

Orders reserved on 10.06.2019	Orders pronounced on 10.07.2019
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A.No.6796 of 2018

in

C.S.No.295 of 2018

Krishnan Ramasamy, J.,

The defendant in C.S.No.295 of 2018 is the applicant herein.

2. The respondent/plaintiff filed the above Suit for the relief of permanent injunction, restraining the defendant, their directors, partners, successors in business or any one claiming through them from infringing the plaintiff's registered trademark 'XXX' by manufacturing, distributing, marketing, selling, offering for sale, advertising or in any other manner, dealing in Dhal products, bearing deceptively similar trademark 'XXXL', in any manner, whatsoever, and for such other reliefs.

3. The defendant filed the present application to reject the plaint and the averments set out thereunder are as follows:-

i) Both the applicant/defendant and the respondent/plaintiff are carrying on their business through the Principal Offices at Guntur, Andhra Pradesh. Whereas, the present suit has been instituted at Chennai, solely on the basis that the plaintiff's Branch Office, which is alleged to be the principal place of business is situated at Chennai. Therefore, the suit is liable to be dismissed on the ground that the respondent/plaintiff is not carrying on any business at Chennai.

ii) The applicant/defendant further averred that, no part of cause of action arose at Chennai to sue them at Chennai, and the suit is liable to be dismissed on this ground alone.

iii) The applicant/defendant is a small Entrepreneur, running their business at Guntur, and neighbouring Districts in Andhra Pradesh and defending a suit before this Court would cause tremendous prejudice to them in terms of time, money, etc. It is defendant further averred that this Court is neither the natural forum nor a forum of convenience for both the parties to contest the Suit. That apart, the respondent's principal place of business is actually situated at Guntur, Andhra Pradesh, and the suit is being laid before this Court only to harass the applicant/defendant.

iv) It is further averred that the suit is also liable to be dismissed, as the same is barred by law, since the Court in Chennai have no nexus to the cause of action, viz., alleged use of plaintiff's trademark 'XXX' or 'XXXL' by the applicant/defendant. Mere presence of the respondent's Branch Office at Chennai, when they are actually carrying on business at Guntur, which is the Principal Place of Business, cannot confer jurisdiction to this Court to entertain the Suit. Thus, by averring so, the applicant/defendant prayed for rejection of the plaint.

4. The respondent/plaintiff filed a counter affidavit, denying the averments set out in the application for rejection of the plaint, wherein, it is stated as follows:-

i) The respondent/plaintiff submits that they are having Branch Office at Chennai, which is their Principal Place of Business, and the products bearing the trademark 'XXX' are available and being sold at Chennai, which is within the jurisdiction of this Court and the same is sufficient to file this suit before this Court. By virtue of Section 134 (2) of the Trademarks Act, 1999 (hereinafter, referred to as 'the Act'), a Proprietor of a registered Trademark may institute a suit relating to any right in a registered trademark, in the District Court, within whose the jurisdiction,

Proprietor, (such as the plaintiff) resides or carries on business. Therefore, the respondent/plaintiff states that since they are having Branch Office at Chennai, which is within the territorial jurisdiction of this Court, they are rightly invoked the jurisdiction of this Court and filed the suit, and hence, the application for rejection of the plaint is liable to be dismissed.

ii) The respondent/plaintiff further stated that the Trademark Registry at Chennai is the appropriate Office for the respondent's registration of their trademark 'XXX' and the situs of the respondent's trademark is situated in the City of Chennai, within the jurisdiction of this Court. Hence, this Court has jurisdiction to entertain and try the suit.

iii) The respondent further submits that this Court is also the natural forum for filing the present suit and it is also forum of convenience and the suit is not instituted with an intention to harass the applicant/defendant, as alleged by them.

iv) The respondent/plaintiff further stated that the during August, 2017, applicant/defendant withdrawn the application for registering the mark 'XXX' in the Trademark Registry at Chennai. This fact itself gives rise to a cause of action to institute the Suit in Chennai as the

applicant/defendant has acknowledged the respondent's/plaintiff's rights over the mark 'XXX' and hence, the applicant/defendant cannot contend that no part of cause of action arose at Chennai for instituting the suit before this Court.

v) It is the also contention of the respondent/plaintiff that the applicant/defendant has conveniently suppressed the fact that they offer their products through various interactive websites, accessible at Chennai , within the jurisdiction of this Court, whereas, they stated that none of their products are available for sale at Chennai. Therefore, the respondent/plaintiff averred that, substantial part of cause of action has arisen at Chennai, by virtue of Sections 134 and 135 of the Trademarks Act, and that they rightly invoked the jurisdiction of this Court to sue against the defendant and hence, prayed for dismissal of the application for rejection of the plaint.

5. Heard the learned counsel for both sides.

6. Mr. R.Sathish Kumar, the learned counsel appearing for the applicant/defendant submitted that the present suit has been filed against the defendant for infringement of the plaintiff's trademark and passing off

action. The present application is filed under Order VII Rule 11 CPC to reject the plaint on the ground that Section 134 of the Trademarks Act is not attracted to the present case on account of the fact that both the plaintiff's and the defendant's Principal place of business are situated at Guntur, Andhra Pradesh and only the plaintiff's Branch Office is at Chennai and no cause of action arise at Chennai, to confer jurisdiction to the plaintiff to file the present suit. The learned counsel further contended that, the averments set out in Para Nos.18 and 19 of the plaint does not show the cause of action and the jurisdiction to file the suit before this Court, and for better appreciation, the said paragraphs are extracted hereinbelow:-

“18. The cause of action for the present suit arose when the plaintiff started marketing its products under the trademark 'XXX' since the year 1991 and has been in continuous usage since then, when the plaintiff obtained registration of the trademark 'XXX' under no 1911594 dated 20.01.2010 in classes 3, 5, 29 and 30 and 34 in May, 2017 when the defendant came across the defendant's use of the mark 'XXX' and issued a cease and desist notice dated 31.05.2017 on 09.06.2017 when the defendant caused to issue an evasive reply in January, 2018 when the plaintiff came

across the defendant's use of the mark XXXL and issued a cease and desist notice dated 06.01.2018 on 29.01.2018, when the defendant caused to issue an evasive reply dated 21.01.2018 and subsequently, when the defendant continues with its infringing activities, the cause of action continuous arise each and every day (de die diem) until the defendant is restraining by an order of this Court from manufacturing and selling their products which is deceptively similar trademark as that of the plaintiff's.

19. The plaintiff has its Branch Office in Chennai and is carrying on business at Chennai, within the jurisdiction of this Court. The plaintiff's product bearing trademark XXX is also available at Chennai. Therefore, cause of action in respect of infringement of trademark has arisen within the jurisdiction of this Court by virtue of Sections 134 and 135 of the Trademarks Act, 1999. The Trademark Registry at Chennai is the appropriate Office for the plaintiff's registrations and the situs of the plaintiff's trademarks is situated in the City of Chennai, within the jurisdiction of this Court. Therefore, a substantial part

of cause of action has arise within the jurisdiction of this Court and therefore, this Court has jurisdiction to entertain and try the suit.”

7. Hence, the learned counsel submitted that the suit under Sections 134 and 135 is barred by limitation under Order VII Rule 11 CPC.

8. The learned counsel further submitted that para No.19 of the plaint, the respondent/plaintiff speaks of only the situs of the Trademark Registry at Chennai as ground of jurisdiction. However, the suit based on the situs is against the law. Further, he submitted by applying the principle of forum convenience, this Court has no jurisdiction to entertain the suit. In this regard, the learned counsel placed reliance on a decision rendered by the Hon'ble Full Bench decision of this Court, in the case of **M/s. Duro Flex Pvt. Limited Chennai (supra)** wherein, it is held that the fact that the situs of the registration of trademark is with the Trademark Registry at Chennai by itself would not be sufficient to give rise to a cause of action to institute the suit in the Madras High Court, though it may be a factor to be taken into account, among the bundle of facts to determine the cause of action and the Bench further held that, while determining the jurisdiction, forum convenience shall be taken into consideration.

9. The next contention of the learned counsel for the applicant/defendant is that, no cause of action has arisen at Chennai, except, the Branch Office of the plaintiff at Chennai and therefore, this Court has no jurisdiction to entertain the suit. In this regard, he referred to the decision of the Hon'ble Supreme Court, in the case of **Indian Performing Rights Society Ltd., Vs. Sanjay Dalia and another**, reported in **A.I.R. (2015) SCC. 3479**, wherein, it is held that [section 134\(2\)](#) of the Trade Marks Act, 1999 provides for a plaintiff to file the suit, where he resides, but the same cannot be done at a place, where, there is no cause of action.

10. The learned counsel for the applicant/defendant submitted that it is not known as to how withdrawal of the trademark registration application by the applicant/defendant, will give rise to a cause of action for the respondent/plaintiff to institute the Suit in Chennai, and by such withdrawal, it cannot be stated the defendant has acknowledged the plaintiff's right over the trademark 'XXX' at Chennai and such withdrawal may be for some other reason best known to the applicant, and unless and until, there is any infringement/passing off of the plaintiff's trademark at Chennai, the suit cannot be tried by this Court.

11. The learned counsel further argued that, though in the counter affidavit filed by the respondent/plaintiff, it is stated that the defendant suppressed about offer of their products through various Interactive Websites, that are accessible in Chennai, which is within the jurisdiction of this Court, there is no pleading to that effect in the plaint. According to the applicant/defendant, Dhal is not a product that can be purchased through online portals by infringing the plaintiff's trademark. Even assuming the said allegation to be true, it cannot be deemed to be a sale for the purpose of determination of jurisdiction. The learned counsel also placed reliance on the following decision in support of his case and prayed for rejection of the plaint.

i) **P.K.Sen Vs. Exxon Mobile Corporation and another** reported in **2018 (73) PTC 304 (Del) (DB)**.

ii) **Captain Tractors Pvt. Ltd., Vs. Ashok Leyland Ltd., in Application No.6799 of 2018, in C.S.(Comm.Div.) No.468 of 2018.**
and

iii) **Indian Performing Rights Society Ltd., Vs. Sanjay Dalia and another**, reported in **A.I.R. (2015) SCC. 3479**.

12. Per contra, Mr.Arun C. Mohan, the learned counsel for the respondent/plaintiff submitted that the plaintiff's Branch Office, which is the Principal place of business, is situated within the jurisdiction of this Court and their product, Dhal is being sold at Chennai and the same are sufficient to file the present Suit by virtue of Section 134 (2) of the Trademarks Act, 1999. Further, it is submitted that the respondent/plaintiff got registered their trademark 'XXX' with the Trademark Registry at Chennai and since the situs of the plaintiff's trademark is situated within the jurisdiction of this Court, the respondent/plaintiff file the suit before this Court.

13. Further, the learned counsel for the respondent/plaintiff contended that the defendant's offending goods are being sold through Interactive Websites accessible in Chennai, (as evident in the additional typed set of papers and hence, the Civil Suit filed by the respondent/plaintiff is well within the jurisdiction of this Court. The nature of goods being 'Dhal', which is a common household article, it would amply establish that it is a product subject to regularly online retail as is the case herein. Therefore, the learned counsel contended that substantial part of cause of action has arisen within the jurisdiction of this Court, and hence this Court has jurisdiction to entertain the suit. Further, he submitted that

this Court is also the natural forum for filing the present suit as both the parties are carrying on their business at Chennai, and the application filed by the respondent/plaintiff is liable to be dismissed. To substantiate his contention, the learned counsel referred to the following judgements :-

i) **Wipro Limited and others Vs. Oushadha Chandrika Ayurvedic India (P) Limited and others** reported in MANU/TN/0449/2018.

ii) **Parle Products Private Limited Vs. Surya Food and Agro Limited,** MANU/TN/2109/2008.

iii) **M/s. Duro Flex Pvt. Limited Chennai Vs. M/s. Duroflex Sitzings System, Delhi and another.**

iv) **Hindustan Unilever Ltd., Vs. Andhra Detergents MAC Marketing** MANU/TN/4102/2016.

14. Heard the learned counsel for both the parties and perused the pleadings, documents and other case laws cited by them. In view of the same, the issue that falls for consideration in the application are as follows:-

i) Whether the situs of the registration of the plaintiff's trademark is at Chennai by itself would be sufficient to give rise to cause of action to institute the suit in the Madras High Court, by virtue of Section 134 (2) of the Trademarks Act ?

ii) Whether the withdrawal of the defendant's Trademark registration application at the Trademark Registry at Chennai would give a cause of action for the plaintiff to file the present suit?

iii) Whether the offer made by the defendant through INTERACTIVE WEBSITES accessible in Chennai would amount to sale taking place at, in the absence of any evidence, that actual sales takes place anywhere in Chennai and whether the same would form part of cause of action for the plaintiff's to institute the suit at Chennai ?

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15. Though this Court framed three issues for consideration, this Court proceeds to decide third Issue first, as the issue regarding the maintainability of the suit before this Court hinges upon the answer to the third issue.

16. It is an admitted fact by both the parties that the applicant/defendant offer their goods via. Interactive Websites, accessible at Chennai. The issue as to whether the offer made through INTERACTIVE WEBSITES would amount to sale or not, is no longer res integra, as the said issue already been dealt with by a learned Single Judge of this Court, in the case of **Captain Tractors Pvt. Ltd.**, (referred supra), wherein, the learned Single Judge, after referring to various decisions and analysing the law on that aspect, held that the display of the goods via. Interactive Websites can at best, be an invitation to offer and cannot be deemed to be an offer.

17. Thus, in the light of the aforesaid decision, this Court is inclined to point that, what the applicant/defendant does is only a display in the Interactive Websites with regard to the offer made by them and it is only an invitation to offer made by them and not an offer. To put it in other words, it is only an advertisement through commercial media about the availability of their product. Therefore, it is not open to the learned counsel for the respondent/plaintiff to contend that the applicant/defendant is selling their product through Interactive Websites accessible in Chennai, and the same forms part of the cause of action to institute the suit at Chennai. Further, this Court would like to point out that, even assuming that if any goods are

sold by the applicant/defendant through the websites, unless and until, a product is sold and a consideration is paid for such sale at Chennai, it cannot be treated to be a sale taken place at Chennai.

18. That apart, though in the counter affidavit filed to the Application for rejection of the plaint, the respondent/plaintiff stated that the applicant/defendant are selling their product by infringing the plaintiff's trademark through online portals, there is no pleading to that effect in the plaint and therefore, it is clear that such allegation has been newly introduced only to defeat the rights of the applicant. Further, as rightly pointed out by the learned counsel for the applicant/defendant, the impugned product 'Dhal' is not a product that can be purchased through online portals, by infringing the plaintiff's trademark. Even assuming the said allegation to be true, as stated above, unless and until, a product is sold and a consideration is paid for such sale at Chennai, it cannot be treated to be a sale taken place at Chennai, for the purpose of determination of jurisdiction. Hence, Issue No.iii is answered against the respondent/plaintiff.

19. Further, this Court would like to point out that, the respondent/plaintiff can file the suit before this Court, provided, if any,

cause of action arise at Chennai, i.e., if the defendant's are selling the product by infringing the plaintiff's trademarks and such products are sold at Chennai. In the present case, there is no whisper about the sale of product of the defendant at Chennai. It is merely stated by the respondent/plaintiff stated that defendant offer their products through various INTERACTIVE WEBSITES. In this regard, the respondent/plaintiff filed the additional typed-set of papers, wherein, they have filed only copy of the invoice details with regard to the sale by them. Apart from that, the plaintiff has not filed any documentary evidence with regard to the sale made by the defendant through Interactive Websites.

20. Thus, in the absence of any document to show that the defendant's are selling their product at Chennai, this Court holds that the very initiation of the suit before this Court itself is not maintainable as the sale alleged to have taken place at Chennai, which, according to the plaintiff forms part of cause of action is first of all, not a sale, and hence, the suit is not maintainable before this Court.

21. Now, the next issue to be decided is the first issue viz., Whether the situs of the registration of the plaintiff's trademark is at Chennai by itself would be sufficient to give rise to cause of action to

institute the suit in the Madras High Court, by virtue of Section 134 (2) of the Trademarks Act. As like the third issue, this first issue has also been dealt with by the Hon'ble Full Bench of this Court, in the case of **Duro Flex Pvt. Ltd case (referred supra)**, wherein, it is held that, situs of Trademark Registry at Chennai would not create the complete cause of action at Chennai. The registration of the mark is a fact, but, cause of action would consists of a bundle of facts. Thus, more than one fact would have to be taken into account to determine the location of a particular trademark, which connects the trademark to the place. The very fundamental of an infringement action, i.e., the right of the public is to be free from confusion, apart from the synonymous right of the owner to control his product's reputation. Thus, the trademark law seeks to protect principally the consuming public from confusion, concomitantly, protecting the trademark owner's right to a non-confused public. Therefore, the situs of the registration of the trademark is with the trademark Registry at Chennai by itself would not be sufficient to give rise to cause of action to institute the suit in the Madras High Court. Accordingly, Issue No.i) is answered in favour of the applicant/defendant.

22. Similarly, withdrawal of the application by the applicant's/defendant's for registration of their trademark 'XXXL' at

Chennai would also not give any cause of action for the plaintiff to file the suit at Chennai. In the decision rendered by the Hon'ble Full Bench of this Court, there was a reference to the decision rendered in the case of **in Kusum Ingots and Alloys Ltd., vs. Union of India and another, reported in (2004) 6 SCC 254 = 2004-4-L.W 310**), wherein, it was held that, even if it was found that part of cause of action has arisen within the jurisdiction of the Court, the Court may refuse to exercise its discretionary jurisdiction on the principle of 'forum conveniens'. Hence, Issue No.ii is also answered in favour of the applicant/defendant.

23. Further, this Court is of the view that, in the present case, no part of cause of action arose Chennai for the plaintiff to file the present suit to sue against the defendant before this Court and substantial cause of action arose only at Guntur. Hence, it would be convenient for both the parties to approach the Court at Guntur, instead of contesting the case before this Court without any cause of action.

24. Further, this Court would like to express that, appropriate forum, for institution of a suit for infringement would be a place, where, the goods are being sold by the defendant, in case, if no sales takes place or the plaintiff is unable to prove the sale of goods, appropriate forum would be

the place, where, the defendant's principal place of business is situated. Further, jurisdiction of the court would not be merely attracted on the basis of the interactivity of the websites, which is accessible in the forum state and the plaintiff has to establish that their business, goodwill and reputation is affected due to such infringement action of the defendant in the forum state.

25. In view of the findings by this Court, in the manner stated above, this Court finds that the plaintiff laid the suit without having any valid cause of action, as all the three issues framed by this Court have been decided against the plaintiff. Hence, the plaint is liable to be rejected. Consequently, the Application filed by the applicant/defendant is allowed, and leave granted to reject the plaint.

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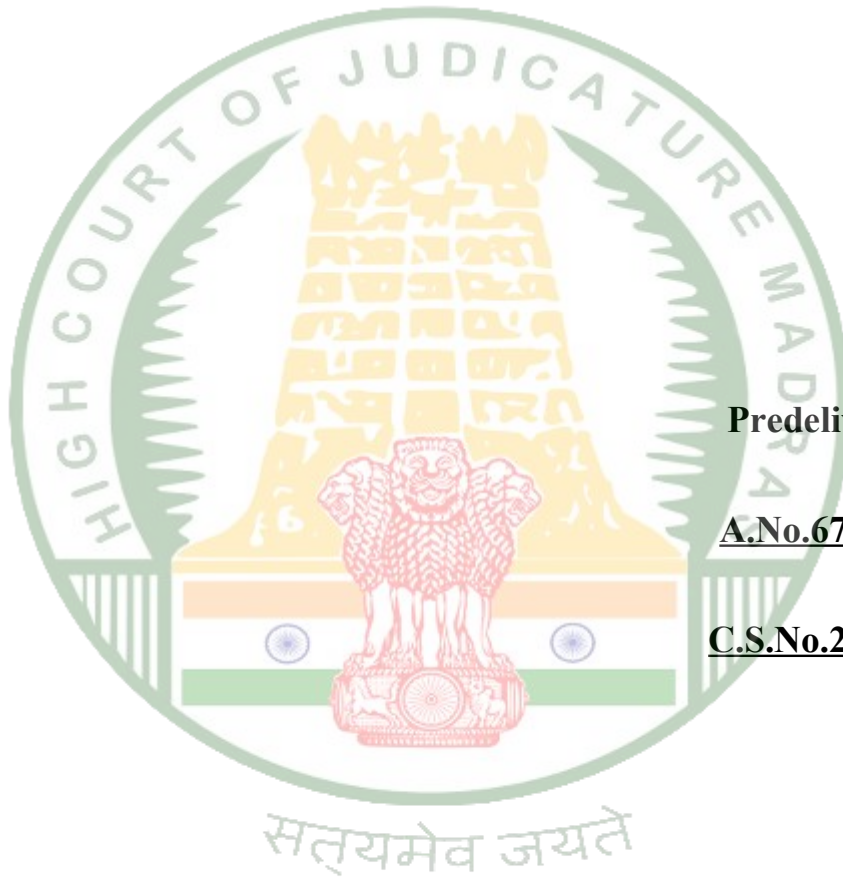
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Krishnan Ramasamy, J.,

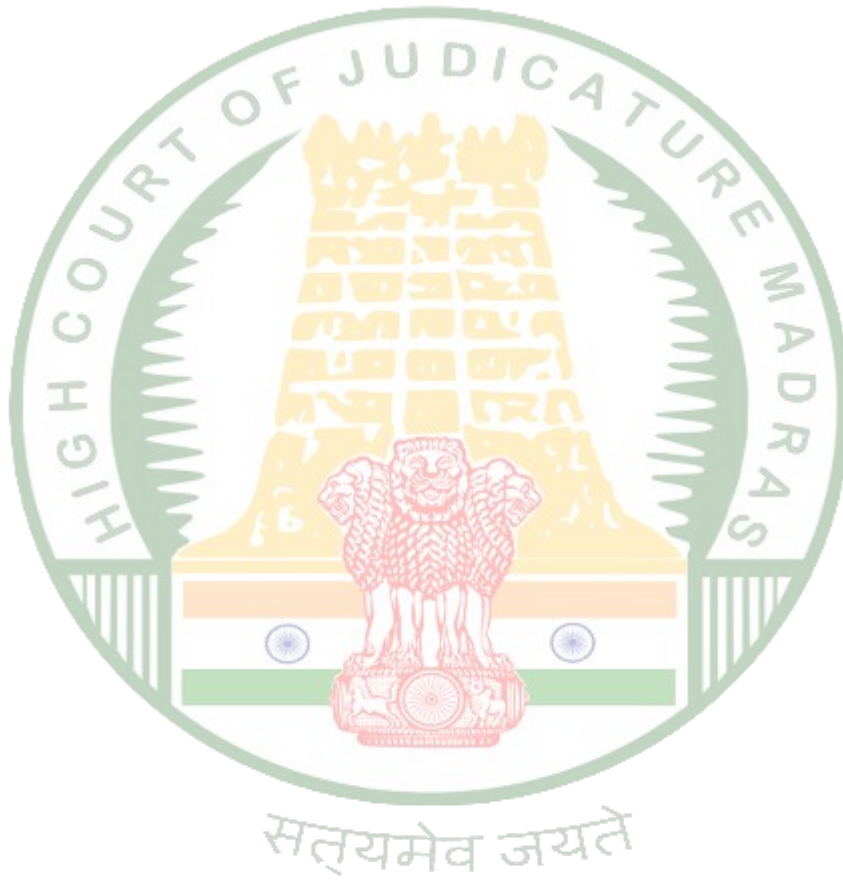
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A.No.6796 of 2018
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