

IN THE HIGH COURT OF JUDICATURE AT MADRAS

Reserved on: 21.04.2021

Pronounced on: 27.04.2021

Coram::

THE HONOURABLE Dr.JUSTICE G.JAYACHANDRAN

A.Nos.1375, 1376 & 1381 of 2021
in C.S.No.91 of 2021

V.Anbalagan,
No.127/1, Gandhi Road,
Hastampatty, Salem - 636 007.

... Applicant
in A.Nos.1375 & 1376 of 2021

/versus/

1. V.Sundaresan,
2. S.Tamilarasi,
3. S.Vimal Kumar,
4. K.Sindhu,
5. M/s.Shri.Varalakshmi Company,
No.3, Komarapalayam, Mallur,
Rasipuram Taluk, Namakkal District,
Tamil Nadu – 636 203,
Branch Office at: 5/1, 6th Floor, Greenwood Apartments,
Cenotaph Road, Teynampet,
Chennai – 600 018.

6. Varalakshmi Starch Industries Ltd,
No.127/1, Gandhi Road,
Hastampatty, Salem – 636 007.

... Defendants
in A.Nos.1375 & 1376 of 2021

Prayer in A.No.1375 of 2019:- Application is filed under Order XIV and Rule 8
of Original Side Rule read with Order 1 Rule 10(2) & Section 151 of C.P.C

To strike out the name of the applicant/2nd defendant since they have improperly joined as a party in the present suit?

Prayer in A.No.1376 of 2019:- Application is filed under Order XIV and Rule 8 of Original Side Rule read with Order 7 Rule 11 & Section 151 of C.P.C

To reject the plaint since there is no cause of action established against the applicant/2nd defendant and there is not efficacious remedy sought or available in the plaint against the applicant/2nd defendant.

Varalakshmi Starch Industries Ltd,
No.127/1, Gandhi Road,
Hastampatty, Salem – 636 007.

... Applicant
in A.No.1381 of 2021

/versus/

1. V.Sundaresan,
2. S.Tamilarasi,
3. S.Vimal Kumar,
4. K.Sindhu,
5. M/s.Shri.Varalakshmi Company,
No.3, Komarapalayam, Mallur,
Rasipuram Taluk, Namakkal District,
Tamil Nadu – 636 203,
Branch Office at: 5/1, 6th Floor, Greenwood Apartments,
Cenotaph Road, Teynampet,
Chennai – 600 018.

6. V.Anbalagan,
No.127/1, Gandhi Road,
Hastampatty, Salem - 636 007.

... Respondents
in A.No.1381 of 2021

Prayer in A.No.1381 of 2019:- Application is filed under Order XIV and Rule 8 of Original side rules read with order 7 Rule 10/B & Section 151 of C.P.C.

To return the plaint to the appropriate court since this Hon'ble Court does not have jurisdiction to adjudicate over the same.

For Applicant : Mr.Arun C. Mohan
in A.Nos.1375 & 1376 of 2021

For Applicant : Mr.P.S.Raman, Sr.Counsel
in A.No.1381 of 2021

For D1 to D4 : Mr.S.Parthasarathy, Sr.Counsel
in A.Nos.1375 & 1376, of 2021 for M/s.Suhrith Parthasamy

COMMON ORDER

The suit is for infringement of trade mark and passing off conferring jurisdiction on this court based on the place of branch office of plaintiff firm and the presence of the infringed product within the territory limits of this Court. The first defendant has taken out this application under Order 7 Rule 10 B and section 151 of CPC to return the plaint to be presented before the appropriate court having jurisdiction to adjudicate. In other words, the applicant/first defendant has pleaded that this court lack territorial jurisdiction to hear this suit.

2. As per the plaint averment, the first plaintiff and the second defendants are sons of Late Vardaraja Gounder who is the founder of Shri Venkateswara Sago Factory. After his demise, the first plaintiff and the second defendant started a partnership firm by name M/s.Shri Varalakshmi Company in the year 1984 and M/s.SVS Classic Foods in the year 1991. The first defendant company M/s.Varalakshmi Starch Industries Pvt Limited was incorporated by them in the year 1995. Till the year 2005 the business was carried by them as an HUF. Due to difference of opinion between them, they decided to part away and entered into a registered partition deed on 20.06.2005 on the following terms:-

- a. The 1st plaintiff transferred all his shares in the 1st defendant Company to the 2nd defendant.
- b. The 2nd defendant, along with his son, retired from the 5th plaintiff firm i.e. M/s.Shri Varalakshmi Company.
- c. The 1st plaintiff and the 3rd plaintiff retired from the partnership firm, M/s.SVS Classic Foods.
- d. The brands/trade marks of the business were distributed as follows:
 - i. 1st plaintiff - “Maharaja (Super Fine Tested Sago)” (registered mark) and “Kitchen king Brand” (unregistered).

ii. 2nd Defendant - “Double Dolphin” (registered);
“Dosth Brand” (registered) and “SVS Mother Choice”
(unregistered).

e. It was specifically agreed that while the 2nd defendant could continue to carry on business under the trade marks “Double Dolphin”, “Dosth Brand” and “SVS Mother Choice” (and that too exclusively through SVS Classic Foods), all reference to the name “Shri Varalakshmi” was to be deleted from the packing, colour, printing matter and design of the products.

3. The suit for infringement of trademark came to be filed alleging that, while the plaintiffs 1 to 4 through the 5th plaintiff partition firm carrying on their trade in variety of sago/sabudana and other tapioca products and they have valid trade mark registrations under class 30 for their products in the name of Varalakshmi sago, Varalakshmi Divyam Sabudana, Varalakshmi papad etc, the second defendant through the first defendant company, in violation of the terms of the partition held in the year 2005 imitating the trade mark of the plaintiff by using the word ‘varalakshmi’ to their sago/sabudana/papad products marketed under the “Everest” brand.

4. Claiming that the plaintiff is having its Branch Office at Cenotaph Road, Theynampet, Chennai and the first defendant adding the word 'Varalakshmi' had begun to sell its 'EVEREST' brand sago/sabudana unlawfully all over the country including Chennai, the suit for infringement of trade mark and passing off is filed before the High Court, Madras.

5. The first defendant, in this application, to return the plaint for want of jurisdiction, contend that, parties involved in the litigation are all residing or operating primarily from Salem/Namakkal District. The business and manufacturing plants of the plaintiffs as well as the defendants are located in Salem/Nammakal/ Dharmapuri Districts. With malafide intention the suit is filed at Chennai. No part of cause of action arose within the jurisdiction of this court. The alleged infringing mark cannot be found on retail sale anywhere within the jurisdiction of this Court. Merely claiming to have the branch office in Chennai without any supporting document such as receipts/financial statements etc., the suit is laid at Chennai. Mere a branch office without any proof of commercial activity will not confer jurisdiction to this court to maintain a suit for infringement. In the absence of any cause of action wholly or partly within this court jurisdiction, the plaint taken on file has to be returned to the presented before

appropriate court.

6. The Learned Senior Counsels appearing for either side marshalling judicial pronouncements in their favour and the documents relied by the plaintiff as suit documents, canvassed their respective case for and against the application to return the plaint.

7. The Learned Senior Counsel for the plaintiffs referring the branch office address as shown in the plaint and the invoices of dealers by name Sambhav Products, Mayan Traders, Amara @ Company, all carrying on business within the jurisdiction of this court and the dealing with the defendant product Varalakshmi Everest Sago and photographs of the shops at Addiappa Naicken Street , Chennai (a wholesale market place at Chennai City) contended that to determine the jurisdiction, the plaint averment alone to be considered and the material placed by the plaintiff is sufficient to show the plaintiff carry on its business through its branch office at Chennai and the product of the defendants with the plaintiffs trademark is available in the market within the jurisdiction of this court. As per Section 134(2) of the Trade Mark act and clause 12 of Letter Patent Act, this Court has ample jurisdiction to entertain the suit. Relying the judgment of the Hon'ble

Supreme Court in ***Isha Distribution House (P) Ltd -vs- Aditya Birla Nuva Ltd*** reported in ***2019 (12) SCC 205***, the Counsel for the plaintiffs submitted that, the question of territorial jurisdiction is a mixed question of law and fact. The plea required to be taken in the written statement and enable the Court to try it on merits in accordance with law in the light of the requirements of Order 14 of the C.P.C and other relevant provisions governing the issue on merits. Relying the Division Bench judgment of this Court in ***Wipro Ltd and another -vs- Oushadha Chandrika Ayurvedic India Pvt Ltd*** reported in ***2008 (2) LW 430***, submitted that for the purpose of deciding an application for return of plaint, the averments made in the plaint are germane; plea taken by the defendant in the written statement would be wholly irrelevant at that stage.

8. Per contra, the learned Senior Counsel for the applicant/first defendant referring the judgment of the Supreme Court rendered in ***Indian Performing Rights Society Ltd -vs- Sanjay Dalia and another*** reported in ***2015(10) SCC 161*** emphatically argued that while considering the place of suing, purposive construction of section 134 of the trade marks Act is required to balance the interests of plaintiff and the defendant. Also referring the full Bench Judgment of this Court rendered in ***Duro Flex Ltd -vs- Durolex Seatings System*** reported in

2014 (6) 577 submitted that, mere registration of trade mark at Chennai will not confer jurisdiction to this court. More than one fact has to be considered to determine location of particular trade mark which connects the trade mark to the place. If the “connecting Factor” test is applied in this case, the sporadic presence of the defendant product and the self claimed branch office at Chennai without any commercial activity will not confer any jurisdiction to this court.

Order VII Rule 10, 10 A and 10 B of CPC reads as below:-

10. Return of plaint:- (1) [Subject to the provisions of Rule 10-A, the plaint shall] at any stage of the suit be returned to be presented to the Court in which the suit should have been instituted.

[Explanation.— For the removal of doubts, it is hereby declared that a court of appeal or revision may direct, after setting aside the decree passed in a suit, the return of the plaint under this sub-rule.]

(2) Procedure on returning plaint:- On returning a plaint the Judge shall endorse thereon the date of its presentation and return, the name of the party presenting it, and a brief statement of the reasons for returning it.

10-A. Power of Court to fix a date of appearance in the Court where plaint is to be filed after its return.- (1) Where, in any suit, after the defendant has appeared, the Court is of opinion that the plaint should be returned, it shall,

before doing so, intimate its decision to the plaintiff.

(2) Where an intimation is given to the plaintiff under sub-rule (1), the plaintiff may make an application to the Court—

(a) specifying the Court in which he proposes to present the plaint after its return,

(b) praying that the Court may fix a date for the appearance of the parties in the said Court, and

(c) requesting that the notice of the date so fixed may be given to him and to the defendant.

(3) Where an application is made by the plaintiff under sub-rule (2), the Court shall, before returning the plaint and notwithstanding that the order for return of plaint was made by it on the ground that it has no jurisdiction to try the suit,—

(a) fix a date for the appearance of the parties in the Court in which the plaint is proposed to be presented, and

(b) give to the plaintiff and to the defendant notice of such date for appearance.

(4) Where the notice of the date for appearance is given under sub-rule (3),—

(a) it shall not be necessary for the Court in which the plaint is presented after its return, to serve the defendant with a summons for appearance in the suit, unless that Court, for reasons to be recorded, otherwise directs, and

(b) the said notice shall be deemed to be a summons for the appearance of the defendant in the Court in which the plaint is presented on the date so fixed by the Court by which

the plaint was returned.

(5) Where the application made by the plaintiff under sub-rule (2) is allowed by the Court, the plaintiff shall not be entitled to appeal against the order returning the plaint.

10-B. Power of appellate court to transfer suit to the proper Court.— (1) Where, on an appeal against an order for the return of plaint, the Court hearing the appeal confirms such order, the court of appeal may, if the plaintiff by an application so desires, while returning the plaint, direct plaintiff to file the plaint, subject to the provisions of the Limitation Act, 1963 (26 of 1963), in the Court in which the suit should have been instituted (whether such Court is within or without the State in which the Court hearing the appeal is situated), and fix a date for the appearance of the parties in the Court in which the plaint is directed to be filed and when the date is so fixed it shall not be necessary for the Court in which the plaint is filed to serve the defendant with the summons for appearance in the suit, unless that Court in which the plaint is filed, for reasons to be recorded, otherwise directs.

(2) The direction made by the Court under sub-rule (1) shall be without any prejudice to the rights of the parties to question the jurisdiction of the Court, in which the plaint is filed, to try the suit.

9. Order VII Rule 10 B of C.P.C is the provision which deals with

power of the appellate Court against the order of Court of first instance in an application to return the plaint.

10. In an application under order VII Rule 10-B of C.P.C laid before appellate Court against the order to return the plaint for presentation before appropriate Court, the appellate Court shall transfer the suit to appropriate Court following the procedure laid. As far as the present case, being the Court of first instance the appropriate provision is Order VII Rule (10) C.P.C. Nonetheless, quoting of wrong provision of law cannot be a reason to decline the relief, if the relief sought deserves merit.

11. The applicant contention is that the Branch Address shown by the plaintiff is not the place of business of the plaintiffs but a residential premises. No business is carried on by the plaintiff from the said address. In the plaint, it is averred that the plaintiffs have spend approximately Rs.7,27,61,374/- on advertising alone. Several documents filed to substantiate this plea. However, in none of the advertisement the plaintiffs have shown the branch office address. In all their advertisements except the manufacturing address at Mallur, Rasipuram Taluk, formerly Salem District now Nammakal District or/and their administrative

Office at No.3/100 Vivekananda Street, New Fairlands, Salem, no other address is shown more specifically, in none of these documents this Court could find any reference about the Branch Office at Chennai. So far as the invoices relied by the plaintiffs, there is enough indication that the product of the defendant carrying the mark “Everest” added to the word “Varalakshmi” is marketed within the jurisdiction of this Court.

12. The point in issue well answered by the Hon’ble Supreme Court in ***Indian Performing Rights Society Limited -vs- Sanjay Dalia and another*** reported in (2015) 10 SCC 161 as under:-

“19. The intendment of the aforesaid provisions inserted in the Copyright Act and the Trade Marks Act is to provide a forum to the plaintiff where he is residing, carrying on business or personally works for gain. The object is to ensure that the plaintiff is not deterred from instituting infringement proceedings “because the court in which proceedings are to be instituted is at a considerable distance from the place of their ordinary residence”. The impediment created to the plaintiff by Section 20 CPC of going to a place where it was not having ordinary residence or principal place of business was sought to be removed by virtue of the

aforesaid provisions of the Copyright Act and the Trade Marks Act. Where the corporation is having ordinary residence/principal place of business and cause of action has also arisen at that place, it has to institute a suit at the said place and not at other places. The provisions of Section 62 of the Copyright Act and Section 134 of the Trade Marks Act never intended to operate in the field where the plaintiff is having its principal place of business at a particular place and the cause of action has also arisen at that place so as to enable it to file a suit at a distant place where its subordinate office is situated though at such place no cause of action has arisen. Such interpretation would cause great harm and would be juxtaposed to the very legislative intendment of the provisions so enacted.

20. In our opinion, in a case where the cause of action has arisen at a place where the plaintiff is residing or where there are more than one such persons, any of them actually or voluntarily resides or carries on business or personally works for gain would oust the jurisdiction of other place where the cause of action has not arisen though at such a place, by virtue of having subordinate office, the plaintiff instituting a suit or other proceedings might be carrying on business or personally works for gain.

21. At the same time, the provisions of Section 62 of the Copyright Act and Section 134 of the Trade Marks Act have removed the embargo of suing at place of accrual of cause of action wholly or in part, with regard to a place

where the plaintiff or any of them ordinarily resides, carries on business or personally works for gain. We agree to the aforesaid extent that the impediment imposed under Section 20 CPC to a plaintiff to institute a suit in a court where the defendant resides or carries on business or where the cause of action wholly or in part arises, has been removed. But the right is subject to the rider in case the plaintiff resides or has its principal place of business/carries on business or personally works for gain at a place where cause of action has also arisen, suit should be filed at that place not at other places where the plaintiff is having branch offices, etc.”

13. In the instant case, according to the plaint averments, 4 out of 5 plaintiffs, reside at Mallur, which is within the jurisdiction of Namakkal District. The fifth plaintiff registered office is also at Mallur. The first defendant company is at No.127/1, Gandhi Road, Hastampatty, Salem and the 2nd defendant, who is the Chairman-cum-Managing Director of the first defendant also resides in the same address. The main allegation against the defendants is infringement of trade mark. The ancillary allegation is passing off the defendant's product as that of the plaintiffs product. Both the plaintiffs product and the defendants product are manufactured outside the jurisdiction of this Court. The marketing which is a chain of events, also commences outside the jurisdiction of this Court. Situs of registration of the trade mark and sporadic presence of the goods within the

jurisdiction of this Court not sufficient to confer jurisdiction upon this court if the “connecting factor principle” is applied.

14. The Supreme Court in Indian Performing Rights Society Limited case cited supra had made clear that the right of the plaintiff to sue at the place of its Branch Office invoking the additional jurisdiction conferred under section 134(2) of the Trade Marks Act is subject to the rider. In case the plaintiff resides or has its principal place of business/carries on business or personally works for gain at a place where cause of action has also arisen, suit should be filed at that place not at other places where the plaintiff is having branch offices, etc.

15. In the result, Application No.1381 of 2021 allowed. In exercise of the power under Order VII Rule 10 of C.P.C, the plaint is returned to be presented in the Court which has territorial jurisdiction.

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A.Nos.1375 & 1376 of 2021

16. These two applications filed by the 2nd defendants with the prayer to strike out the name of the applicant/2nd defendant alleging he has been improperly joined as a party. And to reject the plaint since there is no cause of action established against the applicant/2nd defendant and there is no efficacious remedy sought or available in the plaint against the applicant/2nd defendant.

17. According to the applicant, the suit is for the relief of infringement of the registered trade mark of the plaintiff by the 1st defendant Company. The 2nd defendant is the elder brother of the 1st plaintiff. Earlier, they both were partners running business in Tapioca Sago, Starch. In the year 2005, they entered into a partition deed and thereafter, the 2nd defendant had floated the 1st defendant Company and carrying on business independently. The interest in S.V.S Classic Flood, which he obtained and controlled as a partner along with the 1st defendant was relinquished and surrender in favour of the plaintiff. There is no cause of action established against him and no relief sought against him and therefore, he is not necessary party to the suit.

18. Denying the allegations made in the applications. Common

counter has been filed by the plaintiff. The plaintiffs contend that, the applicant who had given the undertaking not to use the 5th plaintiff trade mark had violated the undertaking. The trade mark of the plaintiff is infringed by the 2nd defendant through the 1st defendant Company.

19. Perusal of the records and pleading indicates that the 5th plaintiff firm and its partners and the 2nd defendant are not stranger. Once upon a time, the 2nd defendant was one of the partners of the 5th plaintiff. By a partition deed dated 20.06.2005, the applicant/2nd defendant had relinquished his right in the 5th plaintiff firm and he has also given an undertaking that he will not use the trade mark of the 5th plaintiff. Now the allegation is that, he has breached the terms and through the 1st defendant Company, the product of the 1st defendant company is marketed infringing the trade mark of the 5th defendant firm.

20. In said circumstance, if the averment made by the plaintiff is proved in the trial and if enough evidence is placed to show that the infringement being committed by the first defendant, in which, the 2nd defendant admittedly the Chairman and Managing Director, there may be a necessity to pierce the corporate veil. Hence, this Court holds that the 2nd defendant is proper and necessary party

and therefore, the prayer sought in these two applications cannot be entertained.

Accordingly, these two applications are dismissed.

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21. The plaintiffs as dominus litis, have the option of presenting the plaint either before the District Court at Nammakal, where they reside and carry on business; as the principal site of business or before the district court at Salem, where the defendants resides and carry on their business. Hence, the plaintiffs are permitted to get back the plaint and documents filed along with the plaint and presented it before either of the Courts referred above which is conferred with the powers of Commercial Court, within 60 days from the date of this order. The Registry is directed to return all the original documents and the pleadings to the plaintiffs forthwith for presenting it before the appropriate Court. The interim order of injunction as modified vide order of this Court dated 29.03.2021 shall be in force till altered or modified in future by the Court of Commercial Division or Commercial Appellate Division.

22. Accordingly, the Application Nos.1375, 1376 of 2021 are

dismissed. Application No.1381 of 2021 is allowed. No costs.

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Index :Yes
Speaking Order/Non-speaking order
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Pre-delivery common order in
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