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IN THE HIGH COURT OF DELHI AT NEW DELHI

Reserved on: 25th November, 2016
Pronounced on: 21st December, 2016

+ **CS (COMM) 960/2016**

PEPSICO INC & ANR. Plaintiffs

Through: Mr. Kunal Mimani, Advocate

Versus

M/S. SAGARNIL ENTERPRISE & ORS. Defendants

Through: *Ex-parte*

CORAM:
HON'BLE MR. JUSTICE R.K.GAUBA

JUDGMENT

1. This suit was filed in November, 2014 seeking reliefs in the nature of permanent injunction against the violation and infringement of the rights of the plaintiffs in the trademark/logo/label/name/package style of 'AQUAFINA', passing off, rendition of accounts, delivery up, etc., *inter alia*, alleging that the adoption and use by the defendants of a visually similar and phonetically identical trademark/name/logo/label/package 'AQUALINA' for identical products, viz., packaged drinking water is patently illegal and unlawful, *mala fide* as intended to ride on the reputation and goodwill of the plaintiffs' well known trademark/name so as to gain wrongfully, it being designed to create confusion at the level of retailers, consumers and in the industry at the manufacturing

level resulting in infringement and passing off, as also unfair competition and dilution of the rights of the plaintiffs, through tarnishment and blurring, in its trademarks “AQUAFINA and AQUAFINE (label)” registered in class 32 under the Trade Marks Act, 1999 referring in this context to the marks:-

(i) AQUAFINA, registration no.774285, dated 29.04.1997;

(ii)



registration no.1129381, dated 28.08.2002;

(iii)



registration no.1308951, dated 15.09.2004; and

(iv) ‘AQUAFINE’ registration no.1202695, dated 30.05.2003.

2. As per the suit, the first plaintiff, PepsiCo, Inc. is a Corporation existing under the laws of North Carolina, United States of America, having its principal office at 700 Anderson Hill Road, Purchase, New York, USA, the suit having been signed, verified and instituted on its behalf by its authorized signatory. It is averred in the plaint that the second plaintiff, PepsiCo (India) Holdings Private Limited, is a fully owned subsidiary of the first plaintiff in India, it having been incorporated under the laws of India having its place of business at B-3, DLF Corporate Park, ‘S’ Block, Qutab Enclave, Phase III,

Gurgaon-122002. The plaint mentions (in para 2) that the second plaintiff has its office “also at LGF – 54, World Trade Center, Barakhamba Road, New Delhi-110 001”, it having been signed, verified and presented on its behalf by its authorized signatory.

3. The plaintiffs claim to be renowned manufacturers and sellers of beverages/snack foods and other products including packaged drinking water sold and marketed under the registered trademark AQUAFINA. It is stated that the mark AQUAFINA is a unique word coined, invented and adopted by the plaintiffs in 1994, it having no obvious meaning, its mark/logo/label/packaging being distinctive and therefore, entitled to highest degree of protection. This product was statedly launched in India in 1999, being manufactured with a special reverse osmosis ultra purification system adopted by the plaintiffs, bottling plant having been set up at Roha in Raigarh district of Maharashtra. It is claimed that the trademark in question ‘AQUAFINA’ has gained enormous recognition and popularity, it having become extremely well-known, the mere mention of the brand associating it with the plaintiffs and their business, the label used having a blue coloured background with distinctive artistic device wedged between the first and the last letters ‘A’ of the word AQUAFINA.

4. The plaint alleges that the first defendant (M/s. Sagarnil Enterprise) is a company incorporated, having its office at Santra Para (Tetul tala), Amlani District, North 24 Parganas, Hasanabad-743426 and has engaged itself in the marketing of packaged drinking water under the impugned mark/label/logo AQUALINA, and that the second

defendant (M/s. Water King), its address being as that of the first defendant, also “*seems to be*” a company involved in the manufacturing of packaged drinking water under the impugned mark/label/logo AQUALINA, the third defendant (Sagar Nil Santra) being the owner of the said companies.

5. Para 30 of the plaint summarizes the cause of action as under:-

“30. The cause of action in the present suit arose in August 2014 when the plaintiffs’ representative in the marketing department came across the defendants’ product under the mark/logo/label/name AQUALINA. The Plaintiffs, immediately on acquiring knowledge of the illegal adoption and use by the Defendants, have gathered all the material relating to their trade mark and have taken steps to file the present suit. The cause of action is a continuous one and continues to exist until an order of injunction is granted by this Hon’ble Court.”

6. The plaint was presented pleading that:-

“31. This Hon’ble Court has the jurisdiction to try and entertain the present suit. The Plaintiffs’ mark/logo/label AQUAFINA and AQUAFINE (label) are registered trademarks within the meaning of Trade Marks Act, 1999. The Plaintiffs actively conduct business both directly and through their authorized bottlers in Delhi and have their offices in Delhi. This Hon’ble Court therefore has the territorial jurisdiction to try and entertain the present suit under Section 134 of the Trade Marks Act, 1999.”

7. Summons on the suit and notice on the application (IA No.23561/2014) filed therewith seeking interim injunction under

Order XXXIX Rules 1 and 2 of the Code of Civil Procedure, 1908 (CPC) were issued by order dated 20.11.2014. By the said order an *ex-parte ad interim* injunction was also issued restraining the defendants from using the impugned mark AQUALINA or any other deceptively similar trade mark till the next date of hearing, *i.e.* 29.01.2015 and the plaintiffs were directed to comply with the provisions of Order XXXIX Rule 3 CPC within two weeks of the said order.

8. The plaintiffs have also filed another application (IA No.23562/2014) under Order XXVI Rule 9 CPC praying for appointment of a local commissioner to visit the premises of the defendants situated at M/s. Sagarnil Enterprise, Santra Para (Tetul Tala), Amlani District, North 24 Parganas, Hasanabad-743426. The said application was allowed and a local commissioner was appointed accordingly for visiting the said premises, or such other premises as may be pointed out by the representatives of the plaintiffs and to take into custody and make an inventory of the infringing products bearing the mark/name AQUALINA or any other product having the identical or deceptively similar trademark AQUALINA including stickers, pamphlets, brochures, pricelists, stationery items, packaging material, hoardings, sign boards, moulds, dyes, *etc.* and hand them over to the representative of plaintiffs, who would accompany the local commissioner. Further, the local commissioner was directed to take samples of the infringing products/labels and the premises of the defendants and hand them over to the representatives of the plaintiffs, who will accompany the local commissioner.

9. On 19.12.2014, the plaintiff filed an affidavit of compliance submitting therewith, as Annexure B, (proof of delivery report) to state that the complete set of paper book with the documents through speed post had been sent to each of the three defendants at their respective addresses on 10.12.2014. The track reports downloaded from the website of the India post (www.indiapost.gov.in) indicating the three postal articles dispatched through speed post by the plaintiffs on 10.12.2014 had reached ICH Sealdah on 13.12.2014 for the items to be bagged for Hasnabad SO.

10. The record of the civil suit at hand shows that the local commissioner appointed by order dated 28.11.2014 visited the aforementioned premises of the defendants on 05.12.2014 accompanied by representatives of the plaintiff and carried out inspection in the presence of one Mr. Debabrata Ghose, Machine Operator. The local commissioner submitted his report on 12.01.2015, *inter alia*, stating that prior to the inspection he had contacted Mr. Chinmoy Santra, owner of the facility, by calling on his contact number 7872315181, as had been made available by Mr. Debabrata Ghose. During the inspection, as per the local commissioner report, he found in the premises two banners, one calendar, twenty-three loose labels and two (20-litres) bottles having labels using the mark AQUALINA. The local commissioner seized the said incriminating material and handed over the same to the representative of the plaintiff. During inspection, the local commissioner took photographs of the incriminating material and machinery, copies whereof were submitted with the report.

11. On 29.01.2015, on the basis of the affidavit of service mentioned above and the report of the local commissioner, the court concluded that the defendants had been served. Since there was no appearance on their behalf, they were set *ex-parte*. While the case was taken to the stage of *ex-parte* evidence of the plaintiff, the *ex-parte* interim order dated 29.11.2014 was made absolute till the disposal of the suit.

12. The plaintiffs have tendered *ex-parte* evidence by submitting on record the affidavit of Mr. Lokesh Pandey, General Manager (legal) for the second defendant. By proceedings recorded on 05.05.2016, the Joint Registrar (judicial), to whom the case had been entrusted for recording of evidence, permitted the counsel for the plaintiff to mark the exhibits on the documents submitted with the affidavits without the appearance of the deponent.

13. The case having come up for consideration and adjudication before the court, the plaintiffs have filed a relief based computation in terms of the liberty granted by order dated 25.07.2016. The learned counsel for the plaintiffs has been heard and the record perused.

14. Against the above backdrop, the prime question which arises relates to the jurisdiction of this court to entertain the civil suit at hand. At noted above, the first plaintiff is a Corporation existing under the laws of North Carolina, USA having its principal office at 700 Anderson Hill Road, Purchase, New York, USA. The second plaintiff is a fully owned subsidiary company of the first plaintiff, though incorporated under the laws of India, its principal registered office being located in Gurgaon (Haryana). Though the company (second

plaintiff) also statedly has an office at LGF-54, World Trade Cnter, Barakhamba Road, New Delhi, it is quite apparent that the said office is a branch office and not the principal registered office. Pertinent to note here that all the three defendants reside or work for gain or carry on business at Amlani District, North 24 Parganas, Hasanabad, West Bengal. In the entire plaint, there is not even a whisper of an allegation about any acts of commission or omission indulged in by the defendants so as to give rise to cause of action, whether wholly or in part, having been committed within the territorial jurisdiction of this court. The averment that the plaintiffs “came across the defendants’ product under the impugned mark in August, 2014” is not connected to any place in Delhi.

15. As per the pleadings in para 31 of the plaint, extracted above, the plaintiffs rely on Section 134 of the Trade Marks Act, 1999 to invoke the “territorial jurisdiction” of this court mainly on the basis of the fact that they (plaintiffs) conduct business, directly or through their authorized bottlers in Delhi and also have their offices in Delhi.

16. Section 134 of the Trade Marks Act, 1999 reads thus:-

*“134. Suit for infringement, etc., to be instituted before District Court.— (1) No suit—
(a) for the infringement of a registered trade mark;
or
(b) relating to any right in a registered trade mark; or
(c) for passing off arising out of the use by the defendant of any trade mark which is identical with or deceptively similar to the plaintiff’s trade mark, whether registered or unregistered,*

shall be instituted in any court inferior to a District Court having jurisdiction to try the suit.

(2) For the purpose of clauses (a) and (b) of sub-section (1), a “District Court having jurisdiction” shall, notwithstanding anything contained in the Code of Civil Procedure, 1908 (5 of 1908) or any other law for the time being in force, include a District Court within the local limits of whose jurisdiction, at the time of the institution of the suit or other proceeding, the person instituting the suit or proceeding, or, where there are more than one such persons any of them, actually and voluntarily resides or carries on business or personally works for gain.

Explanation.—For the purposes of sub-section (2), “person” includes the registered proprietor and the registered user.”

17. It would be advantageous to also note the provision contained in Section 20 of the Code of Civil Procedure, 1908 (CPC):

“Section 20 – Other suits to be instituted where defendants reside or cause of action arises - Subject to the limitations aforesaid, every suit shall be instituted in Court within the local limits of whose jurisdiction-

(a) the defendant, or each of the defendants where there are more than one, at the time of the commencement of the suit, actually and voluntarily resides, or carries on business, or personally works for gain; or

(b) any of the defendants, where there are more than one, at the time of the commencement of the suit actually and voluntarily resides, or carries on business, or personally works for gain, provided

that in such case either the leave of the Court is given, or the defendants who do not reside, or carry on business, or personally work for gain, as aforesaid, acquiesce in such institution; or

(c) the cause of action, wholly or in part, arises.

Explanation – A corporation shall be deemed to carry on business at its sole or principal office in India or, in respect of any cause of action arising at any place where it has also a subordinate office, at such place.”

18. Similar issues had arisen in another civil suit, it being CS (OS) 3694/2014, titled *Mr. Piruz Khambatta and Anr. Vs. Rajmohan Rupaji Modi and Ors.* By order dated 20.12.2016, this court, *inter alia*, took note of the decision in *Indian Performing Rights Society Ltd. vs. Sanjay Dalia and Anr*, (2015) 10 SCC 161, concerning the import and effect of the provisions contained in Section 20 CPC, Section 134 of Trade Marks Act and Section 62 of Copyrights Act which is *pari materia* similar to the preceding provision of law and culled out the main conclusions in said decision, summarizing the law as under :-

“23. The prime holdings of the Supreme Court in *Sanjay Dalia* (*supra*) may be extracted as under:-

“12. ...In our opinion, the expression “notwithstanding anything contained in the Code of Civil Procedure” does not oust the applicability of the provisions of section 20 of the Code of Civil Procedure and it is clear that additional remedy has been provided to the plaintiff so as to file a suit where he is residing

or carrying on business etc., as the case may be....”

“13. ...The intendment of the Explanation to section 20 of the Code of Civil Procedure is that once the corporation has a subordinate office in the place where the cause of action arises wholly or in part, it cannot be heard to say that it cannot be sued there because it did not carry on business at that place. The linking of the place with the cause of action in the Explanation where subordinate office of the corporation is situated is reflective of the intention of the Legislature and such a place has to be the place of the filing of the suit and not the principal place of business. Ordinarily the suit has to be filed at the place where there is principal place of business of the corporation.”

“16. On a due and anxious consideration of the provisions contained in section 20 of the CPC, section 62 of the Copyright Act and section 134 of the Trade Marks Act, and the object with which the latter provisions have been enacted, it is clear that if a cause of action has arisen wholly or in part, where the plaintiff is residing or having its principal office/carries on business or personally works for gain, the suit can be filed at such place/s. Plaintiff(s) can also institute a suit at a place where he is residing, carrying on business or personally works for gain de hors the fact that the cause of action has not arisen at a place where he/they are residing or any one of them is residing, carries on business or personally works for gain. However, this right to institute suit at such a place has to be read subject to certain restrictions, such as in case plaintiff is residing or carrying on business at a particular place/having its head office and at

such place cause of action has also arisen wholly or in part, plaintiff cannot ignore such a place under the guise that he is carrying on business at other far flung places also. The very intendment of the insertion of provision in the Copyright Act and Trade Marks Act is the convenience of the plaintiff. The rule of convenience of the parties has been given a statutory expression in section 20 of the CPC as well. The interpretation of provisions has to be such which prevents the mischief of causing inconvenience to parties.”

“17.... Where the Corporation is having ordinary residence/principal place of business and cause of action has also arisen at that place, it has to institute a suit at the said place and not at other places. The provisions of section 62 of the Copyright Act and section 134 of the Trade Marks Act never intended to operate in the field where the plaintiff is having its principal place of business at a particular place and the cause of action has also arisen at that place so as to enable it to file a suit at a distant place where its subordinate office is situated though at such place no cause of action has arisen....”

“18. In our opinion, in a case where cause of action has arisen at a place where the plaintiff is residing or where there are more than one such persons, any of them actually or voluntarily resides or carries on business or personally works for gain would oust the jurisdiction of other place where the cause of action has not arisen though at such a place, by virtue of having subordinate office, the plaintiff instituting a suit or other proceedings might be carrying on business or personally works for gain.”

“19. ... the impediment imposed under section 20 of the CPC to a plaintiff to institute a suit in a court where the defendant resides or carries on business or where the cause of action wholly or in part arises, has been removed. But the right is subject to the rider in case plaintiff resides or has its principal place of business/carries on business or personally works for gain at a place where cause of action has also arisen, suit should be filed at that place not at other places where plaintiff is having branch offices etc.”

21. ... Section 134(2) of the Trade Marks Act is applicable to clauses (a) and (b) of section 134(1) of the Trade Marks Act. Thus, a procedure to institute suit with respect to section 134(1)(c) in respect of “passing off” continues to be governed by section 20 of CPC.”

(emphasis supplied)

*24. Pertinent to note here that the Supreme Court did not accept the arguments of the plaintiffs based on earlier rulings in *Expfar SA (supra)* and *Dhodha House (supra)* noting that in the former case the court had laid down that Section 62 of Copyright Act prescribed an additional ground other than the normal ground prescribed in Section 20 of CPC, while in the latter case, the question considered was about maintainability of a composite suit for infringement of the Copyright Act and the Trade and Merchandise Marks Act, 1958, the decision being that merely by combining the causes of action, a court which does not have the jurisdiction to entertain the claim could not be conferred such jurisdiction.*

*25. Thus, in *Sanjay Dalia (supra)*, the Supreme Court concluded as under:-*

“47. ... the provisions of section 62 of the Copyright Act and section 134 of the Trade Marks Act have to be interpreted in the purposive manner. No doubt about it that a suit can be filed by the plaintiff at a place where he is residing or carrying on business or personally works for gain. He need not travel to file a suit to a place where defendant is residing or cause of action wholly or in part arises. However, if the plaintiff is residing or carrying on business etc. at a place where cause of action, wholly or in part, has also arisen, he has to file a suit at that place...”

26. From the above it is clear that the question of “cause of action” continues to have a co-relation with the issue of territorial jurisdiction. If the cause of action has arisen, wholly or in part, in passing off actions under the Trade Marks Act, the place of institution of the suit for appropriate relief continues to be regulated by the provisions of Section 20 CPC which includes the place where the cause of action, wholly or in part, arises. For infringement suits, by virtue of Section 62 of the Copyright Act and Section 134 of the Trade Marks Act, the plaintiff may bring the case in terms of Section 20 (a) and (b) of CPC at the place where the defendant actually and voluntarily resides or carries on business or personally works for gain which, in the context of a company, or corporation, is the place where it has its sole or principal office in India.

27. Section 134 of the Trade Marks Act and Section 62 of Copyright Act only add to the remedy permitting the plaintiff to bring an action at a place other than that of the defendant. Since the objective of these provisions is to sub-serve the convenience of the plaintiff, if the cause of action has arisen, wholly or in part, at the same place where the plaintiff resides or carries on business, having its head office, it is not permissible for it to ignore such

a place on the pretext that it carries on business at other places as well. In such factual background, it is incumbent that the plaintiff institutes the suit at the place of its ordinary residence, or principal place of business, which is also the place where the cause of action has arisen and “not at other places”. In fact, the jurisdiction of the courts at other places (i.e., the places where the plaintiff may have subordinate/branch office so as to be carrying on business or personally working for gain there) stands “ousted”.”

19. Upon the above noted principles being applied to the facts and circumstances of the case at hand, it is clear that the plaintiffs have invoked the jurisdiction of this court incorrectly. At the cost of repetition, it may be mentioned here that the first plaintiff is a corporation existing under the laws of State of North Carolina, USA having its principal office in New York, USA. The second plaintiff, it being fully owned subsidiary of the first plaintiff, has its principal registered office located in Gurgaon (in the State of Haryana). None of the impugned acts which have given rise to this action of infringement and passing off under the Trade Marks Act has been committed within the territorial jurisdiction of this court.

20. The averments that the plaintiffs “*came across the defendants’ products under the impugned mark*” is as vague as it could be. All the defendants concededly reside or work for gain or carry on business in the State of West Bengal. In these circumstances, the cause of action having arisen in the State of West Bengal and the defendants being statedly working for gain in the State of West Bengal, in terms of the ordinary application of Section 20 CPC, the plaintiffs could have

chosen to institute this case in the concerned district of the State of West Bengal or, by virtue of the provision contained in Section 134 of the Trade Marks Act, in Gurgaon (in the State of Haryana) where the second plaintiff has its registered office, it being its principal place of business.

21. Having regard to the above opinion of this Court, it was put to the learned counsel for the plaintiffs that this court intends to return the plaint for want of territorial jurisdiction under Order VII Rule 10 CPC, in response to which the counsel orally prayed that instead of the plaint being returned simpliciter under the said provision of law, he may be allowed to have recourse to Order VII Rule 10A CPC and while the plaint may be thus returned, he may be allowed to present it again before the court of District Judge at Gurgaon (in the State of Haryana) which is the forum he would choose under Section 134 of the Trade Marks Act and, for such purposes, an appropriate date may be fixed and a direction may be given for the parties to appear accordingly.

22. The prayer of the learned counsel for the plaintiffs to above effect has been considered. But as noted in para 9 of this order earlier, the track reports which were submitted alongwith the affidavit of service on 19.12.2014, only indicate that the three postal articles had reached the sorting office of the Postal Department at Hasnabagh in the State of West Bengal on 13.12.2014, there being no clear report of service / delivery of the said summons on the defendants. The learned single Judge, then dealing with the matter, however, decided to set the defendants *ex parte* taking note of the Local Commissioner's report.

23. In the considered view of this court, mere intimation by the Local Commissioner at the time of inspection carried out under an *ex parte* order issued at the threshold could not have been treated as due service of the defendants. As also noticed above, the Local Commissioner had not come face to face with the proprietor of the defendant company. The purported representative of the defendants who was found at the spot was only an employee regarding whom there was no clear indication of he being authorized to receive the summons on behalf of his employer (i.e. the defendants). The Local Commissioner only talked to a certain individual on the mobile phone. There is nothing before the court to confirm that the said mobile number was of the proprietor of the defendants or anyone connected to him. Noticeably, the particulars of the person with whom the Local Commissioner was in such telephonic contact also do not match with those of any of the defendants. Even the name of the person (Mr. Chinmoy Santra) differs from that of the one (Mr. Sagar Nil Santra) described as the proprietor and impleaded as one of the defendants in the array of parties.

24. Thus, this court is of the opinion that the order setting the defendants *ex parte* was not correctly passed. The said order is, therefore, recalled and vacated.

25. Be that as it may, on the oral application made, the plaintiffs are allowed the liberty to have the plaint returned under Order VII Rule 10 A CPC and to present it before the court of District Judge, Gurgaon (in the State of Haryana) on 31.01.2017. For removal of doubts, it is clarified that the liberty thus granted to the plaintiffs to present the

plaint again before the court of District Judge, Gurgaon (in the State of Haryana) shall not be construed as a direction to the defendants to also appear on the said date in as much as the defendants are not even properly represented before this court and consequently, any default on their part in appearance before the court of District Judge, Gurgaon (in the State of Haryana) on the appointed date may not be treated as a default with adverse consequences in law.

26. Ordered as above. The Registry shall take necessary steps to return the plaint.

27. This disposes of the suit and applications filed therewith vacating the interim order.

(R.K. GAUBA)
JUDGE

DECEMBER 21, 2016

vk/yg