

* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

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Decided on: 27.07.2017

+ **CS(OS) 2047/2013 & I.A. 17022/2013**

INDOVAX PVT. LTD

..... Plaintiff

Through: Mr. Mohit Chaudhary, Mr. A. Das,
Ms. Rashi Bansal and Ms. Anju
Agarwal, Advocates.

versus

MERCK ANIMAL HEALTH AND ORS

..... Defendants

Through: Mr. Sachin Datta, Sr. Advocate with
Mr. Ashwani Balwan and Ms. Shita
Chandra, Advocates.

**CORAM:
HON'BLE MS. JUSTICE DEEPA SHARMA**

JUDGMENT

**IA No. 3417/2014 (by D-3 U/o VII R 11 and u/O VIII R 1 r/w S. 151
CPC)**

1. Vide this application, the defendant No.3 has challenged the territorial jurisdiction of this Court. The present suit was initially filed by the plaintiff for infringement of its trade mark and passing off. Subsequently, by way of amendment of the plaint, the plaintiff deleted its relief for infringement of its trade mark which fact is clear from the order of

this Court dated 18.11.2013. The suit of the plaintiff now remains for that of passing off.

2. In the application, the applicant has alleged that this Court has no territorial jurisdiction on the ground that for a suit for passing off, the territorial jurisdiction of the Court has to be determined under Section 20 of Civil Procedure Code (hereinafter referred to as 'CPC'). It is alleged that the defendants are neither residing nor carrying on the business in Delhi as per the averments in the plaint itself. It is further submitted that no cause of action has also arisen within the territorial jurisdiction of this Court. The benefit of Section 134 of Trademark Act is not available in a suit of passing off action . It is submitted that the plaintiff had initially filed a suit on the basis of a single invoice issued in Jind, Haryana in support of his contention that cause of action had arisen within the jurisdiction of this Court and no other document was filed along with the original plaint to *prima facie* show that the cause of action had arisen within the jurisdiction of this Court. Subsequently, however, the plaintiff filed on record three invoices of one 'Baxi Medical Stores' in Delhi on 16th November, 2013 along with the amended plaint. These invoices are dated October 29/30, 2013 i.e. obtained after the filing of the present suit. These invoices purported to be issued not

to the plaintiff but to the third parties i.e. Yadav Research & Breeding Farm, S.K. Breeding Farm and Kegg Farms (P) Ltd and there is no pleading or document to establish any connection of these three entities to the plaintiff or to the defendants and there is no explanation as to how the plaintiff had obtained any of these three invoices. It is further contented that the Local Commissioner, appointed by the Court vide its order dated 18.11.2013, to ascertain the source from where Baxi Medical Stores obtained the stock of medicines which it sold under these three invoices. The Local Commissioner in its report dated 26th November, 2013 has clearly stated that Baxi Medical Stores sourced the stock from Karnal, Haryana and that the proprietor of the said store had also admitted that he is not a distributor of defendants and had merely procured the three vials of product INNOVAX from outside Delhi. It is submitted that these facts clearly show that these three invoices had been filed by the plaintiff to set up the territorial jurisdiction in Delhi and thus the plaintiff is engaging in forum shopping. It is submitted that these three invoices which were neither issued by defendants nor by any of their authorized representative/ dealer are not sufficient to give territorial jurisdiction to the Delhi Courts. It is further contended that admittedly the defendants are neither residing nor carrying

on its business nor have any manufacturing unit within the jurisdiction of this Court. This Court therefore lacks territorial jurisdiction and the plaint is liable to be returned.

3. The application is contested by the plaintiff. It is contended that this Court has the territorial jurisdiction since the defendant's vaccines under the impugned trademark is available for sale in Delhi and also that the defendants through their agents are peddling their vaccines in Delhi. In the unamended suit, the plaintiff had relied on an invoice dated 05.10.2013 which shows that the defendants are passing off their goods through Balvindra Medical Hall. The plaintiff's client namely Chaudhary Poultry Farm, Najafgarh, New Delhi had purchased the goods of the defendants from Chaudhary Poultry Farm and this fact is sufficient to give jurisdiction to the Court. The plaintiff in an amended plaint has explained that when the suit came up for hearing before the Court on 25.10.2013, in order to satisfy the judicial conscience of the Court on the issue of territorial jurisdiction sought permission to produce more invoices to show the sale of the defendant's vaccines in Delhi. It, thereafter, conducted investigations and learned that Baxi Medical Stores located in Khanna Market, Tis Hazari, possess the defendant's vaccines for sale and after sustained investigation

learnt on 29.10.2013 and 30.10.2013 that defendant's goods under the impugned trademark INNOVAX were sold by Baxi Medical Store to three different persons in Delhi. The plaintiff thereafter requested Kegg Farms (P) Ltd (one of the three buyers) to provide copy of the invoices issued by Baxi Medical Store and thereafter obtained the invoices of other two sales from Baxi Medical Store. As soon as the plaintiff got the invoices, it moved an application under Order 6 Rule 17 of CPC whereby it deleted its prayer for infringement of its trademark by the defendants and also included these invoices in the amended plaint. It is further contended that the Court was satisfied that it had territorial jurisdiction and that is why the Court allowed the amendment and issued the notice to the defendants. It is not disputed that the Local Commissioner visited Baxi Medical Store and recorded the statement of the proprietor. The proceedings conducted by the Local Commissioner were filed by him in the Court. It has been contended that the defendants have nowhere denied that Dev Enterprises is not the defendant's authorized distributor or agent. It is further contended that the question of jurisdiction is a mixed question of law and fact. It is submitted that the report of the Local Commissioner clearly establishes the fact that the defendant's medicines are available for sale in Delhi. It is submitted

that sale through consignee or the distributor is sufficient for this Court to have territorial jurisdiction. It is further submitted that defendants have filed an application for registration of trademark INNOVAX in Delhi and this would give rise to a threat perception in the mind of public that the goods of defendants are to be sold in Delhi and that would be sufficient to give the jurisdiction to this Court. On these contentions, it is prayed that the application has no merit and the same is liable to be dismissed.

6. The contention of the defendants is that neither they nor any of their representatives is selling the vaccine in Delhi nor they have authorized dealers within the territorial jurisdiction of Delhi and hence this Court has no jurisdiction and the suit is liable to be dismissed.

7. It is argued by learned counsel for the plaintiff that while determining the question of jurisdiction upon an application under Order 7 Rule 11, the Court has to rely only on the averments of the plaint and accept it as a gospel truth. Reliance is placed on Exphar S.A. vs. Eupharma Laboratories Ltd, AIR 2004 SC 1682, LT Foods Limited vs. Heritage Foods (India) Ltd, 210 (2014) DLT 721, Saleem Bhai & Ors vs. State of Maharashtra & Ors, (2003) 1 SCC 557 and Tata Iron & Steel Co. Ltd. vs. Mahavir Steels & Others , 47 (1992) DLT 412. It is further argued that

actual sale of the product within the jurisdiction of a Court is not essential for an act of passing off where there is an intention to sell and the plaintiff makes out a *prima facie* case of such intention, this Court has the territorial jurisdiction. Reliance is also placed in the case of **Pfizer Products, Inc. vs. Rajesh Chopra & Ors, 2006 (32) PTC 301**. In this case, the defendants have already applied for registration of its trade mark within Delhi, the plaintiff has a substantial threat against the defendants from selling the goods in Delhi and thus this Court held that it has the jurisdiction.

9. Learned counsel for the plaintiff has also relied on the findings in the case of **L.G. Corporation & Anr. vs. Intermaket Electropasters (P) Ltd. & Anr, 2006 (32) PTC 429 (Delhi)** and argued that in this case also, this Court gave findings that the Courts in Delhi have territorial jurisdiction on the ground that the infringing goods were being sold in Delhi.

10. Learned counsel for plaintiff has also relied on the findings in the case of **Novartis A.G. vs. Crest Pharma Pvt. Ltd & Anr, 2009 (41) PTC 57 (Del.)** and argues that in this case, this Court has categorically held that mere averments in the plaint is sufficient to invoke the jurisdiction of the Court and where the defendants' products are available in Delhi through their agents and if such averments are made in the plaint, then such

averments are sufficient to prove the factum of goods being available in Delhi. Learned counsel for the plaintiff has also argued that the plaintiff's goods have adopted a distinctiveness in the market and any goods carrying a trade name which is deceptively similar to that of plaintiffs, is likely to cause confusion in the mind of public and the public would think that they were buying the goods belonging to the plaintiff. It is argued that the defendant's trademark INNOVAX is deceptively similar to that of plaintiff's trademark INDOVAX and the public buying the vaccine would be buying it under the confusion that it is buying the product of plaintiff while, in reality, they were buying the products of defendants. It is submitted that on account of this, the cause of action of passing off has arisen in favour of the plaintiff and the reliance has been placed on **Bharat Hotels Limited vs. Unison Hotels Ltd, 2004 (28) PTC 404 (DEL)**. Learned counsel for the plaintiff has also argued that the sale to distributor amounts to commercial sale and has relied on the findings of the case **Glen Raven Mills Inc. vs. Vaspar Concepts Pvt. Ltd & Anr, 60(1995) DLT 616**. It is also argued that the adoption of trading style/corporate name also amounts to infringing the trademark and relied on findings in the case of the **Lakshimkant V. Patel vs. Chetanbhat Shah, AIR 2002 SC 275**. It is

further argued that the marks have to be determined as a whole and relied on the findings in the case of *Novartis A.G. (supra)*. Learned counsel for the plaintiff has also relied on the findings of *Exphar S.A. (supra)*, *LT Foods Limited (supra)*, *Saleem Bhai (supra)* and *Tata Iron & Steel Co. Ltd. (supra)* and put emphasis on the principles which the Court to follow while considering the issue whether marks were deceptively similar and likely to cause confusion in the minds of public. It is further argued that the fraud/intention to deceive is not a relevant criteria for an act of passing off and it is sufficient if act of the defendant in selling its goods amounts to passing off and has relied on the findings of **Cadila Health Care Ltd vs. Cadila Pharmaceuticals Ltd, AIR 2001 SC 1952.**

11. Learned counsel for the defendants has argued that there is no sale of its product by the defendants either by itself or through their authorized representative or any of their agents or dealers within the jurisdiction of this Court and the plaintiff has not produced any document on record to *prima facie* show the sale of defendant's product within the jurisdiction of this Court by the defendants or their agents/dealers or authorized representatives. It is argued that the jurisdiction has been created by the plaintiff by procuring the medicine of defendants which are not being sold

within Delhi. It is argued that the plaintiff is involved in forum hunting by creating evidences. It is submitted that the Local Commissioner's report clearly shows that Baxi Medical store procured the medicine against three invoices on demand from Jind, Haryana and sold it to them in Delhi. It is further argued that Baxi store is not distributor/dealer or authorized agent of the defendants and the proprietor of Baxi store have clearly stated so to the Local Commissioner. Besides this, he had also informed the Local Commissioner that he had procured this medicine for supply on specific demands. It is submitted that a supply of the product of the defendants by an unauthorized person to any third person cannot be said to be a commercial sale made by the defendants either by itself or through their agent or distributors. It is submitted that no cause of action has arisen within the territorial jurisdiction of this Court and hence the Court has no territorial jurisdiction. Reliance is placed on the findings in the case of **M/s Dhodha House vs. S.K. Maingi, 2006 (32) PTC 1 SC.**

12. I have heard the arguments and have given thoughtful consideration to the rival contentions of the parties.

13. The plaintiff has confined the present suit to the relief of an act of passing off by the defendants. Under Section 134(1) (c) of the Trade Marks

Act, 1999, the jurisdiction of the civil Court has to be determined under Section 20 of the CPC. Section 20 of the CPC envisages that a suit can be filed against the defendants where he is residing or carrying on its business or where any part of the cause of action has arisen. In this case, admittedly the defendants are neither residing nor carrying on its business within the jurisdiction of this Court. The case of the plaintiff is that the products of the defendants are available within the jurisdiction of this Court and, therefore, the cause of action has arisen within this Court and this Court has the territorial jurisdiction.

14. It is a settled proposition of law that while determining an application Under Order 7 Rule 11 CPC, the Court has to be guided by the averments made in the application accepting it as a gospel truth and cannot rely on extraneous facts mentioned in the written statement (*Saleem Bhai and Ors vs. State of Maharashtra and Ors. AIR 2003 SC 759*). The Apex Court in the case *Mayer (H.K) Ltd and Others vs. Owners and Parties, Vessel M.V. Fortune Express and others: (2006) 3-SCC-100*, has enunciated the principles as under:-

“11. From the aforesaid, it is apparent that the plaint cannot be rejected on the basis of the allegations made by the defendant in his written statement or in an application for rejection of the plaint. The Court has to read the entire plaint as a whole to find

out whether it discloses a cause of action and if it does, then the plaint cannot be rejected by the Court exercising the powers under Order VII Rule 11 of the Code. Essentially, whether the plaint discloses a cause of action, is a question of fact which has to be gathered on the basis of the averments made in the plaint in its entirety taking those averments to be correct.....”

It is also settled proposition of law that the Court has to confine itself to the averments made in the plaint and the documents supporting the averments in the plaint. This Court in **Tilak Raj Bhagat vs. Ranjit Kaur 2012 VAD (Delhi) 186** had held that the plaint has to be read as a whole together with the documents filed by the plaintiff. The Supreme Court in the case **T. Arvindandam vs. T.V. Satyapal and another (1977) 4-SCC-467** had held that the Courts are required to give “*a meaningful not formal reading of the plaint*” and where the Court reaches to the conclusion that the plaint is “*manifestly vexatious and meritless, in the sense of not disclosing a clear right to sue, he should exercise his power under Order VII Rule 11, CPC taking care to see that the ground mentioned therein is fulfilled. And, if clever drafting has created the illusion of a cause of action, nip it in the bud at first hearing by examining the party searchingly under Order X, C.P.C. An activist Judge is the answer to irresponsible law suits.*” The same principles were reiterated in **I.T.C. Ltd. Vs. Debts Recovery Appellate Tribunal and Ors, AIR 1998 SC 634**, stating that the Courts have a duty to

find out whether a real cause of action has been set out in the plaint or something purely illusory had been stated with a view to get out of Order VII Rule 11 of CPC.

15. It is an admitted fact that the trademarks of the plaintiff as well as that of the defendants are registered trademarks.

16. It is apparent that passing off is a tort under common law and is mainly used to protect the good will attached with the trademarks. Lord Halsburg has stated that “*nobody has any right to represent his goods as the goods of somebody else.*”

The action of passing off is based on the principle that “*A man may not sell his own goods under the pretence that they are the goods of another man*”(N.R. Dongre vs. Whirlpool Corporation, AIR 1995 Del 300).

The essentials that constitutes passing off action as laid down by Lord Diplock in Ervin Warnik B.V. vs. J. Townend & Sons (Hull) Ltd (1979) 2 All ER 927 are reproduced as under:-

- (i) Misrepresentation,
- (ii) The act must be made by the defendant in course of trade,
- (iii) The prospective or ultimate customers of the plaintiff's goods and services have been misrepresented,

- (iv) Such an act of misrepresentation is calculated to injure the business or goodwill of the plaintiff, and
- (v) Such act causes actual damage to the business or goodwill of the plaintiff, and
- (vi) such act causes actual damage to the business or goodwill of the plaintiff. Essentiality of these characteristics has also been recognized by the Indian courts.

There are three main elements of the tort of passing off which were also referred as “*classical trinity*” in *Harrods vs. Harrodian School*, 4 (1996) RPC 698 is:

1. Reputation;
2. Deception; and
3. Damage to goodwill

In *Baker Hughes Ltd vs. Hiroo Khushalani* (2000) 102 Comp Cas 203 (Del), this Court has held that the plaintiff in an action of passing off must establish the following elements:

1. the plaintiff has acquired a reputation or goodwill in his goods, name or mark;

2. a misrepresentation, whether intentional or unintentional, which proceeds from the defendant by the use of the name or mark of the plaintiff or by any other method or means and which leads or is likely to lead the purchaser into believing that the goods or services offered by the defendant are the goods and services of the plaintiff; or that the goods and services offered by the defendant are the result of the association of the plaintiff;
3. the plaintiff has suffered or likely to suffer damage due to the belief endangered by the defendant's representation.

These three elements of passing off namely the reputation of goods, possibility of deception and likelihood of damage have been approved by the Supreme Court in the case of **Laxmikant V. Patel vs. Chetanbhat Shah** 9 AIR 2002 SC 275.

In the case of **Durga Dutt vs. Navratna Pharmaceuticals Laboratories** AIR 1965 SC 980, the Court has held that in a case of passing off, it is necessary to prove that an ordinary person is likely to buy goods in a belief that the goods are that of the plaintiff, though it is not necessary to show that actual sale took place. The gist of these cases is that in an act of passing off the goods of the defendants should be available for sale within

the jurisdiction of this Court, though the actual sale has not taken place. It is in this context that Court has to determine whether any part of cause of action in favour of the plaintiff has arisen within the jurisdiction of this Court.

17. In para 43 of its amended plaint, the plaintiff has disclosed the facts giving rise to cause of action in his favour within the jurisdiction of this Court. For the convenience sake, the same are reproduced as under:-

“43. CAUSE OF ACTION

The cause of action for institution of the present suit arose on 29.10.2013 and 30.10.2013 respectively when the goods under the impugned trademark INNOVAX belonging to the Defendants were sold/ made available in New Delhi by Baxi Medical Store located in 100, Khanna Market, Tis Hazari, New Delhi-54 to Yadav Research and Breeding Farm, S.K. Breeding Farm and Kegg Farms Pvt. Ltd. Vide Invoice numbers R-7694/13-14 dated 30.10.2013, R-7693/13-14 dated 30.10.2013 and R-7649/13-14 dated 29.10.2013 respectively.

Prior to that the cause of action arose on 05.06.2013 when the Plaintiff learnt that despite a cease and desist notice issued to the Defendants on 28.05.2013, the Defendants have not stopped from selling its vaccines under the deceptively similar trade mark “INNOVAX”. Every sale of goods under trade mark INNOVAX by the Defendants is giving rise to fresh cause of action.

Prior to this the cause of action also arose on August 8, 2013 when the Plaintiff filed a petition for cancellation of the trademark registration no. 1681347 registered in the name of Defendant No. 2.

Prior to this the cause of action also arose on May 28, 2013 when Plaintiff issued a cease and desist notice to the Defendants (through Defendant No. 3). The Cause of action

further also on June 14, 2013 when the Defendants replied to cease and desist notice.

Prior to this the cause of action also arose in May, 2013 when a poultry owner complained about the substandard NewCastles and Marecks poultry vaccines manufactured by the Defendants, believing it to that of the Plaintiffs.

Prior to this, the cause of action arose again in the Month of May 2013, when the Plaintiff learnt about the domain name and website of the Defendants being www.innovax-vaccines.com , and the advertisement in the May issue of Poultry World, evidencing the actual use of the deceptively similar trademark “INNOVAX” of the Defendants.

Prior to this the cause of action arose again in May when the Plaintiff conducted a search in the database of the trademark office and learnt about the fraudulent registration for the trademark “INNOVAX” by the Defendants. The cause of action is a continuous one and continues to subsist till the defendants are restrained from manufacturing and selling goods in question under the trade mark INNOVAX.”

In para 44 of the amended plaint, the plaintiff has highlighted the facts which gives rise to the territorial jurisdiction to this Court under Section 20 of the CPC. The relevant paragraph is reproduced as under:-

“44.JURISDICTION

This Hon’ble Court has the jurisdiction to try and entertain the present suit by virtue of Section 134(2) of Trade Marks Act as the Plaintiff is operating and carrying on business within the jurisdiction of this Hon’ble Court. Thus this Hon’ble Court has jurisdiction to try and entertain the present suit. This Hon’ble Court also has territorial jurisdiction under Section 20 of the Code of Civil Procedure 1908 to entertain the present suit, as a part of the cause of action also arose at Delhi. This Hon’ble Court also has territorial jurisdiction as poultry vaccines manufactured and marketed by the Defendants under the deceptively similar trademark “INNOVAX” is available for

purchase in New Delhi. Therefore this Hon'ble Court has jurisdiction to try the present suit.” (emphasis supplied)

18. The averment shows that the jurisdiction of the Court is claimed on the ground that the medicine of the defendants is available for purchase in Delhi. In case of *Glen Raven Mills (supra)* relied upon by the plaintiff, this Court, in para 10, held that the cause of action in case of passing off has arisen only when it is proved that the defendant is selling its goods under the impugned trademark within its jurisdiction. The relevant paragraphs are reproduced hereunder:-

“10.In a suit for passing off or injunction Or account of infringement of trade mark, the cause of action partly or wholly can arise in a given jurisdiction only if it is the defendant who is proved to have directly made sale of goods under the impugned trade mark, within that jurisdiction, not loan individual customer but to a distributor, wholesaler or retailer and that such a sale is on a commercial scale. In the instance case there was no evidence to show any transaction of sale of goods under the impugned trade mark, made by the defendant at the place where the suit for passing off and in-junction was instituted and so the court at that place had no jurisdiction to entertain the suit.

11.In order that the Court at a particular place should have jurisdiction to try a passing off action, it is necessary to show that the defendants were responsible for sending out to that district, goods which were liable to deceive intending purchasers into believing that they were goods manufactured by the plaintiffs. It would, of course, not be sufficient if such goods were supplied by the defendants to individual purchaser for use, as in such a case, the probability of

any members of the public being deceived would be slight. It is necessary to show that the supply has been on a commercial scale to persons who are likely to offer the goods in question for sale." (emphasis supplied)

18. In *Glen (supra)* case, this Court has clearly held that one or two transactions is not sufficient to give jurisdiction to the Court and sale has to be on a commercial scale. In this case, the Court has also held that mere supply of the goods to individual purchaser for use is not sufficient to give jurisdiction to the Court as in such cases; the probability of public being deceived would not be present. The law laid down by this Court in this case clearly shows that unless the sale is on the commercial scale, it cannot be said that the cause of action for passing off has arisen in favour of the plaintiff within the jurisdiction of this Court. In the case of **Banyan Tree Holding (P) Limited vs. A. Murali Krishna Reddy & Anr,** 2010 (42) PTC 361 (Del), this Court formulated the various questions including question no.(iii) in para 7 which is “*Is it permissible for the plaintiff to establish such prima facie case through “trap orders” or “trap transactions?”*” and proceeded to answer it in the following manner:-

57. Reverting to the present case, the position that emerges from the above judicial decisions is that while in trade mark and infringement cases, trap orders or trap transactions may be used as evidence, the fairness of such transactions is a relevant factor to be considered. Other relevant factors would be the

nature of goods or services offered for purchase on the internet. If they require the customer to further physically verify their quality then the mere purchase of such goods through a trap transaction may not be treated as being sufficient evidence of infringement. The facts of each case will determine whether the trap transaction is a fair one and has resulted in a purchase on the internet of goods or services. A lone trap transaction will not be sufficient evidence of infringement or passing off. For the purposes of establishing that a part of the cause of action arose within the jurisdiction of the court, the Plaintiff would have to show that the Defendant has purposefully availed of the jurisdiction of the forum court by entering into a commercial transaction with an internet user located within the jurisdiction of the forum court. This cannot possibly be a solitary trap transaction since that would not be an instance of "purposeful" availment by the Defendant. It would have to be a real commercial transaction that the Defendant has with someone not set up by the Plaintiff itself. If the only evidence is in the form of a series of trap transactions, they have to be shown to be obtained using fair means. The Plaintiff seeking to establish jurisdiction on the basis of such trap transactions would have to aver unambiguously in the plaint, and also place along with it supporting material, to prima facie show that the trap transactions relied upon satisfy the above test. Question (iii) is answered accordingly.”

19. So even if the plaintiff relies on a trap transaction it is required to show that the defendants are indulging into commercial sale of its product. The question what constitute a commercial transaction or sale is dealt with by Madras High Court in **Smithkline French Laboratories Limited and Ors vs. Indoco Remedies Ltd.,** 2001 (21) PTC 672 (Mad), wherein it held:-

“6. Per contra, learned counsel for the respondent stated that only if the goods have been sold through a stockist or distributor or dealer of the respondent, then alone it can be construed as a commercial sale on the part of the respondent, so as to give jurisdiction to the court. Nowhere in the plaint it is stated that such a commercial sale is carried on in the City of Madras by the respondent. Perusal of the cause of action paragraph also indicates that no such averment is there to show that the respondent had authorised the stockist or distributor or dealer in the City of Chennai. Hence, it is stated that the sale of the product by any other unauthorised person would not confer any jurisdiction in this court. I am of the view that there is some force in the contention raised by the learned counsel for the respondent.” (emphasis supplied)

20. In **Himachal Pradesh Horticulture Produce Marketing and Processing Corporation Ltd. vs. Mohan Meakin Breweries Limited, 1981**

(1) PTC 74 (P&H), the Court while dealing with the question of jurisdiction in cases of passing off has held as under:-

“9. In a case of present nature, the cause of action partly or wholly can arise in a given jurisdiction only if it is the defendant who is proved to have directly made sale of the goods under the impugned trade mark (within the jurisdiction of a given Court) not to an individual consumer but to a distributor or a wholesaler or a retailer and that such a sale should be at a commercial scale. If this much is not insisted upon, then the defendant can be dragged into litigation in any part of the country by only adducing flimsy kind of evidence that has been adduced in the present case by a company which has its head office of Solan in Himachal Pradesh where the defendant too have their head office and where it was convenient to the

plaintiff to prosecute the suit and to the defendant to defend the suit. A big firm like Mohan Meakin Breweries Limited has its ramification all over the country and it is easy for it to have dragged this public corporation into litigation even at a far off place like Kanya Kumari if the only evidence necessary to give jurisdiction to that Court was of purchasing of a few bottles by any agent of Mohan Meakin Limited from someone locally there.”
(emphasis supplied)

21. The Supreme Court in M/s Dhodha House vs. S.K. Maingi, 2006

(32) PTC 1 (SC) has also clearly held as under:-

“43. In Patel Field Marshal Industries and Ors. v. P.M. Diesels Ltd. again the thrust was on the sale of products and/or advertisement by the Appellant for registration of trade marks in the Trade Marks Journal and other local papers. The Division Bench of the High Court, as has been noticed hereinbefore, did not advert to the issue as to whether the defendant had been selling its product in Delhi on commercial scale or not. It is, therefore, not necessary for us also to dilate further on the said question. We have furthermore noticed hereinbefore that the advertisement appearing in a journal or newspapers by itself would not confer any jurisdiction on the court, if it otherwise did not have any.”

22. In the plaint, the plaintiff has nowhere alleged that the defendant has any authorized distributor, dealer or stockiest in Delhi. The plaintiff only averred *“that the Defendants through their small time agents are even paddling their products in Delhi.”* Also, in the paragraph where the plaintiff

has pleaded that this Court has the jurisdiction, it only says that the said “*product is available for purchase in Delhi*”.

The plaintiff in para 43 of its amended plaint has alleged that cause of action arisen in favour of the plaintiff on 05.06.2013 when it asked the defendants through a notice dated 28.05.2013 to desist from selling its product and its reply dated 14.06.2013. The plaintiff has also contended that the cause of action has also arisen in May 2013 when a poultry owner complained about the sub-standard vaccine manufactured by the defendants, believing it to that of the plaintiff. There is no document on record to show that the said poultry farm owner has purchased the vaccine of the defendants in Delhi from any dealer, authorized representative or agents of the defendants. The plaintiff has also alleged that the cause of action has arisen in his favour when the defendants advertised on its website that they are manufacturing the vaccine and also when they learnt that the defendants have fraudulently obtained the registration of their trademark. As discussed above, the defendants are the owner of the registered trademark and the plaintiff has already dropped his relief of infringement of its trademark. It is required to *prima facie* show that the defendants are indulging into commercial activity of sale of its product which the plaintiff claims is

deceptively similar to its trademark within the jurisdiction of this Court. One of the contentions is that the defendants have put an advertisement informing the poultry world about its product in the name of “INNOVAX” which has been accessed by anyone in Delhi and, therefore, the part of the cause of action can be said to have arisen within the jurisdiction of this Court. However, the plaintiff has not produced any sufficient evidence except the transaction it has relied upon, to show that the defendants are selling their products in Delhi. As regards the cause of action dated 08.08.2013, it relates to the cancellation of trademark registration of defendants.

In *Banyan Tree case (supra)*, this Court has held that posting of an advertisement depicting its mark is not sufficient to give cause of action for passing off unless it enables the defendants to enter into any commercial transaction with the viewer in the forum state. The Court has held as under:-

*45. This court holds that in order to prima facie establish that the Defendant purposefully availed of the jurisdiction of this court, the Plaintiff would have to show that the Defendant engaged in some commercial activity in the forum State by targeting its website specifically at customers within that State. This is consistent with the law laid down in *Cybersell* and reiterated later in *Toys R Us*. It is also consistent with the*

application of the „tighter“ version of the „effects“ test which is „targeting“. In any action for passing off or infringement, it would have to be shown that the Defendant by using its mark intended to pass off its goods as that of the Plaintiff's. A mere hosting of a website which can be accessible from anyone from within the jurisdiction of the court is not sufficient for this purpose. Also a mere posting of an advertisement by the Defendant depicting its mark on a passive website which does not enable the Defendant to enter into any commercial transaction with the viewer in the forum state cannot satisfy the requirement of giving rise to a cause of action in the forum state. Even an interactive website, which is not shown to be specifically targeted at viewers in the forum state for commercial transactions, will not result in the court of the forum state having jurisdiction. In sum, for the purposes of Section 20 (c) CPC, in order to show that some part of the cause of action has arisen in the forum state by the use of the internet by the Defendant, the Plaintiff will have to show prima facie that the said website, whether euphemistically termed as "passive plus" or "interactive", was specifically targeted at viewers in the forum state for commercial transactions. The Plaintiff would have to plead this and produce material to prima facie show that some commercial transaction using the website was entered into by the Defendant with a user of its website within the forum state and that the specific targeting of the forum state by the Defendant resulted in an injury or harm to the Plaintiff within the forum state. Question no. (ii) is answered accordingly. Question (iii) Is it permissible for the Plaintiff to establish such prima facie case through "trap orders" or "trap transactions"?

23. In the case of **Sholay Media Entertainment & Anr. vs Yogesh Patel and Others**, *ILE (2010) Supp. (1) Delhi 11*, this Court held in para 17 read as under:-

“17. As to what are the principles applicable for a court to discern that particular internet based causes of action subsist in

a suit, has been spelt out in a recent Division Bench of this Court, in Banyan Tree Holding Ltd v. Murali Krishna Reddy Suit No. 894/2009, decided on a reference to the Division Bench on the issue of jurisdiction, on 23.11.2009. The Court held that:

38. Having surveyed the law as it has developed in different jurisdictions, this Court is of the view that the essential principles developed as part of the common law can be adopted without difficulty by our courts in determining whether the forum court has jurisdiction where the alleged breach is related to an activity on the internet. At the outset, this Court does not subscribe to the view that the mere accessibility of the Defendants website in Delhi would enable this Court to exercise jurisdiction. A passive website, with no intention to specifically target audiences outside the State where the host of the website is located, cannot vest the forum court with jurisdiction. This Court is therefore unable to agree with the proposition laid down in Casio. The said decision cannot be held to be good law and to that extent is overruled.

39. India TV appears to be somewhat closer to the development of law in this regard since the decision in Casio. In India TV, the learned single Judge impliedly doubted the correctness of the decision in Casio. The learned single Judge in India TV acknowledged that a mere accessibility of website may not be sufficient to attract jurisdiction of the forum court. This, in the considered view of this Court, is the correct position in law.

40. There was no occasion for this Court even in India TV to examine the finer aspects of the question of jurisdiction based on the nature of the website, the intention of the host of the website to specifically target viewers outside its jurisdiction, and the effect of hosting such website on audiences outside such state. It appears to this Court that for the purposes of a passing off action or an action for infringement where the plaintiffs is

not carrying on business within the jurisdiction of the forum court, and where there is no long arm statute, the plaintiffs would have to show that the Defendant purposefully availed itself of the jurisdiction of the forum court. It is not enough merely to show that the website hosted by the Defendant is an interactive one. It would have to be shown that the nature of the activity indulged in by the Defendant by the use of the website was with an intention to conclude a commercial transaction with the website user.

41. This Court is not able to accept the submission of the learned Counsel for the plaintiffs that the test of "purposeful avilment" must be replaced by the test of "purposeful avoidance". While the Defendant may in his defence show how he avoided the forum state, the initial burden is on the plaintiffs to show that the Defendant "purposefully availed" itself of the jurisdiction of the forum court. The issue of incorporating filters to block access to the website by viewers located outside the forum state will have to be considered while deciding if the Defendant had "purposefully avoided" the forum state. However, that question will arise only if the plaintiffs have been able to show that the website of the Defendant is interactive and permits commercial transactions to be concluded by the Defendant with a user of the website.

42. This Court holds that jurisdiction of the forum court does not get attracted merely on the basis of interactivity of the website which is accessible in the forum state. The degree of the interactivity apart, the nature of the activity permissible and whether it results in a commercial transaction has to be examined. For the "effects" test to apply, the plaintiffs must necessarily plead and show prima facie that the specific targeting of the forum state by the Defendant resulted in an injury or harm to the plaintiffs within the forum state. For the

purposes of a passing off or an infringement action (where the plaintiff is not located within the jurisdiction of the court), the injurious effect on the plaintiff's business, goodwill or reputation within the forum state as a result of the Defendants website being accessed in the forum state would have to be shown. Naturally therefore, this would require the presence of the plaintiffs in the forum state and not merely the possibility of such presence in the future. Secondly, to show that an injurious effect has been felt by the plaintiffs it would have to be shown that viewers in the forum state were specifically targeted. Therefore the "effects" test would have to be applied in conjunction with the "sliding scale" test to determine if the forum court has jurisdiction to try a suit concerning internet based disputes.

In a subsequent judgment, the Karnataka High Court, in Presteege Property Developers Ltd. v. Prestige Estates Projects Ltd. MFA No. 494 & 13696/2006) applied the rule indicated in Banyan Tree, and further held that mere "booking" or placing an order through internet is insufficient, to say that any transaction takes place, since the contract formation is not at the place of booking or ordering the product or service. Thus, it is held that the mere existence of a web site, without further proof of the effect thereof (Ref. Banyan Tree's formulation that the plaintiffs has "to show that an injurious effect has been felt" and it "would have to be shown that viewers in the forum state were specifically targeted.") does not clothe this Court with territorial jurisdiction to entertain the present suit. The Court is also satisfied that the solitary sale of a CD, is insufficient to say that the defendants "targeted" the Delhi markets. Concededly, both parties do not have any business or commercial office within the jurisdiction of the Court; the plaintiffs even applied to the Registrar of Companies in Chennai, for relief against the defendants. On both the factual foundation claiming that this

Court has jurisdiction, the materials are insufficient to justify continuation of the suit.”

24. This Court has also laid down the same proposition in the case of **(India TV) Independent News vs. India Broadcast Live Llc & Ors.** 2007

(35) PTC 177 Del. The relevant paragraphs are reproduced as under:-

“44. Learned Counsel referred to the provisions of Section 20 of the said code to contend that this court has jurisdiction in the present matter. The said provision reads as under:

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.”

“46. As regards the exercise of personal jurisdiction in cases involving Internet activities, the position appears to be that mere 'passive' posting of a website does not give jurisdiction to the court within whose jurisdiction, the complainant company is present. Thus, personal jurisdiction cannot be exercised over non-residents merely because their website is accessible within the jurisdiction of the court. There has to be something more to indicate purposeful direction of activity to the forum state in a substantial way. In Cybersell Inc. case (supra) limited interactivity of the website restricted to received browser's name and expression of interest but not signing up for the services provided was not considered to be sufficient for the exercise of jurisdiction.”

25. There is no averment in the plaint to even *prima facie* show that through its website the defendants are indulging into any commercial activity within jurisdiction of this Court. To give jurisdiction to this Court, it is imperative upon the plaintiff to *prima facie* show by way of its averment in the plaint duly supported by the documents that the defendants are indulging either by itself or through their agents or distributors in the commercial activity within the jurisdiction of this Court which amounts to passing off of the goods of the plaintiff. In the present case, in para 44, the plaintiff only states that the goods of the defendants are *available for sale* in Delhi but this averment is not supported by any documentary evidence.

There is no averment that the defendants are selling their products in Delhi through their authorized agent, distributors etc. On the other hand, the events of the case clearly show that the plaintiff is indulging into the forum hunting. Initially, when it filed its plaint, it relied on one Invoice of Balvinder Medical Hall dated October 5, 2013 to *prima facie* show that the defendants' were selling their goods in Delhi.

26. Thereafter, the plaintiff moved an application under Order 6 Rule 17 and sought the amendment of the plaint and it was at that time the plaintiff in its plaint incorporated its averment that the goods of defendants are being sold within the jurisdiction of this Court through Baxi Medical Stores. The order of this Court dated 18.11.2013 shows that on that day, the summon of the suit was issued to the defendants which was accepted by learned counsel who was present in the Court. The Court raised the query as to the jurisdiction of the Court and the plaintiff referred to three invoices dated 15.11.2013, 30.10.2013 and 29.10.2013 issued by Baxi Medical Stores, 100, Khanna Market, Tis Hazari, Delhi-54. Learned counsel for the defendants raised the objection that these three invoices have been obtained by the plaintiff after the filing of the suit and requested that the Baxi Medical Store be asked to explain from where it sourced the stock of medicine sold under

the three invoices and requested for appointment of the Local Commissioner. The Court vide the same order appointed Local Commissioner and issued certain directions. The relevant paragraphs are reproduced as under:-

10. Accordingly, this Court appoints Mr. Raj Sharma, Advocate (Mob. No. 9811077524) to visit Baxi Medical Stores 100, Khanna market, Tis Hazari, Delhi-54 within the next three days. The representatives of both the Plaintiff and the Defendants will remain present along with the LC at the time of his visit. He will inform counsel sufficiently in advance.

11. The LC will examine the books and records of Baxi Medical Stores, with particular reference to the aforementioned three invoices, and also record statement, if necessary, of the proprietor of the Baxi Medical Stores in order to ascertain as to the source from where Baxi Medical Stores obtained the stock of Innovax ND 581 2000 Dose under Batch No. 02560189, sold under the aforementioned three invoices. The books and records inspected once signed by the LC and the photocopies of the relevant pages will be enclosed with the report of the LC. The LC will file his report within a week of the visit.”

Local Commissioner filed his report on 26.11.2013. The copy of this report was supplied to the plaintiff and plaintiff had never raised any objection as to the correctness of this report. This report clearly shows that Mr. Shashi Baxi, a proprietor of Baxi Medical Store informed the Local Commissioner that he had purchased these medicines from M/s Dev Enterprises (Karnal, Haryana), and also produced the invoice which the

Local Commissioner annexed along with its report as Annexure C. This invoice is dated 29.10.2013 and it gives the description of goods and it also shows its quantity which is three in number. The Bank statement reflects the payment made by Baxi Store through its account to M/s Dev Enterprises from whom the articles were purchased vide invoice annexed as Annexure D. Mr. Shashi Baxi further told the Local Commissioner that he used to procure the vaccine from Dev Enterprises whenever there is a demand for the vaccine. The Local Commissioner recorded the statement of Mr. Shashi Baxi and annexed it along with its report as Annexure E. In his statement, Mr. Shashi Baxi has categorically stated that the said vaccine is procured from Dev Enterprises as the Company was not supplying the same in Delhi. He has also clearly stated that Baxi Medical Store is not the distributor of the said vaccine. From the statement of Mr. Shashi Baxi, it is apparent that Baxi Medical Stores was neither acting as a distributor or agent of the defendants nor was supplying these medicines on behalf of the defendants. The report of the Local Commissioner clearly shows that the Baxi Medical Stores obtained its medicine from Dev Enterprises, Karnal, Haryana, on specific demands. The plaintiff had, at no stage, challenged the report of the Local Commissioner nor it is their case that Baxi Medical Store is working

as a dealer, agent or distributor of defendant's company. The plaintiff, except these three invoices and an invoice allegedly issued by Balvinder Medical Hall to a third person, has not produced any documentary evidence to *prima facie* show that defendants are indulging into any commercial activity by selling their products within jurisdiction of this Court. Also, in para 44 of its amended plaint, relating to the averments showing that Court has jurisdiction, the plaintiff pleads that the vaccine of the defendant "*is available for purchase in New Delhi.*" It does not say that the defendants are selling their products within the jurisdiction of this Court. The Local Commissioner report clearly shows that the defendant's vaccine is not 'available' for sale in Delhi but it is 'procured' from the authorized dealer at Karnal, Haryana i.e. M/s Dev Enterprises for supply. These facts clearly show that the invoices have been procured by the plaintiff to give jurisdiction to this Court and on the basis of these invoices, it cannot be held that the defendants are doing commercial activities within Delhi.

In cases where the goods of the defendants are not available for sale within the jurisdiction of this Court, it cannot be said that the ordinary person is likely to buy the goods of the defendants believing that they are

buying the goods of the plaintiff. In such cases, it cannot be said that the cause of action has arisen within the jurisdiction of this Court.

I am satisfied that no cause of action has arisen within the jurisdiction of this Court. The plaint along with pending applications is hereby returned to the plaintiff for filing in the Court of appropriate jurisdiction.

The Registrar is directed to do the needful.

**DEEPA SHARMA
(JUDGE)**

JULY 27, 2017

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