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Court : Delhi

Decided On : May-11-2016

Judge : Vipin Sanghi

Appeal No. : CS(COMM) No. 339 of 2016

Appellant : HSIL Ltd.

Respondent : Oracle Ceramic and Another

Judgement :

Vipin Sanghi, J.

1. The plaintiff has filed the three suits aforesaid against the respective defendants to seek relief of permanent injunction, restraining infringement of trademark, infringement of copyright, against misrepresentation, passing off, unfair competition, dilution and for damages and delivery up, etc.

2. The suits are premised on the registered trademarks claimed by the plaintiff in respect of sanitary ware. The defendants in all the three suits are parties situated in the State of Gujarat and the plaintiff has not claimed that the defendants in the three suits have any presence in Delhi, i.e. within the jurisdiction of this Court, or that any part of cause of action has arisen within the jurisdiction of this Court. The plaintiff has, in all these suits, invoked Section 134 of the Trademarks Act, 1999 to claim jurisdiction in this Court on the premise that the plaintiff carries on business

in Delhi/ it is located in Delhi. The plaintiff HSIL Limited is a company registered under the Companies Act having its registered office at Kolkata, West Bengal. The plaintiff also states that it has no office/presence in the State of Gujarat. Thus, it would be seen that the plaintiff has invoked the territorial jurisdiction of this Court on the strength of the plaintiff having its own office (other than the registered office) in Delhi and on the plea that it is carrying on business in Delhi.

3. Since this Court was, prima-facie, of the view that this Court would not have territorial jurisdiction to deal with the present suits, the plaintiff's counsel was granted time to examine the said position. On 08.04.2016, the Court passed the following order:

" Attention of the plaintiff's counsel has been drawn to the judgments of this Court in Piccadily Agro Industries Ltd. v. Ashok Narwal, C.S. (OS) No.2550 of 2015 decided on 14.03.2016; and M/s RSPL Ltd v. Mukesh Sharma and Another, I.A. No. 11034/2015 in C.S. (OS) No. 124 of 2015 decided on 05.04.2016. He seeks time to examine the position.

At his request, adjourned to 26.04.2016."

4. Arguments were heard on the aspect of jurisdiction and order reserved thereafter on 26.04.2016.

5. The submission of learned counsel for the plaintiff is that the plaintiff has its branch/subsidiary office in Delhi and, at the same time, the plaintiff has no presence in Gujarat. Neither its principal office, nor subsidiary office, nor branch office is situated in Gujarat. The plaintiff, therefore, submits that since the plaintiff has no presence in Gujarat where the entire cause of action has arisen, the plaintiff cannot be bound down to invoke the jurisdiction of the Courts in Gujarat by resort to Section 134 of the Trademarks Act, and the plaintiff can prefer a suit under Section 134 of the Trademarks Act at Delhi, it being the place where it has its branch/subsidiary office.

6. Learned counsel for the plaintiff seeks to rely upon paragraph 13 of Indian Performing Right Society Ltd. v. Sanjay Dalia and Another, 155 (2008) DLT 164

(DB) (referred to hereinafter as IPRS Delhi), decided by a Division Bench of this Court. Learned counsel submits that the said decision was upheld by the Supreme Court in Indian Performing Rights Society Ltd. v. Sanjay Dalia and Another, AIR 2015 SC 3479 (referred to hereinafter as IPRS SC). Thus, according to the learned counsel for the plaintiff, the present suits are maintainable in this Court. Mr. Gupta submitted that in IPRS SC (supra), the Supreme Court was dealing with a situation where the cause of action had arisen at the same place where the plaintiff was having its registered office. Consequently, the Supreme Court held that the suit could not be maintained by the plaintiff at the place where it had its branch office, as no part of cause of action had arisen at the location of the branch office. Learned counsel for the plaintiff also relies on Dhodha House v. S.K. Maingi, AIR 2006 SC 730, wherein the Supreme Court elaborated on the expressions "carries on business" and "personally works for gain" used in Section 134 of the Trademarks Act. The following extract from Dhodha House (supra) is relied upon by the plaintiffs:

"46. The expression "carries on business" and the expression "personally works for gain" connote two different meanings. For the purpose of carrying on business only presence of a man at a place is not necessary. Such business may be carried on at a place through an agent or a manager or through a servant. The owner may not even visit that place. The phrase "carries on business" at a certain place would, therefore, mean having an interest in a business at that place, a voice in what is done, a share in the gain or loss and some control there over. The expression is much wider than what the expression in normal parlance connotes, because of the ambit of a civil action within the meaning of Section 9 of the Code. But it is necessary that the following three conditions should be satisfied, namely,

(1)

(2)

(3) To constitute 'carrying on business' at a certain place, the essential part of the business must take place in that place. Therefore, a retail dealer who sells goods in the mofussil cannot be said to 'carry on business' in Bombay merely because he has an agent in Bombay to import and purchase his stock for him. He cannot be

said to carry on business in Bombay unless his agent made sales there on his behalf. A Calcutta firm that employs an agent at Amritsar who has no power to receive money or to enter into contracts, but only collects orders which are forwarded to and dealt with in Calcutta, cannot be said to do business in Amritsar. But a Bombay firm that has a branch office at Amritsar, where orders are received subject to confirmation by the head office at Bombay, and where money is paid and disbursed, is carrying on business at Amritsar and is liable to be sued at Amritsar."

(emphasis supplied)

7. Mr. Gupta has also placed reliance on *The Foundry Visionmongers Ltd. v. Satyanarayana Reddy S. and Ors.*, 2015 (64) PTC 108 (Del.). The submission is that in this decision, which deal with Section 62 of the Copyright Act (and which is pari material with Section 134 of the Trademarks Act), this Court held that a company carries on business where it has an office, i.e. its principal office, or the sole office, or the registered office, or the subordinate office. Reliance is placed on the following extract from the decision in *The Foundry Visionmongers* (supra):

"15. In my opinion, any doubt in this regard is removed by reference to para 50 of the judgment in the case of *Dhodha House* (supra) and last line of which para 50 makes it absolutely and completely clear that merely because goods of a company are sold at a particular place would not mean that company carries on business at such place. Therefore, once plaintiff has no registered office or principal office or a subordinate office in Delhi, Delhi courts would have no territorial jurisdiction merely because goods of the plaintiff are sold in Delhi through its exclusive reseller and the plaintiff has no ownership right of profit/loss in the business of the exclusive reseller.

16. No doubt, Section 62 of the Copyright Act allows a plaintiff to file a suit where the plaintiff is carrying on business, however, what is carrying on a business has been decided and pronounced upon in *Dhodha House's* case (supra) and therefore even though plaintiff can file a suit where it carries on business in infringement cases under the Copyright Act, however when a plaintiff is a company, carrying on business by a company can only be where the plaintiff

company has an office and it is only through the office being the principal office or the sole office or the registered office or the subordinate office that the company can be said to carry on business i.e. a company's carrying of business is not seen independently of existence of an office and merely selling of goods by a company without office at the place where the goods are sold will not mean that the company is said to be "carrying on business" simply because of selling of goods.

17.

18. This suit can only be instituted at Hyderabad where the cause of action arises, wholly or in part. Plaintiff could have filed a suit in Delhi if cause of action may not have arisen wholly or in part in Delhi and there was no infringement in Delhi but that was subject to the condition that plaintiff carries on business through its office at Delhi and which is not the position in the present case."

(emphasis supplied)

8. Mr. Gupta submits that the judgment of the Division Bench of this Court in *Ultra Home Construction Pvt. Ltd. v. Purushottam Kumar Chaubey and Others*, 227 (2016) DLT 320, does not lay down the correct law. The submission is that this Court has not correctly applied the ratio of the decisions of this Court in *IPRS Delhi* (supra); the decision in *IPRS SC* (supra) of the Supreme Court; and, the decision in *Dhodha House* (supra). At the same time, learned counsel for the plaintiff concedes that the decision of the Division Bench of this Court in *Ultra Home Construction* (supra) comes in the way of the plaintiff, and if the tests enunciated by the Division Bench of this Court in *Ultra Home Construction* (supra) are applied, this Court would not have the territorial jurisdiction.

9. I have heard learned counsel for the plaintiff and considered the aforesaid submissions. I cannot agree with the submissions of learned counsel for the plaintiff, and I am of the opinion that this Court lacks territorial jurisdiction to entertain the present suits.

10. In *M/s RSPL Ltd* (supra), a similar issue arose for consideration of this Court. The plaintiff filed the suit alleging infringement of trademark in this Court by

invoking Section 134 of the Trademarks Act. The plaintiff M/s RSPL had its registered office at Kanpur, and its corporate office at Pitam Pura, New Delhi. The plaintiff also averred that a part of cause of action had arisen within the jurisdiction of this Court. The defendant denied that any cause of action had arisen within the jurisdiction of this Court. On that aspect, a finding was returned by the Court in favour of defendant by holding that no part of cause of action had arisen within the jurisdiction of this Court. The defendant was situated in Bulandshahar. This Court, by applying the ratio in IPRS SC (supra), after noticing the decision in Ultra Home Construction (supra), held that this Court did not have territorial jurisdiction to deal with the suit, and directed return of the plaint under Order 7, Rule 10 CPC. The relevant paragraph from M/s RSPL Ltd (supra), wherein the decision of the Supreme Court in IPRS SC (supra) was considered, read as follows:

"16. In Indian Performing Rights Society Limited (supra), the Supreme Court while placing reliance on Jones v. Scottish Accident Insurance Co. Ltd., (1886) LR 17 QBD 421 (DC), observed that, 'the domicile of the company is fixed by the situation of its principal place of business.....' In the case of companies registered under the Companies Act, the controlling power is, as a fact, generally exercised at the registered office, and that office is therefore not only for the purposes of the Act, but for other purposes, the principal place of business " In this regard, reliance was placed on Watkins v. Scottish Imperial Insurance Co., (1889) LR 23 QBD 285 (DC).

17. In paragraph 19, the Supreme Court observed that:

"19.....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."

(Emphasis supplied)

18. Para 20 reads as under:

"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."

(Emphasis supplied)

19. In para 25, the Supreme Court, while rejecting the submission of the appellant, who was the plaintiff and had invoked Section 62 of the Copyright Act, observed:

"25. ..The legislature has never intended that the plaintiff should not institute the suit where he ordinarily resides or at its head office or registered office or where he otherwise carries on business or personally works for gain where the cause of action too has arisen and should drag the defendant to a subordinate office or other place of business which is at a far distant place under the guise of the fact that the plaintiff corporation is carrying on business through branch or otherwise at such other place also. If such an interpretation is permitted, as rightly submitted on behalf of the respondents, the abuse of the provision will take place. Corporations and big conglomerates, etc. might be having several subordinate offices throughout the country. Interpretation otherwise would permit them to institute infringement proceedings at a far-flung place and at an unconnected place as compared to a place where the plaintiff is carrying on their business, and at such place, cause of action too has arisen. In the instant cases, the principal place of business is, admittedly, in Mumbai and the cause of action has also arisen in Mumbai. Thus, the provisions of Section 62 of the Copyright Act and Section 134 of the Trade Marks Act cannot be interpreted in a manner so as to confer jurisdiction on the Delhi Court in the aforesaid circumstances to entertain such suits. The Delhi Court would have no territorial jurisdiction to entertain it."

(Emphasis supplied)

20. In para 26, the Supreme Court further observed;

"26. .It was never visualised by the lawmakers that both the parties would be made to travel to a distant place in spite of the fact that the plaintiff has a remedy of suing at the place where the cause of action has arisen where he is having head office/carrying on business, etc. The provisions of the Copyright Act and the Trade Marks Act provide for the authors/trade mark holders to sue at their ordinary residence or where they carry on their business. The said provisions of law never intended to be oppressive to the defendant. The Parliamentary debate quoted above has to be understood in the manner that suit can be filed where the plaintiff ordinarily resides or carries on business or personally works for gain. Discussion was to provide remedy to the plaintiff at convenient place; he is not to travel away. Debate was not to enable the plaintiff to take the defendant to farther place, leaving behind his place of residence/business, etc. The right to remedy given is not unbridled and is subject to the prevention of abuse of the aforesaid provisions, as discussed above. Parliament never intended that the subject provisions be abused by the plaintiff by instituting suit in wholly unconnected jurisdiction. In the instant cases, as the principal place of business is at Mumbai the cause of action is also at Mumbai but still the place for suing has been chosen at Delhi. There may be a case where the plaintiff is carrying on the business at Mumbai and cause of action has arisen in Mumbai. The plaintiff is having branch offices at Kanyakumari and also at Port Blair, if interpretation suggested by the appellants is acceptable, mischief may be caused by such plaintiff to drag a defendant to Port Blair or Kanyakumari. The provisions cannot be interpreted in the said manner devoid of the object of the Act."

(Emphasis supplied)

21. Again, in para 52, the Supreme Court observed;

"52. No doubt about it that a suit can be filed by the plaintiff at a place where he is residing or carrying on business or personally works for gain. He need not travel to file a suit to a place where the defendant is residing or cause of action wholly or in part arises. However, if the plaintiff is residing or carrying on business, etc. at a place where the cause of action, wholly or in part, has also arisen, he has to file a

suit at that place, as discussed above."

22. From the aforesaid decision in Indian Performing Rights Society Limited (supra), and the decision cited by the Supreme Court therein, in my opinion, the position that emerges is as follows:

(a) By resort to Section 134 of the Trade Marks Act and 62 of the Copyright Act, the plaintiff may institute the suit where the plaintiff voluntarily resides or carries on business or personally works for gain. In the context of corporation, which includes a company incorporated under the Indian Companies Act, 1956, such a place would be the place where the registered office of the company is situated. Thus, a company can maintain a suit under Section 134 of the Trade Marks Act, or Section 62 of the Copyright Act, at the place where its registered office is situated, irrespective of the fact, whether or not, cause of action has arisen within the jurisdiction of the Court, within whose jurisdiction the registered office of the company is situated.

(b) Section 134 of the Trade Marks Act and Section 62 of the Copyright Act do not take away right of the plaintiff to institute the suit by resort to Section 20 of the CPC, as Section 134 of the Trade Marks Act and Section 62 of the Copyright Act provide an additional forum to the plaintiff alleging infringement of the registered trademark or copyright, as the case may be. This is clear from the inclusive definition of the expression, 'District Court having jurisdiction' contained in Section 134 (2) of the Trade Marks Act and Section 62(2) of the Copyright Act. Thus, the plaintiff may file a suit for infringement of trademark/copyright either at the place where the plaintiff voluntarily resides or carries on business or personally works for gain by resort to Section 62 of the Copyright Act and Section 134 of the Trade Marks Act, or at the place where, 'the defendant, or each of the defendants where there are more than one, at the time of commencement of the suit, actually and voluntarily resides, or carries on business, or personally works for gain'. [Section 20 (a)]; or where 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 [section 20(b)]; or the cause of action wholly or in part, arises [section 20(c)].

(c) The plaintiff cannot file a suit alleging infringement of trademark/copyright at a place where it has a subordinate office, by resort to Sections 134 of the Trade Marks Act or Section 62 of the Copyright Act, unless one of the conditions of Section 20 CPC are satisfied."

11. I may observe that in M/s RSPL Ltd (supra), this Court while noticing Ultra Home Construction (supra) (on an aspect which is not relevant for the present purpose), expressed its difference of opinion with Ultra Home Construction (supra). Reliance placed by Mr. Gupta on the Division Bench decision of this Court in IPRS Delhi (supra), in my view, is of no avail for the reason that the said decision stands merged in the judgment of the Supreme Court in IPRS SC (supra). It is the judgment of the Supreme Court in that very case, which would prevail and need examination.

12. So far as the judgment in Dhodha House (supra) is concerned, it is seen that the said decision has been considered by the Supreme Court in IPRS SC (supra). IPRS SC (supra) being the later decision, followed in Ultra Home Construction (supra), would, therefore, prevail. Ultra Home Construction (supra) being a Division Bench judgment, which too has taken into consideration in IPRS SC (supra) is binding on this Court, and the plaintiff cannot be heard to say that this Court should disregard the said decision and follow the earlier decision of this Court in IPRS Delhi (supra). I am bound by the decision in Ultra Home Construction (supra) in preference to the decision of the learned Single Judge in The Foundry Visionmongers (supra).

13. Consequently, I am of the view that this Court does not have territorial jurisdiction to entertain the present suits. Accordingly, the plaints are liable to be returned under Order 7, Rule 10 CPC. The plaintiff may, if it so desires, move an application under Order 7, Rule 10 A CPC.