

**IN THE HIGH COURT OF JUDICATURE AT BOMBAY  
ORDINARY ORIGINAL CIVIL JURISDICTION**

**IN ITS COMMERCIAL DIVISION**

**LEAVE PETITION NO. 39 OF 2017  
IN  
COMMERCIAL SUIT (LODG.) NO. 45 OF 2017**

Kalpataru Properties Private Limited

.. Petitioner

Vs.

1. Sri Kalpataruvu Chits (India) Private Limited

2. Sri Kalpataruvu Chits (Narasaraopet)

Private Limited

.. Respondents

Dr.Abhinav Chandrachud a/w. Ms.Smriti Yadav and Mr.Dhiren Karania i/b  
Khaitan and Co. for petitioner/plaintiff.

Mr.Vijay Kumar a/w. Ms.Pranali Adangale i/b M/s. K. Ashar and Co. for  
respondents/defendants.

**CORAM : K.R.SHRIRAM, J.**

**DATE : 28<sup>TH</sup> JUNE, 2017**

**P.C.**

1. This Leave Petition under Clause XIV of the Letters Patent is taken out by the petitioner/plaintiff in a trademark infringement and passing off suit. The Leave Petition is filed on the basis that the plaintiff's suit for infringement of its registered trade mark is maintainable before this Court and that under Clause XIV of the Letters Patent, the plaintiff be permitted to combine the cause of action of passing off with the cause of action for infringement of trade mark in the above suit. The cause of action for passing off arises outside the jurisdiction of this Court.

2. The plaintiff is a company having its registered office at Mumbai and carries on business, *inter-alia*, as builders and developers of residential and commercial properties. Defendant Nos. 1 and 2 are companies incorporated under the Companies Act, 1956, having its registered office at Chilakaluripet and Narasaraopet, Andhra Pradesh. The plaintiff claim to be the proprietor of registered trade mark “KALPATARU” and has various entities under the Kalpataru Group like Kalpataru Power Transmission Limited, Kalpataru Land (Surat) Private Limited, Kalpataru Limited, Kalpataru Construction Private Limited, Kalpataru Estate Private Limited, Kalpataru Builders Private Limited etc. The defendant No.1 is carrying on business of financial services in the name 'Sri Kalpataruvu Chits (India) Private Limited' and 'Sri Kalpataruvu Chits (Narasaraopet) Private Limited'. The defendants have also filed applications with the Trade Mark Registry for registration of the mark and the name “SRI KALPATARUVU (CHITS) INDIA PVT. LTD. both in class 36 in respect of “financial and monetary affairs which include conducting chit funds business” as stated in paragraph 24 of the plaint.
3. The plaintiff has filed this suit alleging : (a) that the impugned mark of the defendants is structurally, visually and phonetically identical/similar to the trade mark of the plaintiff; (b) the defendants

are adopting an identical and similar trade mark with a view to cash in on the reputation and trade upon goodwill of the plaintiff's trade mark; and (c) the adoption of the impugned trade mark by the defendants is dishonest and in bad faith *ab-initio* and a man of average intelligence would be misled and/or likely to be misled by the similarity of the impugned mark into believing that the impugned services of the defendants are associated with or connected with the plaintiff and/or that there is some business relationship between the plaintiff and the defendants and/or that the plaintiff has set up or is associated with the business of the defendants, etc.

4. The plaintiff is also alleging that the defendants have adopted the impugned mark to deceive the members of the defendants' business and/or attempt to pass on defendants' business and impugned services as business/services of the plaintiff. The plaintiff states that the act of passing off the services of the defendants puts the goodwill and the reputation of the plaintiff at risk.
5. The plaintiff has filed this suit in this Court on the basis (i) the plaintiff's registered office is in Mumbai and its products/services are sold/offered, within the local limits of the Ordinary Original Civil Jurisdiction of this Court; and (ii) the plaintiff's trade mark is also registered at the office of the Registrar of Trade Marks at Mumbai,

and therefore, this Court has jurisdiction to entertain this suit under the provisions of Section 134 of The Trade Marks Act, 1999.

6. Since the defendants have their registered office in Andhra Pradesh which is outside the local limits of the Ordinary Original Civil Jurisdiction of this Court, the plaintiff prays for leave under Clause XIV of the Letters Patent to combine the cause of action for infringement of trade mark in respect of which this Court has jurisdiction with the cause of action of passing off. According to the plaintiff, the issues involved in both the causes of action are same and pertain to trade mark of the plaintiff. Therefore, to avoid multiplicity of proceedings and in the interest of justice, it is necessary to permit the plaintiff to combine the causes of action.

7. Clause 14 of the Letters Patent reads as under :

**"14. Joinder of several causes of action :** And we do further ordain that where plaintiff has several causes of action against a defendant, such causes of action not being for land or other immovable property, and the said High Court shall have original jurisdiction in respect of one of such causes of action, it shall be lawful for the said High Court to call on the defendant to show cause why the several causes of action should not be joined together in one suit, and to make such order for trial of the same as to the said High Court shall seem fit."

8. The defendants have been served a copy of the Leave Petition, the plaintiff's notice of motion and the affidavit in support. No affidavit in reply has been filed to the present petition. The counsel Mr.Kumar

stated that the defendants do not wish to file any reply and he will argue on demurrer since it is a pure question of law. It was submitted by Mr.Kumar that the defendants are carrying on business at Andhra Pradesh and it will cause hardship to come here and defend this action. The defendants' business is totally different from what the plaintiff's business activities are and for which plaintiff's have registered trade mark. The counsel submitted that the defendants are rendering services since 1986 and since both are not in the same services and admittedly the defendants are in financial services, the question of infringement of trade mark will also not arise under Section 28 read with Section 29 of the Trade Marks Act, 1999. The counsel submitted that when there is no infringement of trade mark or when the defendants' name and trade mark cannot be held to be infringing the plaintiff's trade mark, the question of filing the suit for infringement of trade mark itself does not arise and when such a suit cannot arise, the question of clubbing both the causes of action also will not arise. The counsel, therefore, submitted that the Leave Petition be rejected.

9. The requirements of clause 14 of the Letters Patent as it appears from the bare reading thereof is that the High Court shall have original jurisdiction in respect of one of such causes of action which are

available to the plaintiff against the defendants. It is not necessary that such cause of action ought to have arise within the jurisdiction of the High Court. The Court has jurisdiction in respect of a cause of action not only on the ground that such cause of action arises within the territorial limits of its jurisdiction but even on other grounds such as residence or business of the defendants within the local limits of its jurisdiction.

In the case of Section 134(2) of the Trade Mark Act, 1999, a registered proprietor of a trade mark can institute a suit for infringement in a District Court within the local limits of whose jurisdiction, at the time of the institution of the suit, the registered proprietor, actually and voluntarily resides or carries on business or personally works for gain. Therefore, in the case of an infringement action, this Court has jurisdiction in respect of the subject matter of dispute by reason of the residence or the business of the plaintiff proprietor.

10. Undisputedly, the plaintiff is carrying on business within the jurisdiction of this Court. The trade mark registration is also made within the jurisdiction of this Court. Once it is clear that the Court has jurisdiction in respect of cause of action for infringement of trademark because the business of the plaintiff being within the

jurisdiction of this Court, this Court can call upon the defendants to show cause why the other cause of action claimed by the plaintiff, i.e., on passing off by the defendants of their services as those of the plaintiff, cannot be combined with the cause of action for infringement.

11. The exercise of discretion in a Clause XIV application was considered by this Court in ***Jagdish Gopal Kamath & Ors. Vs. Lime & Chilli Hospitality Services P. Ltd.***<sup>1</sup> and in paragraph 16, the Court after considering the observations/findings in various decisions and considering Clause XIV, has provided the factors to be considered in a Petition for leave under Clause XIV. It will be useful to reproduce Paragraph 16 and the same reads as under :

“16 From a reading of Clause XIV of the Letters Patent, the observations/findings in the aforesaid decisions of the Hon'ble Division Bench of this Court, and from the above discussion it can safely be concluded that :

- (i) the grant of leave under Clause XIV of the Letters Patent is a discretionary exercise;
- (ii) the primary consideration, while deciding applications for grant of leave under clause XIV of the Letters Patent is 'avoiding multiplicity of litigation';
- (iii) in the absence of proven mala fides/hardship, the argument that grant of leave will drag the Defendant from a forum where the Defendant is situated, to the Court from which Clause XIV is sought and that this is prejudicial/inconvenient to the Defendant, is fallacious and misconceived;
- (iv) leave may be declined considering undue hardship to the Defendant or such other similar ground/s;

(v) leave may be declined if the suit as filed is on the face

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1 2013 Bom.C.R.446

*of it not maintainable and the same is nothing but an abuse of law/Court;*

*(vi) the inquiry whether on facts the Plaintiff is entitled to grant of leave as sought for or not has to be minimal and not in detail, so as to ensure that KPP 16 Petition No. 972 of 2012 observations made do not adversely affect the parties while considering the prayers for grant of interim relief or while deciding the suit;*

*(vii) it is not possible to list all the circumstances under which leave under Clause XIV should be granted or declined. The Court has to use its judicial discretion and arrest any abuse of the process of a court without going into the merits of the case to the extent of virtually obliterating the distinction between grant of leave and grant of interim relief.*

*(viii) leave petitions cannot be converted into interlocutory hearings based on the initial cause of action. This will be an anathema to the object/legislative policy behind granting leave.*

12. From the above, it is clear that grant of leave is a discretionary exercise and the primary consideration while deciding applications for grant of leave under Clause XIV is 'avoiding multiplicity of litigation'. The other point which has to really weigh in the mind of the Court is whether the plaintiff's action smacks of *mala fides* and is an abuse of law/Court.

13. It is not disputed that the plaintiff is the registered proprietor of the trade mark of the word "KALPATARU". It is the case of the plaintiff that the defendants, by using its name and trade mark, which it had applied for registration, has infringed the trade mark proprietary rights of the plaintiff. The plaintiff also apprehends that the defendants are passing off its financial services as the services of the

plaintiff because the plaintiff is part of a well known group of companies based in Mumbai. Moreover, the plaintiff has its registered office within the jurisdiction of this Court and the plaintiff's trade mark is also registered within the jurisdiction of this Court. Therefore, I am unable to come to a conclusion that the suit as filed, on the face of it, is not maintainable or nothing but an abuse of law and Court. The defendants have also not filed any affidavit showing cause as to why the leave is not to be granted or that the suit as filed, is nothing but an abuse of law and Court.

14. Whether the trade mark which the defendants have applied for registration amounts to an infringement or not, cannot be decided at this stage. Going into the details, as suggested by the counsel for the defendants, would amount to conducting an inquiry whether the plaintiff has made out a case for infringement. This would certainly affect the application for grant of interim/final reliefs. Therefore, having come to the conclusion that the suit filed by the plaintiff cannot be said to be lacking in *bona-fides* and is not an abuse of the process of the Court, the question of dragging the defendants to this Court upon leave being granted or inconveniencing them also does not arise. If leave is granted, it will also be convenient to the defendants as otherwise, the defendants will have to defend an action

for infringement of trade mark in this Court and for passing off in the Courts of Andhra Pradesh. I find support in the judgments of this Court in *Indchemie Health Specialities Pvt. Ltd. Vs. Intas Pharmaceuticals and Anr.*<sup>2</sup> and *Cadila Health Care Ltd. Vs. Cadila Pharmaceuticals Ltd.*<sup>3</sup>.

15. In the circumstances, leave is granted to the plaintiff under Clause XIV of the Letters Patent, as sought. Further, it is clarified that the defendants are at liberty to raise all contentions as to whether there is any infringement and / or otherwise at the time of hearing of the ad-interim/interim application.

16. The counsel for the defendants states that the defendants will be lodging an application for rejection of plaint under Order VII, Rule 11 of the Code of Civil Procedure, 1908 during the course of this week. If such notice of motion is lodged, the same to be listed along with the notice of motion (Lodg.) No.45 of 2017 for hearing on 8<sup>th</sup> August 2017 at 3:00 P.M.

Leave Petition disposed.

**(K.R. SHRIRAM, J.)**

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<sup>2</sup> 2015 SCC Online Bom. 2810

<sup>3</sup> (2001) 5 SCC 73