PETITION NO. 320 OF 2013****IN****SUIT NO. 42 OF 2014**

Ultratech Cement Ltd. & Anr.

...Plaintiffs / Petitioners

vs.

Dalmia Cement Bharat Ltd.

...Defendant / Respondent

Dr.V.V. Tulzapurkar, Senior Advocate, with Mr.Amit Jamsandekar i/b. M/s.V.A. Associates for Plaintiffs.

Mr.Ravi Kadam, Senior Advocate, with Mr.V.R. Dhond, Senior Advocate, with Mr.Rohan Kadam, Mr.Bhagwati Trivedi, Ms.Bijal Trivedi i/b. M/s.Bhagwati & Co. for Defendants.

CORAM : S.C. GUPTE, J.**29 JANUARY 2015****ORAL JUDGMENT :**

This is a leave petition under Clause 14 of the Letters Patent Act for combining the cause of action of passing off with the cause of action of infringement. The facts of the case may be briefly stated as follows :

2 Plaintiff No.2 is a flagship company of Aditya Birla Group, and of which Plaintiff No.1 is a subsidiary. The Plaintiffs are registered proprietors of various trade marks bearing the name 'UltraTech' as part of the trade marks listed in para 8 of the plaint. Plaintiff No.1 is the registered proprietor of the trade marks listed at Sr.Nos.2 to 7, whilst Plaintiff No.2 is the registered proprietor of trade marks listed at Sr.Nos.1, 8 and 9 of the list. All these trade marks contain the words "UltraTech" or "Ultra" as part of them. Plaintiff No.2 is also an applicant for registration of the mark "ULTRA". By a Deed of Assignment dated 30 September 2009, the trade marks containing the words "UltraTech" or "Ultra" standing in the name of Plaintiff No.1 were assigned to Plaintiff No.2 along with the goodwill of the business. An application to bring on record the name of Plaintiff No.2 as the subsequent proprietor of these trade marks is pending before

the Registry. As such, it is claimed that at present Plaintiff No.2 is a proprietor of all trade marks with the words "UltraTech" or "Ultra" as part of the marks. By a licence agreement dated 29 June 2011, Plaintiff No.2 has permitted Plaintiff No.1 to use the said trade marks. Plaintiff No.1 has been accordingly using these trade marks as a licensee of Plaintiff No.2. In short, Plaintiff No.2 claims as the owner of the goodwill and reputation in the marks and the use of the marks by Plaintiff No.1 is for and on behalf of Plaintiff No.2. It is the case of the Plaintiffs that the trade marks bearing the word "UltraTech", with the words "Ultra" and "Tech" as essential and prominent features thereof (hereinafter for brevity's sake referred to the "UltraTech trade marks"), are distinctive of the Plaintiffs' goods. It is the case of the Plaintiffs that the Defendant has started using a mark containing as its essential and prominent feature, the word "Ultra"; that the Defendant's trade mark is identical with and / or deceptively similar to the "UltraTech" trade marks of the Plaintiffs. It is the case of the Plaintiffs that such user by the Defendant amounts to an infringement of the "UltraTech" trade marks. It is also the case of the Plaintiffs that by means of use of its trade mark with the word "Ultra" as part of it, the Defendant is passing off its goods as the goods of the Plaintiffs. The Plaintiffs, accordingly, propose to combine the two causes of action, namely, the cause of action of infringement and the cause of action of passing off, in the present suit. It is the case of the Plaintiffs that since the Plaintiffs carry on business in Mumbai, by virtue of Section 134(2) of the Trade Marks Act, 1999, this Court has original jurisdiction in respect of the cause of action of infringement. It is submitted that since the original jurisdiction of this Court extends to the cause of action of infringement, having regard to the fact that the cause of action of passing off is based on the same set of facts as those obtaining in connection with the cause of action of infringement, this Court should permit the Plaintiffs to combine the two causes of action. Hence, the application for leave under Clause 14.

3 The application is opposed by the Defendant. It is the case of the Defendant that this Court does not have jurisdiction in respect of the cause of action of infringement within the meaning of Clause 14 of the Letters Patent read with Section 134(2) of the Trade Marks Act, 1999 and that, therefore, there is no question of combining the two causes of action under Clause 14 of the Letters

Patent.

4 Mr.Kadam, learned Senior Counsel appearing for the Defendant, basically formulated his submissions thus: It is submitted that leave under Clause 14 can only be granted on the footing that the High Court **has** original jurisdiction in respect of one of the two causes of action sought to be joined in the suit, namely, infringement. The second limb of the argument is that in the present case the High Court has no jurisdiction in respect of the cause of action for infringement because it is the registered proprietor or the registered user, who alone can file a suit for infringement, and that in this case, it is only Plaintiff No.2, who is, accordingly, entitled to file a suit for infringement. The third limb of the argument is that Plaintiff No.2 cannot maintain an action for infringement in this Court under Section 134(2) of the Trade Marks Act, 1999, since it cannot be said to be ordinarily residing or carrying on business or working for personal gain within the jurisdiction of this Court. In other words, this Court has no jurisdiction in respect of the cause of action of infringement brought before it by Plaintiff No.2. This contention of the Defendant is, in turn, founded on a two fold basis. Firstly, it is submitted that for the purposes of applying Section 134(2), in respect of the cause of action of infringement, it is the position of Plaintiff No.2 alone *visa-a-vis* the place of business or residence, which must be considered and not that of Plaintiff No.1. Secondly, it is submitted that when one considers such position, what one needs to see is only the place where Plaintiff No.2, being a corporation, has its principal place of business or in the case of a subordinate office, only when the cause of action also arises at such place. In other words, the Defendant wants to introduce the provision of Section 20 of the Code of Civil Procedure or at any rate, the principle behind that section, into Section 134(2) of the Trade Marks Act, 1999. The rival contentions between the parties really center around these two propositions canvassed by the Defendant.

5 At the outset, it must be noted that the challenge to jurisdiction raised in the petition herein is a challenge in demurrer and not a challenge at the trial. At the threshold, in a case under Order 7 Rule 11 or at the stage of a leave petition, the court usually proceeds on the footing that the averments made in the

plaint are correct. At that stage the Defendant is permitted to challenge the jurisdiction, but on the footing of such averments being true. Indeed, in our case, the Plaintiffs' averments in the plaint or in the leave petition in respect of jurisdiction are not contested on merits by the Defendant, whilst opposing the leave petition. What is submitted by the Defendant is that even assuming that these averments are correct, by reason of the fact that what is within the jurisdiction of this Court is only a subsidiary or subordinate office of Plaintiff No.2, who alone, according to the Defendant, is entitled to maintain an action for infringement, and not the principal office, Plaintiff No.2 cannot be said to be ordinarily carrying on his business within the jurisdiction of this Court as required by Section 134(2).

6 Let us now consider the two submissions advanced by the Defendant to oppose the leave petition. Firstly, it needs to be noted that the very same contentions were the subject matter of the Defendant's application for rejection of the plaint in the present case under Order 7 Rule 11 of the Code of Civil Procedure. The jurisdiction of this Court to entertain the action for infringement was contested by the Defendant on these very grounds, namely, that it is Plaintiff No.2 alone who can file a suit for infringement as a registered proprietor of the marks and by reason of the fact that the principal place of its business is outside the jurisdiction of this Court, though it has a subordinate office within the jurisdiction of this Court, this Court has no jurisdiction to entertain the cause of action for infringement at his instance under Section 134(2). A learned Single Judge of this Court by a judgment dated 27 August 2014 repelled both these contentions. The learned Judge held that for the court to have jurisdiction under Section 134(2) of the Act, only the place of the Plaintiff's residence / business was sufficient and the place of accrual of cause of action was not relevant; that it was sufficient if one of the plaintiffs carried on business within the territorial jurisdiction of this Court to invoke the jurisdiction under Section 134(2) of the Act; and that even if the Plaintiff was a corporation and even if the cause of action for infringement arose wholly outside the territorial jurisdiction of this Court, this Court would still have jurisdiction under Section 134(2), even if such Plaintiff only had his subordinate office and not his principal office within the local limits of

the jurisdiction of this Court. This judgment practically concludes the controversy raised by the Defendant here. It is, however, submitted by Mr.Kadam that the judgment of the learned Single Judge was carried in appeal before a Division Bench of this Court, which left the matter, particularly the Plaintiffs' averments in respect of the jurisdiction of this Court contained in paragraph 44 of the plaint, open to challenge. Though the appeal was dismissed, it is submitted that the Defendant has liberty to take out any other appropriate proceedings including a proceeding under Section 9A of the Code of Civil Procedure raising the ground of jurisdiction. It is, therefore, submitted that the present opposition of the Defendant merits an independent scrutiny by this Court. Though I am inclined not to accept this submission, with a view to do complete justice, I propose to go into these objections and decide them on merits.

7 The first contention, as noted above, is that for the purpose of applying Section 134(2), it is necessary to see whether Plaintiff No.2 ordinarily carries on business within the local limits of the jurisdiction of this Court and that the place where Plaintiff No.1 ordinarily carries on its business is immaterial. This aspect was considered by the Supreme Court in the case of **Exphar Sa vs. Eupharma Laboratories Ltd.**¹ The case of **Exphar Sa** arose under Section 62(2) of the Copyright Act, 1957. It must be noted at the outset that the two provisions, namely, Section 134(2) of the Trade Marks Act, 1999 and Section 62(2) of the Copyright Act, 1957, are in *pari materia* and employ identical language. In fact, the Statement of Objects appended to the Bill, when the provision of Section 134(2) of the Trade Marks Act was enacted makes it clear that the provision was introduced to bring the trade mark law in line with the provision of Section 62(2) contained in the Copyright Act, 1957, as very often a trade mark is also registered as an artistic work under the Copyright Act. The content of the two provisions being the same, the observations of the Supreme Court in the case of **Exphar Sa** in connection with Section 62(2) are directly on the point and settle the controversy that we are faced with in the present case. In the case of **Exphar Sa**, a suit was filed by three plaintiffs. The first plaintiff was the owner of the copyright in a trade mark called "Maloxine". The second and

1 (2004) 3 SCC 688

third Plaintiffs were authorized to manufacture goods bearing the subject trade mark. The suit was on the footing that the Defendants, one of whom was earlier authorized to manufacture goods under the subject trade mark in a particular territory, were using the trade mark even after the agreement for permitted user was terminated by the owner of the copyright. One of the plaintiffs (though not the first Plaintiff who was the owner of the copyright) had a registered office in New Delhi, whilst the others did not. A Division Bench of the Delhi High Court returned the plaint for presentation before an appropriate court on the ground that the Delhi High Court had no territorial jurisdiction to entertain the suit. The judgment of the Delhi High Court was on the footing that the plaintiff, who had registered office in Delhi, had not claimed ownership of the copyright in the trade mark, the infringement of which was complained of in the suit; and that since the plaintiff (referred to as "Appellant No.2" in the quotation below), who was carrying on business within the local limits of the court, did not have any right to relief in an infringement action, the Delhi High Court had no jurisdiction to entertain the action of infringement. The Supreme Court set aside the decision of the Delhi High Court. The Supreme Court observed as follows :

"14. Even if the jurisdiction of the Court were restricted in the manner construed by the Division Bench, it is evident not only from the cause title but also from the body of the plaint that the Appellant No. 2 carries on business within the jurisdiction of the Delhi High Court. Appellant No. 2 is certainly "a person instituting the suit". The Division Bench went beyond the express words of the statute and negated the jurisdiction of the court because it found that the Appellant No. 2 had not claimed ownership of the copyright of the trade mark infringement of which was claimed in the suit. Appellant No. 2 may not be entitled to the relief claimed in the suit but that is no reason for holding that it was not a person who had instituted the suit within the meaning of Section 62(2) of the Act."

8 It is submitted by Mr.Kadam that the observations of the Supreme Court in paragraph 14 are mere passing observations, which are not even obiter. It is submitted that as a matter of fact, the second plaintiff in that case (Appellant No.2) was entitled in his own right to maintain the action. I afraid that is not the

correct way of reading the law laid down by the Supreme Court in **Expfar Sa**. What the Supreme Court held was that the basis of negating the jurisdiction of the Delhi High Court, namely, the Second Plaintiff not having claimed the ownership of the copyright in the trade mark, the place of his business was not relevant for deciding the question of jurisdiction, was not correct. The **Expfar Sa** judgment is on the footing that even if the second Plaintiff was not entitled to the relief claimed in the suit, that was no reason for holding that it was not a person who had instituted the suit within the meaning of Section 62(2) of the Copyright Act, 1967. In other words, irrespective of whether the particular plaintiff, where there are more plaintiffs than one, is entitled to the relief in respect of the cause of action for infringement claimed in the suit, his place of residence or business would confer jurisdiction on the court to entertain the cause of action of infringement in a jointly instituted suit.

9 The subject of joinder of plaintiffs as well as causes of action is dealt with in Order 1 Rule 3 and Order 2 Rule 3 of the Code of Civil Procedure. If the joinder of plaintiffs and causes of action is in order in accordance with these provisions, it is sufficient if one of the plaintiffs has his place of residence or business within the local limits of the jurisdiction of the Court for the purposes of Section 134(2) of the Trade Marks Act, 1999. The argument of Mr.Kadam that to confer jurisdiction under Section 134(2) of the Act, the person **instituting** the suit or proceeding must be the person **entitled to do so** in his own right, does not appear to be correct. If there are more than one plaintiff, one of them actually and voluntarily residing or carrying on business or personally working for gain within the local limits of the jurisdiction of this court is sufficient to confer jurisdiction on the court, without that particular person being entitled to maintain the particular cause of action in his own right.

10 That brings us to the second contention of Mr.Kadam, namely, that Plaintiff No.2 cannot be said to be ordinarily carrying on business within the local limits of the jurisdiction of this Court, since its principal place of business is situated outside such local limits. As noted above, the attempt seems to be to read the Explanation of Section 20 of the Code of Civil Procedure into Section

134(2). In accordance with that Explanation, it is submitted that in a case where the Plaintiff is a corporation, it can be said to carry on business either at its principal place of business or at its subordinate place where the cause of action arises. In the first place, there is nothing in principle or authority for importing the Explanation of Section 20 of the CPC into Section 134(2) of the Trade Marks Act, 1999. Section 134(2) is an independent provision introduced to expand the jurisdiction of the court on the same lines as the Copyright Act, 1957. The whole object of incorporating Section 134(2) in the Act is to allow the plaintiff to file the suit at the place where the plaintiff resides or carries on business without any reference to the place of residence or business of the defendant or the place where the cause of action arises. There is a deliberate or intentional departure from the ordinary rule of jurisdiction contained in Section 20 of the Code of Civil Procedure or Article 12 of the Letters Patent, which applies to this Court, where the jurisdiction depends on the residence or place of business of the defendant or the place of accrual of the cause of action. That being the position, there is no need to read the Explanation of Section 20 into the provision of Section 134(2) as a matter of principle. No authority is cited by Mr.Kadam either to justify such reading.

11 It is, however, submitted by Mr.Kadam that when one reads the requirement of principal place of business or accrual of cause of action at a subsidiary place of business into Section 134(2), one actually does not apply the Explanation to Section 20 per se but applies the principle behind the Explanation to Section 20. It is apparent that what the Explanation of Section 20 contains is a deeming provision, which is necessarily an arbitrary line drawn by the legislature based on matters of policy; there is no principle of general application contained in it either of corporate law or otherwise to equate the ordinary or actual place of business of a corporation only with its principal place of business.

12 Our Court in the case of **Pratap Singh vs. The Bank of America**² considered the provisions of Clause 12 of the Letters Patent *visa-a-vis* the position of a corporation. The Court held that whilst under Clause 12 of the

2 1976 Bombay Law Reporter (Vol.LXXVIII) 549

Letters Patent, the consideration whether the cause of action has accrued wholly or in part with or without the jurisdiction of the court was wholly irrelevant; that there was a distinction between carrying on business and personally working for gain; whereas in the latter case, the legislature's requirement was that the defendant should personally work for gain, no such requirement was postulated for carrying on business; the defendant may carry on business himself or through an agent or agents. This is what our court had to say in the matter :

“6. We are concerned here with a defendant having a branch office within the limits of the jurisdiction of this Court. It was submitted that the defendant could carry on business only at its principal office i.e. the Head Office at San Francisco, U.S.A., where there exists their Board of Directors which can take final decisions. It was submitted that it was only at this place that the Defendant could be said to be carrying on business. It is impossible to accept this restrictive meaning which has not found favour with either the High Court of Allahabad or the High Court of Calcutta.”

13 In that view of the matter, there is no need to read words in the nature of Explanation to Section 20 into the provision of Section 134(2), as suggested by Mr.Kadam.

14 Accordingly, both the contentions of Mr.Kadam are devoid of any merit. This Court has jurisdiction to entertain the cause of action of infringement. The other cause of action, namely, the cause of action of passing off, being claimed on the same set of facts as in the case of the cause of action for infringement, the two causes of action can be conveniently combined and no prejudice is likely to be caused to the Defendant if they are so combined. Accordingly, the leave petition deserves to be allowed.

15 The leave petition is allowed in terms of prayer clause (a). The Petitioners are allowed to join the cause of action of passing off with the cause of action for infringement of trade marks.

(S.C. Gupte, J.)