

THE HIGH COURT OF DELHI AT NEW DELHI

%

Judgment delivered on: 04.01.2017

+ **FAO (OS) No.290/2016 & CM No.37465/2016**

P.K. SEN

... Appellant

versus

EXXON MOBILE CORPORATION AND ANR... Respondents

Advocates who appeared in this case:-

For the Appellant : Mr S. Chakraborty

For the Respondents : Ms Anuradha Salhotra with Mr Yatin Grover

CORAM:-

HON'BLE MR JUSTICE BADAR DURREZ AHMED

HON'BLE MR JUSTICE ASHUTOSH KUMAR

JUDGMENT

BADAR DURREZ AHMED, J

1. The present appeal raises the question of territorial jurisdiction of this court in entertaining the suit filed by the respondents. The appeal arises out of the judgment and / or order dated 22.07.2016 delivered / passed by a learned single Judge of this court in IA No.20626/2015 which was filed by the appellant herein (defendant) under Order VII Rule 10 and Order VII Rule 11 of the Code of Civil Procedure, 1908 (hereinafter referred to as 'the CPC'). The application was dismissed and the learned single Judge held

that this court had territorial jurisdiction to entertain the suit which was one of infringement of trademark.

2. Before we proceed any further, it would be appropriate to identify the parties. The respondent No.1 was the first plaintiff and is a corporation / company incorporated in USA. It has no office in India and by itself does not carry on any business in India. It is the registered proprietor of the trademark “EXXON” in respect of various goods and services. The respondent No.2 / plaintiff No.2 is said to be a wholly owned subsidiary and is registered as a company under the Companies Act, 1956 in India. Its registered office is in Delhi and it carries on business, *inter alia*, in Delhi. The respondent No.2 / plaintiff No.2 is claimed to be the permitted user of the “EXXON” trademark and name in India through a trademark licence agreement entered into between the two respondents on 13.04.2010.

3. The appellant / defendant is the proprietor of “EXON Engineering Corporation” and his offices are located in Kolkata.

4. The said suit was filed in Delhi on the basis of the averments contained in paragraph 26 of the plaint which read as under:-

“26. This Hon’ble Court has the jurisdiction to entertain and try the present suit as the second Plaintiff herein has its registered office in New Delhi within the territorial jurisdiction of this Hon’ble Court. The second Plaintiff is a subsidiary of the first Plaintiff and the permitted user of the EXXON mark and name in India. By virtue thereof and by virtue of the provisions of Section 134(2) of the Trade Marks Act, 1999, this Hon’ble Court has the territorial jurisdiction to try and entertain the present suit.”

5. From paragraph 26 of the plaint, as reproduced above, it is evident that the suit has been filed in Delhi by seeking to invoke the provisions of Section 134(2) of the Trade Marks Act, 1999 (hereinafter referred to as ‘the said Act’). The said provision has been invoked on the ground that: (i) the respondent No.2 / plaintiff No.2 has its registered office in New Delhi which is within the territorial jurisdiction of this court; (ii) the plaintiff No.2 / respondent No.2 is a subsidiary of the plaintiff No.1 / respondent No.1; and (iii) the plaintiff No.2/ respondent No.2 is a “permitted user” of the “EXXON” mark and name in India.

6. Before the learned single Judge, it was contended on behalf of the appellant / defendant that this court did not have territorial jurisdiction to entertain the suit for injunction which was essentially a suit for infringement of the said trademark. It was contended that the appellant /

defendant carried on business in Kolkata and had no business in Delhi. Furthermore, in view of Section 53 of the said Act, a “permitted user” had no right to institute a suit for infringement and, therefore, the plaintiff No.2 / respondent No.2, who was, at best, merely a ‘permitted user’, could not institute any suit and, therefore, could not be a plaintiff or even a co-plaintiff in an infringement action. Consequently, it was submitted that the plaintiff No.2 cannot avail of the facility provided under Section 134(2) of the said Act. It was further contended that the plaintiff No.1 / respondent No.1, who was the registered proprietor of the trademark – “EXXON”, had no place of business in India.

7. On the other hand, the respondents contended that Section 53 of the said Act had to be read in continuation of Section 52 which allowed a registered user of a trademark to institute a suit in his own name and the only requirement was that a registered proprietor had to be made a defendant. In this backdrop, it was contended that even if the respondent No.2 / plaintiff No.2 had no right to institute a suit on its own, at best, it was a case of mis-joinder and not a case of either rejection of the plaint or return of the plaint for alleged want of the territorial jurisdiction. It was further contended that the plaintiff No.1 / respondent No.1 was doing

business in India through its subsidiary / plaintiff No.2, who was a permitted user. Since the plaintiff No.2 / respondent No.2 was a “permitted user”, in view of the provisions of Section 48 (2), the permitted use of the trademark – “EXXON” by the plaintiff No.2 would be deemed to be the use by the proprietor, i.e., the plaintiff No.1/ respondent No.1. Therefore, the use of the trademark by the plaintiff No.2 would have to be deemed to be the use of the trademark by the plaintiff No.1 for the purposes of infringement.

8. The learned single Judge, while considering the rival contentions, set out three questions which needed to be answered:-

- “(i) whether the plaintiff no.1 as the registered proprietor of the trademark instituting this suit for infringement of registered trademark can be said to actually and voluntarily reside or carry on business or personally work for gain within the local limits of jurisdiction of this Court within the meaning of Section 134(2) by the reason of its subsidiary and permitted user plaintiff no.2 having its registered office and carrying on business within the territorial jurisdiction of this Court;
- (ii) whether the plaintiff no.2, a permitted user a distinct from registered user and though not entitled by virtue of Section 53 to institute any proceeding for infringement can be added as plaintiff no.2 to a proceeding for infringement by the plaintiff no.1 and whether the factum of the plaintiff no.2 having its registered office within the local limits of jurisdiction of this Court also vests jurisdiction in this Court within the meaning of Section 134(2) of the Act; and,

- (iii) what is the effect if any of the definition of ‘person’ in the explanation to Section 134(2) of the Act being an inclusive one.”

9. The learned single Judge answered the first two questions in favour of the respondents and with regard to the third, he came to the conclusion that the word “person”, as given in the explanation to Section 134(2) of the said Act, had been defined in inclusive terms and was not restricted to a registered proprietor and a registered user, but also included other persons. The learned single Judge placed strong reliance in his reasoning on the Supreme Court decision in the case of **Exphar S.A. and Another v. Eupharma Laboratories Limited and Another: 2004 (3) SCC 688.** The learned single Judge found that what had been held by the Supreme Court in *Exphar* (*supra*) relating to Section 62(2) of the Copyright Act would apply equally to Section 134(2) of the said Act irrespective of the fact that plaintiff No.2 / respondent No.2 was neither the registered proprietor nor the registered user of the trademark in question. This was so because all that was necessary to be seen was whether the plaintiff No.2 could be regarded as a ‘person instituting’ a suit and whether it carried on business within the jurisdiction of this court. As pointed out above, the learned single Judge noted that the definition of ‘person’, as appearing in the

Explanation to Section 134(2) of the said Act, was an inclusive one and not limited to registered proprietors and the registered users and, therefore, could quite easily include a permitted user, such as the plaintiff No.2 / respondent No.2. It was also held by the learned single Judge that the use by the permitted user would be deemed to be the use by the owner. From this, the learned single Judge concluded that the proprietor of a trademark would be deemed to carry on business where the trademark is used. Consequently, the learned single Judge was of the view that the plaintiff No.1 as the proprietor of the trade mark in question would be deemed to carry on business in Delhi because of the permitted use by its subsidiary, i.e., the plaintiff No.2 / respondent No.2 in Delhi.

10. Being aggrieved by the decision of the learned single Judge, the present appeal has been filed. The counsel for the parties have been heard. They have even furnished written submissions and notes. Before we analyse the relevant provisions, it would be necessary to set them out:-

“Trade Marks Act, 1999.

2. Definitions and interpretation.—In this Act, unless the context otherwise requires,—

XXXXX

XXXXX

XXXXX

XXXXX

XXXXX

- (r) “permitted use”, in relation to a registered trade mark, means the use of trade mark—
- (i) by a registered user of the trade mark in relation to goods or services—
 - (a) with which he is connected in the course of trade; and
 - (b) in respect of which the trade mark remains registered for the time being; and
 - (c) for which he is registered as registered user; and
 - (d) which complies with any conditions or limitations to which the registration of registered user is subject; or
 - (ii) by a person other than the registered proprietor and registered user in relation to goods or services—
 - (a) with which he is connected in the course of trade; and
 - (b) in respect of which the trade mark remains registered for the time being; and
 - (c) by consent of such registered proprietor in a written agreement; and
 - (d) which complies with any conditions or limitations to which such user is subject and to which the registration of the trade mark is subject;”

XXXXX

XXXXX

XXXXX

XXXXX

XXXXX

“48. Registered users.—(1) Subject to the provisions of section 49, a person other than the registered proprietor of a trade mark may be registered as a registered user thereof in respect of any or all of the goods or services in respect of which the trade mark is registered.

(2) The permitted use of a trade mark shall be deemed to be used by the proprietor thereof, and shall be deemed not to be used by a person other than the proprietor, for the purposes of

section 47 or for any other purpose for which such use is material under this Act or any other law.”

XXXXX XXXXX XXXXX XXXXX XXXXX

“52. Right of registered user to take proceedings against infringement.—(1) Subject to any agreement subsisting between the parties, a registered user may institute proceedings for infringement in his own name as if he were the registered proprietor, making the registered proprietor a defendant and the rights and obligations of such registered user in such case being concurrent with those of the registered proprietor.

(2) Notwithstanding anything contained in any other law, a registered proprietor so added as defendant shall not be liable for any costs unless he enters an appearance and takes part in the proceedings.

53. No right of permitted user to take proceeding against infringement.—A person referred to in sub-clause (ii) of clause (r) of sub-section (1) of section 2 shall have no right to institute any proceeding for any infringement.”

XXXXX XXXXX XXXXX XXXXX XXXXX

“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.”

11. Since the learned single Judge had placed strong reliance on the Supreme Court decision in *Expfar (supra)* which was one decided in the backdrop of Section 62(2) of the Copyright Act, 1957, it may be necessary for us to set out the provisions of Section 62 of that Act. It reads as under:-

“62. Jurisdiction of court over matters arising under this Chapter.—(1) Every suit or other civil proceeding arising under this Chapter in respect of the infringement of copyright in any work or the infringement of any other right conferred by this Act shall be instituted in the district court having jurisdiction.

(2) For the purpose of sub-section (1), a “district court having jurisdiction” shall, notwithstanding anything contained in the Code of Civil Procedure, 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 other 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.”

12. We may straightaway take up the issue of whether, in the factual context of the present case, the decision in *Exphar (supra)* would apply to the present case. As pointed out above, *Exphar (supra)* was a case pertaining to the Copyright Act, 1957 and the decision rendered therein pertained to Section 62(2) thereof. We may point out that the questions which arise for consideration in the present case do not arise under the Copyright Act. The concepts are somewhat different. There is no concept of user, permitted or registered, under the Copyright Act, 1957. On the other hand, there is the concept of an exclusive licensee as defined in Section 2(1)(j) of that Act. Section 55 of the Copyright Act, 1957 provides for civil remedies for infringement of copyright and stipulates that the ‘owner’ of the Copyright shall, except as otherwise provided in that Act, be entitled to all such remedies by way of injunction, damages, accounts and otherwise as are or may be conferred by law for the infringement of a right. In other words, the ‘owner’ of the copyright could sue for infringement of copyright. Section 54, which falls under Chapter XII, which deals with civil remedies, defines the “owner of a copyright” to include an exclusive licensee. The expression “exclusive licensee” on the other hand, as pointed out above, is defined in Section 2(1)(j) of the Copyright Act, 1957 to mean a person or persons authorized by him, who holds a licence, to the

exclusion of all other persons (including the owner of the copyright) conferring any right comprised in the copyright in a work.

13. Section 61 of the Copyright Act, 1957 also stipulates that in every civil suit or other proceeding regarding infringement of the copyright instituted by an exclusive licensee, the owner of the copyright shall, unless the court otherwise directs, be made a defendant and where such owner is made a defendant, he shall have the right to defend the case of the exclusive licensee.

14. We have referred to all these provisions of the Copyright Act, 1957 to indicate that the concept of the “person instituting a suit” under the Copyright Act, 1957 is different from that of a “person instituting a suit” under the Trade Marks Act. In the present context, the major part of the controversy pertains to the consideration to be given to the expression “person instituting a suit”. This has to be considered in the context of the Trade Marks Act and in the backdrop of the expressions “proprietor of the registered trademark”, “registered user” and “permitted user”. These expressions do not find place in the Copyright Act, 1957 and, therefore, to decide the present case on the basis of what has been held by the Supreme

Court in *Expfar* (*supra*) in the context of the Copyright Act, 1957 would not be apposite.

15. We now come to the provisions of the Trade Marks Act, 1999 which we have extracted above. It is abundantly clear that ‘permitted use’, as defined in Section 2(1)(r) of the said Act is referable to a ‘registered user’ as also to a person other than the ‘registered proprietor’ and the ‘registered user’. Section 48(1) stipulates that, subject to Section 49 (which provides for registration as a registered user), a person other than a registered proprietor of a trade mark, may be registered as a registered user. Section 48(2) provides that the permitted use of a trade mark shall be deemed to be used by the proprietor thereof and shall be deemed not to be used by a person other than the proprietor for the purposes of Section 47 (which relates to the removal from the register and imposition of limitations on the ground of, *inter alia*, *bona fide* non-user of the trade mark) or for any other purpose for which such use is material under the said Act or any other law. All that this provision indicates is that the permitted use of a trade mark by a registered user or any other person other than the registered proprietor and registered user would be deemed to be used by the proprietor of the trade mark and not by anybody else. The appellants had argued that the use of

the expression “permitted use” in Section 48(2) was referable only to a registered user because Section 48 was in respect of the registered users alone. We need not decide this issue and we shall proceed in this case on the assumption that the permitted use of a trade mark by a permitted user would also be deemed to be used by the proprietor thereof. In other words, the permitted use of the trade mark ‘EXXON’ by the plaintiff No.2 would be deemed to be used by the plaintiff No.1.

16. Sections 52 and 53 are extremely important for the purposes of this case. Section 52(1) provides that subject to any agreement subsisting between the parties, a registered user may institute proceedings for infringement in his own name as if he were the registered proprietor. Of course, in such eventuality, the registered proprietor has to be made a defendant. Furthermore, in such cases, the rights and obligations of such a registered user would be concurrent with those of the registered proprietor. Since the plaintiff No.2 / respondent No.2 is admittedly not a registered user, Section 52(1) does not come into play insofar as it is concerned. But, what is important is that it has to be kept in mind that a registered user has been given the right to institute the proceedings for infringement in his own name as if he were the registered proprietor. Section 52(2) also deals with a

case where a registered user has instituted a proceeding in his own name and does not arise for consideration in the present case. Section 53, in clear departure from Section 52, stipulates that a person referred to in Section 2(1)(r)(ii) shall have no right to institute any proceeding for any infringement. The person referred to in Section 2(1)(r)(ii) is a person other than the registered proprietor and registered user and would obviously include a 'permitted user'. In other words, the only persons who can bring a suit for infringement of a trade mark would be the registered proprietor himself or the registered user and certainly not a permitted user. Therefore, in our view, the submission made by the learned counsel for the appellant that the suit could not have been instituted by the respondent No.2 / plaintiff No.2 is correct.

17. Section 134 of the said Act has already been extracted above. It may be seen that Section 134(1) refers to three kinds of suits:-

- a) for the infringement of a registered trade mark;
- b) relating to any right in a registered trade mark;
- c) for passing off arising out of 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.

Section 134(2), however, relates only to the suits specified in clauses (a) and (b) above of sub-section (1). In other words, Section 134(2) of the said Act is relatable only to suits for infringement of a registered trade mark or for suits relating to any rights in a registered trade mark. It does not relate to an action of passing off. It may be remembered that the present suit is one of an action based on an alleged infringement of a registered trade mark. The expression used in Section 134(2), which is of material importance, is “person instituting the suit”. From our discussion above on Section 53 of the said Act, it is evident that a permitted user cannot institute a suit for infringement of a registered trade mark. Therefore, the plaintiff No.2 / respondent No.2 by itself could not have filed the present suit.

18. We now come to the next expression which is of importance where there are multiple plaintiffs. The expression is – “where there are more than one such persons”. The expression “such persons” would obviously refer to persons instituting the suit and would obviously mean the persons who are entitled to institute the suit. It would definitely, in our view, not extend to persons who are disentitled to institute a suit or who do not have a right to institute any proceeding for infringement. In other words, the plaintiff No.2 / respondent No.2 cannot be covered by the expression

“person instituting the suit” or within the expression “such persons where there are more than one plaintiff”.

19. At this juncture, we may also point out that the *Explanation* to Section 134(2) provides that for the purposes of sub-section (2), “person” includes the registered proprietor and the registered user. According to the learned single Judge and the respondents, this is an inclusive definition and is not a restrictive one. It is also the case of the respondents that the word “person” would also include a “permitted user”. On the contrary, the contention of the appellants is that it is an exhaustive one and the reference to person could only be to a registered proprietor and a registered user. In our view, both submissions are not correct. It is true that the definition of a “person”, as given in the *Explanation* cannot be restricted to ‘registered proprietor’ and the ‘registered user’ and on the face of it, it is a definition of the inclusive kind and not of a restrictive or exhaustive nature. We say so because Section 134(2) deals not only with cases of infringement of a registered trade mark as indicated in clause (a) of sub-section (1) of Section 134, but also pertains to suits relating to any right in a registered trade mark which may, if permitted by other provisions of the said Act, be instituted by persons other than the registered proprietor and the registered user. But, it

would certainly not include a permitted user suing for an infringement of a trade mark. This is so because there is an express prohibition under Section 53 of the said Act. The learned single Judge seems to have lost sight of this aspect of the matter. If, indeed, the word “person” would include a permitted user, then it would mean that while on the one hand Section 53 bars such a person from instituting any proceeding for infringement, Section 134(2) would yet regard him as a person instituting the suit. This interpretation would be contrary to the terms of the enactment. Consequently, while we are of the view that the word “person” as appearing in Section 134(2) is not restricted to registered proprietor and registered user, it certainly does not include a permitted user in a suit for infringement of a registered trade mark.

20. Therefore, the respondent No.2 / plaintiff No.2 could not have been added as a co-plaintiff. Let us assume that we accept the alternative plea of the respondents that this may be treated as a case of mis-joinder and consequently, let us assume that we delete respondent No.2 as a co-plaintiff. It is the case of the respondents that even then this court would have territorial jurisdiction to entertain the suit. Hypothetically speaking, if the suit was instituted only by the respondent No.1 / plaintiff No.1, it

having no place of business in India, it would have to demonstrate that not only did it carry on business through the respondent No.2 in Delhi and that the cause of action also arose in Delhi before this court could be said to have territorial jurisdiction.

21. In **Ultra Home Construction Pvt Ltd v. Purushottam Kumar Chaubey & Others**, in **FAO(OS) 494/2015** decided on 11.01.2016, a Division Bench of this court had considered the issue of territorial jurisdiction in the backdrop of Section 134(2) of the said Act. While doing so, the Division Bench had, *inter alia*, considered the decision of the Supreme Court in **Indian Performing Rights Society Limited v. Sanjay Dalia**: **2015 (10) SCC 161** as also the earlier Supreme Court decision in the case of **Dhodha House v. S.K. Maingi**: **2006 (9) SCC 41**. The Division Bench observed as under:-

“13. It is evident from the above observations that the interpretation given to the expression “carries on business” in the context of a defendant under section 20 of the Code has also been employed in the context of a plaintiff under the said sections 134(2) and 62(2). Thus, in addition to the places where suits could be filed under section 20 of the Code, the plaintiff can also institute a suit under the Trade Marks Act, 1999 and the Copyright Act, 1957, as the case may be, by taking advantage of the provisions of section 134(2) or section 62(2), respectively. Both the latter provisions are in *pari materia*. Under these provisions four situations can be contemplated in the context of the plaintiff being a corporation (which includes a

company). First of all, is the case where the plaintiff has a sole office. In such a case, even if the cause of action has arisen at a different place, the plaintiff can institute a suit at the place of the sole office. Next is the case where the plaintiff has a principal office at one place and a subordinate or branch office at another place and the cause of action has arisen at the place of the principal office. In such a case, the plaintiff may sue at the place of the principal office but cannot sue at the place of the subordinate office. The third case is where the plaintiff has a principal office at one place and the cause of action has arisen at the place where its subordinate office is located. In this eventuality, the plaintiff would be deemed to carry on business at the place of his subordinate office and not at the place of the principal office. Thus, the plaintiff could sue at the place of the subordinate office and cannot sue (under the scheme of the provisions of section 134(2) and 62(2)) at the place of the principal office. The fourth case is where the cause of action neither arises at the place of the principal office nor at the place of the subordinate office but at some other place. In this case, the plaintiff would be deemed to carry on business at the place of its principal office and not at the place of the subordinate office. And, consequently, it could institute a suit at the place of its principal office but not at the place of its subordinate office. All these four cases are set out in the table below for greater clarity:

S.No.	Place of Plaintiff's Principal Office (Sole office in s.no.1)	Place of Plaintiff's Subordinate /Branch Office	Place where cause of action arose	Place where Plaintiff can additionally sue under section 134(2) and section 62(2)
1	A	--	C	A
2	A	B	A	A
3	A	B	B	B
4	A	B	C	A

”

22. Let us see as to under which of the 4 situations, if any, referred to in the table in the above extract does the present case fall ? For this, let us assume that the office of the respondent No.2 is the respondent No.1's subordinate / branch office. The place of the plaintiff No.1's principal office is in USA, whereas the cause of action, if at all, arose in Kolkata. Therefore, S.No.1 would have normally applied had the plaintiff No.1 been an Indian company and its principal place of business been in Delhi. But, the plaintiff No.1 is a company registered in USA and, therefore, it cannot take advantage of Section 134(2) of the said Act which is available only to suits under the Trade Marks Act, 1999 filed in India. Similarly, it is not a case falling under S. No.2 inasmuch as the cause of action did not arise at the place of principal office of the plaintiff No.1. It is also not a case which would fall under S.No.3, even if we assume that the office of the respondent No.2 is the subordinate / branch office of the plaintiff No.1. This is so because no part of the cause of action is alleged to have arisen in Delhi. This leaves us with the case falling under S.No.4 where the plaintiff no.1's principal office is in USA and its assumed subordinate office in New Delhi. But the cause of action has arisen in Kolkata. Unfortunately, the place where the plaintiff No.1 could additionally sue under Section 134(2)

would then be in USA which is not available to it because Section 134(2) is in respect of the suits filed in India alone.

23. The result of the above discussion is that even if we assume that the use of the trade mark by the respondent No.2 is to be the deemed use of the trade mark by the respondent No.1 / plaintiff No.1 and that the office of the respondent No.2 in Delhi is the subordinate / branch office of the respondent No.1, the additional benefit of Section 134(2) of the said Act would not be available to the plaintiff No.1 / respondent No.1.

24. Consequently, this court would not have territorial jurisdiction to entertain the present suit even if the aforesaid assumptions, which are all in favour of the respondents, are made. The appeal is, therefore, allowed and the impugned judgment is set aside. The plaint be returned to the plaintiff for filing in the court having jurisdiction in the matter. There shall be no order as to costs.

BADAR DURREZ AHMED, J

January 04, 2017

duff

ASHUTOSH KUMAR, J