Vidya Amin

IN THE HIGH COURT OF JUDICATURE AT BOMBAY
CIVIL APPELLATE JURISDICTION

CIVIL REVISION APPLICATION NO. 313 OF 2017
WITH
CIVIL APPLICATION NO. 207 OF 2017 IN C.R.A. 313 OF 2017

Electronica India Ltd. ... Applicant
Vs.
Electronica Hitech Machine Tools Pvt. Ltd. ... Respondent

Mr. Ranjan Bachawat, Senior Advocate a/w. Mr. K.A. Kharawala, Shuvasish Sengupta, Pubali Sinja Chowdhury i/b. Lex Juris, Advocate for the Applicant.
Mr. Ravi Kadam, Senior Advocate a/w. Mr. Ashish Kamat, Kingshuk Banerjee, Ms. Radhika Gupta i/b. Wadia Ghandy & Co., Advocate for the respondent.

CORAM: **MRS.MRIDULA BHATKAR, J.**
DATE: **2nd August, 2017.**

P.C.:

This Civil Revision Application is directed against the order dated 17th April, 2017 passed by the learned 10th District Judge at Pune below Exhibit 12 in Regular Civil Appeal No. 11 of 2016. The plaintiff/respondent has filed the suit under trade mark for infringement and passing off under section 29(1), 29(5) and section 27(2) of the Trade Marks Act of 1999. The respondent/plaintiff firm is engaged in manufacturing in Electromagnet Products, who came across the similar product with the misuse of its trade mark "Electronica" in one Auto Exhibition in Ludhiana in February, 2016.

They found that the applicant/defendant is in the same business of electronic product and having their registered office at Calcutta. They also found that the defendant company was having manufacturing facilities at Saswad, Pune. The defendant has used their trade mark with dishonest, malafide intention thereby committing breach of the plaintiff's right against the trade mark law, hence respondent/plaintiff filed suit against the applicant/defendant in the Court of District Judge, Pune. During the pendency of the suit, the applicant/defendant moved an application under Order 7 Rule 11 read with section 151 of Code of Civil Procedure and challenged the territorial jurisdiction and also on non-disclosure of cause of action under Order 7 Rule 11 of the CPC. The respondent filed reply opposing the said application and the learned Judge after hearing both the sides rejected the said application. Hence, this Civil Revision Application.

2. In the suit, the plaintiff has prayed that the defendant be restricted from the decree of permanent injunction from passing off its goods as that of the plaintiff in respect of any goods or services in the course of business or otherwise. He has further asked for rendition of the account and also sought direction that the defendant

be directed to give stock of the goods wherein the plaintiff's trade mark “Electronica” that the goods bearing deceptive similarity.

3. The learned senior counsel Mr. Bachawat for the applicant has submitted that the suit is not maintainable in Pune Court but it should have been filed in the District Court, Calcutta. The learned senior counsel read and relied on the prayers in the suit and argued that the cause of action is not disclosed by the plaintiff and hence it is not maintainable. The main contention raised by the learned senior counsel is that the plaintiff has restricted its prayer only to the action of passing off and not for infringement, hence the territorial jurisdiction is to be tested in view of section 20 of Code of Civil Procedure(for short “CPC”) and also under section 134 of Trade Marks Act, 1999 (herein referred as “The Act”). In the entire plaint there are no pleadings that passing off took place at Saswad or in Pune. As per the case of the plaintiff, the sell or exhibition of the disputed goods was in Ludhiana in February 2016 and thus, the cause of action in fact took place either in Ludhiana or at Calcutta where the defendant company is having their registered office. In order to bring the case within the territorial jurisdiction of Pune, it is necessary for the plaintiff to show that the cause of action has taken

place in Pune or Saswad where the defendant company is carrying out the business of manufacturing. Under section 20 of the Code of Civil Procedure, suits are instituted where defendant resides or cause of action arises, so under section 20 of Code of Civil Procedure, present suit cannot be filed in Pune. He further relied on Explanation of Section 20 of the CPC, which reads as follows:

> "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.

4. On Explanation (c) of Section 20 of CPC, the senior counsel Mr. Bachawat argued that if cause of action does not arise at the place of subordinate office then the company would be deemed to carry on business at the place of its principal office in the present case, i.e., in Calcutta or at Ludhiana where, as per the case of the plaintiff, the goods were exhibited for sale. The learned senior counsel referred to section 134 of the Trade Marks Act and argued that it is neither a case of infringement nor relating to right in the registered trade mark. The plaintiff has prayed the relief of passing off, which falls not under section 134 (1)(a) & (b) but under Section

134(1)(c) , which cannot be asked for at the place where the plaintiff carries out his business or resides. The learned senior counsel has submitted that the plaintiff is totally silent on the point of cause of action taking place in Pune where its subordinate office is situated. The plaintiffs have only mentioned about the activity of manufacturing of the product or the goods at Saswad and they have received certain letters from other persons about misuse of trade mark. However, this is not sufficient to attract the jurisdiction of Pune, as the plaintiffs have not disclosed the cause of action of passing off in the suit. To substantiate his arguments, the learned senior counsel has relied on following decisions:

(i) **Indian Performing Rights Society Ltd. vs. Sanjay Dalia & Anr.**[1]

(ii) **Ultra Home Construction Pvt. Ltd. vs. Purushottam Kumar Chaubey & Ors.**[2]

(iii) **K. Narayanan & Anr. vs. S. Murali**[3]

(iv) **State of Rajasthan & Ors. vs. M/s. Swaika Properties & Anr.**[4]

1 (2015) 10 SCC 161
2 227(2016) DLT320
3 (2008) 10 SCC 479
4 (1985) 3 SCC 217

5. The learned counsel Mr. Ravi Kadam for the respondent has submitted that the issue of jurisdiction cannot be raised under Order 7 Rule 11 of the CPC but the applicant/defendant ought to have filed the Application under Order 7 Rule 10 of the CPC. If at all the suit under Order 7 Rule 10 of CPC is returned, then it being an interlocutory order, Civil Revision Application is not maintainable. The learned counsel has argued that in order to make a case of passing off, three ingredients are required - (i) a party should have a reputation; (ii) there should be element of deceit while misusing trade mark; and (iii) there is likelihood of damages. The plaintiff/respondent is the owner of the registered trade mark and it is misused by the defendant-company. He referred to the definition and interpretation of "use" in sub-clause (c) of Section 2(2) of the Act, which reads thus:

> "(c) to the use of a mark,—
>
> (i) in relation to goods, shall be construed as a reference to the use of the mark upon, or in any physical or in any other relation whatsoever, to such goods."

He submitted that in view of this definition of use of a mark, the word "misuse of a trade mark" is to be construed as affixing of label, device, name, which are deceptively similar actions to misuse the product. He submitted that manufacturing is a part of process of passing off and, therefore, the plaintiff has stated in the plaint that the defendant company is carrying on their business activity at Saswad, where their subordinate office is situated. He submitted that the act of imprinting or affixing the label in India would be per se actionable for both infringement action and passing off action. In order to substantiate his submissions, he relied on the judgment of the Division Bench of Bombay High Court in the case of **M/s. Maxheal Pharmaceuticals (India) & Anr. vs. Shalina Laboratories Pvt. Ltd. & Ors.**[5]

6. The learned senior counsel for the respondent has submitted that the plaintiff has disclosed the cause of action and plaintiff cannot be non-suited under Order 7 Rule 11 for not having jurisdiction. He further argued that in fact the plaintiff has pleaded in the cause title that it is the suit for passing off, infringement and have also made averment in the plaint, however, he admitted that the relief is restricted to passing off only. He submitted that the plaintiff has taken out an Application for amendment of plaint accordingly. However, he fairly conceded that for the purpose of present Civil

5 Appeal No. 88 of 2005 in Notice of Motion No. 2638 of 2004 decided on 16.02.2005.

Revision application and the order under challenge is limited to relief of passing off and not of infringement. The learned senior counsel, on the point of scope of Order 7 Rule 11(d) of CPC has submitted that the present case cannot fall under Order 7 Rule 11(d) because the defendant is unable to show that there is bar under any other law to entertain and try the suit. In support of his submissions, he relied on the judgment of the Hon'ble Supreme Court in the case of **Kamala & Ors. vs. K.T. Eshwarasa & Ors.,**[6]

7. The learned senior counsel for the respondent has submitted that in order to ascertain the disclosure of cause of action, the plaint is to be read as a whole and thus, with holistic approach, the pleadings disclosing the cause of action are to be read. In support of his submissions, he relied on the judgment of the Supreme Court in the case of **Sopan Sukhdeo Sable & Ors. vs. Assistant Charity Commissioner & Ors.**[7]

8. Read the plaint, the rulings and the relevant papers. Section 20 states about the territorial jurisdiction where the defendant resides or has office or work or cause of action takes place. Thus, in the Explanation, if a suit is filed against the defendant/Corporation, then

6 (2008) 12 SCC 661
7 (2004) 3 SCC 137

it is to be filed at the place of business at its sole or principal office in India or, if the cause of action arise at any place where it has also a subordinate office.

9. However, in the cases of Trade Mark, the legislature with a view to reduce the rigor of section 20 of the CPC enacted section 134 of the Trade Marks Act. Under section 134(1) of the Trade Marks Act, all suits in respect of infringement, passing off and relating to any right in a registered trade mark shall be instituted in the District Court and not below the Court of District Court. Under section 134(2) of the Trade Marks Act, a special provision is made that a suit in respect of infringement and relating to the right in the registered trade mark which is clauses (a) and (b) of sub-section (1) are to be filed where the plaintiff resides or carries on business or personally works for gain. Section 134 is a special provision and is a rider to Section 20 of the Code of Civil Procedure, however, it is not available wherein relief of passing off is prayed.

10. In the case of **Indian Performing Rights Society Ltd.** *(supra)*, the Supreme Court had an opportunity to deal with the territorial jurisdiction of the Court under section 62 of the Copyright Act, 1957

and Section 134 of the Trade Marks Act, 1999 and it was held that the purpose of enacting Section 62(2) and 134(2), which are parimateria, is to tone down the rigours of Section 20 of the Code of Civil Procedure by providing additional forum which is convenient to plaintiff in a trade mark/copyright dispute. The Supreme Court, while defining the cause of action, has held that the cause of action not only refers to the infringement but also to the material facts on which the right (alleged to be infringed) is founded. The Supreme court has further held that Section 20 of the CPC lays down the procedure to instituting the suit of passing off. Such suit can be instituted at the place where the company may have a subordinate or branch office where cause of action arise.

11. In the case of **Ultra Home Construction Pvt. Ltd.** *(supra)*, while interpreting clause (c) of Section 20 of the CPC, the Division Bench of Delhi High Court have held that

> "The clear intendment of the Explanation, however, is that, where the corporation has a subordinate office in the place where the cause of action arises, it cannot be heard to say that it cannot be sued there because it does not carry on business at that place. It would be a great hardship if, inspite of the corporation having a subordinate office at the place where the cause of action arises (with which in all probability the plaintiff has had dealings), such plaintiff is to be compelled to travel to the place where the corporation

> has its principal place. That place should be convenient to the plaintiff; and since the corporation has an office at such place, it will also be under no disadvantage. Thus, the Explanation provides an alternative locus for the corporation's place of business, not an additional one."

12. In the case of **K. Narayanan** *(supra),* the Hon'ble Supreme Court has held that "Filing of an application for registration of a trade mark does not constitute a part of the cause of action in a suit for passing off since filing of an application for registration of trade mark does not indicate any deception on the part of the respondent to injure business or goodwill of the appellants. In the present case, the applicant has already registered trade mark and th dispute is about misuse of the same, hence the ratio laid down in **K. Narayanan** is not useful in the present set of facts.

13. In the case of **State of Rajasthan & Ors. vs. M/s. Swaika Properties** (*supra)*, the Hon'ble Supreme Court has explained the cause of action. The cause of action is a bundle of facts which taken with the law applicable to them given the plaintiff a right to relief against the defendant. However, the mere service of notice on the respondents at their registered office within the territorial limits, could not give rise to a cause of action within that territory unless the service of such notice was an integral part of the cause of action.

14. I must clarify that while dealing with the issue of passing off and infringement, the Division Bench of Bombay High Court in **M/s. Maxheal Pharmaceuticals (India)** has not laid down the specific ratio about the activities which constitute passing off, however, it appears from the reading of the judgment that the submissions made by learned counsel that imprinting or affixing the label in India would be part of the process of passing off were accepted by the Division Bench. No precedent is placed before me holding that the manufacturing process is not to be included in passing off to bring the case ex-facie showing that Pune Court has no territorial jurisdiction to entertain the suit. Moreover, such challenge of territorial jurisdiction is not covered under Order 7 Rule 11 of the CPC but under Order 7 Rule 10 of the CPC wherein suit is to be returned for presentation before the proper forum and not rejected.

15. In the case of **Kamala** *(supra)*, the Hon'ble Supreme Court has discussed in detail the scope of Order 7 Rule 11(d) and Section 20 of the Civil Procedure Code and held that “Different clauses in Order 7 Rule 11 should not be mixed up and therefore, Order 7 Rule 11 (d) has a limited application. The Court has to examine whether the suit is barred under any limitation.

16. In the case of **Sopan Sukhdeo Sable** *(supra)*, it is held that the pleadings are to be considered as a whole and it is not proper to compartmentalize or segregate the pleadings, statement of fact and cause of action.

17. At the most, the objection is raised under Order 7 Rule 11(a) which reads as under:

> "The plaint shall be rejected where it does not disclose a cause of action."

18. Thus, to make out a case of passing off, overall one has to disclose the misrepresentation by the trader to his prospective customers by which the business of the another party is going to be injured and suffer. In the present case, as per the pleadings, the cause of action arose at Saswad where the manufacturing of the electronic product is carried out and is going on by the applicant/defendant. There are number of activities or exercises take place when the product is ready for sell and sold. Misrepresentation to the prospective customer and deception is a basic ingredient of the passing off. At the time of dealing with the customers or actual sale of such product, deception is apparent,

however, whether the deception starts at the stage of manufacturing, i.e., making a product look alike of which the trade mark is misused or affixing a label or giving a particular shape, will amount to deception contemplated under passing off or not is a question to be answered depending on the evidence. It is the issue which may arise before the trial Court at the time of hearing of this suit. However, as on today, the plaintiff has pleaded that the process of manufacturing, i.e., part of the business of defendant company is carried out at their subordinate office at Saswad and therefore, Explanation under section 20 is attracted and the Pune Court has a territorial jurisdiction.

19. While dealing with sub-clause (a) of Order 7 Rule 11 of the Code of Civil Procedure, I have to go by the pleadings in the plaint to ascertain whether the cause of action is disclosed or not. From the bare reading of the pleadings, the plaintiff has disclosed the cause of action where manufacturing and the business of the applicant/defendant is carried out at Saswad and hence, the suit is filed at Pune. Whether the plaintiff proves passing off or not is going to be an issue before the trial Court and is matter of evidence and marshalling of the same. If the plaintiff fails to discharge the burden

to prove the passing off, then the suit will be dismissed. However, factum of proof cannot be considered at the stage.

20. In view of this, the decision given by the learned Judge cannot be faulted with. Application under Order 7 Rule 11 is rightly rejected. Hence, Civil Revision Application is dismissed.

21. In view of dismissal of Civil Revision Application, Civil Application does not survive and the same is accordingly disposed of.

22. The learned counsel for the applicant orally prays to stay the operation of this order, as they want to challenge this order before the Hon'ble Supreme Court.

23. As the applicant wants to challenge this order before the Hon'ble Supreme Court, the operation of this order is stayed for a period of six weeks.

(MRIDULA BHATKAR, J.)