

IP Hotline

June 18, 2015

BOMBAY HC: HAVING A SUBSIDIARY OR SUB-ORDINATE PLACE OF BUSINESS SUFFICIENT TO FILE TRADEMARK INFRINGEMENT SUIT IN THAT PLACE

- Trademark law in India provides that a plaintiff can file a suit for infringement in a district court within the jurisdiction where the plaintiff is actually and voluntarily residing or carrying on business or personally working for gain.
- Where there are multiple plaintiffs filing a suit for infringement, even if one plaintiff has a place of residence or business, the court would have jurisdiction to adjudicate the matter.
- Existence of a subsidiary / sub-ordinate office within the jurisdiction of the court would amount to "carrying on business" under Section 134(2) of the Trade Marks Act, 1999, even if cause of action does not arise at such place.

The Bombay High Court ("**Court**") in the case of *Ultratech Cement Ltd.* ("**Plaintiff No. 1**") & *Arr.* ("**Plaintiff No. 2**") [together "**Plaintiffs**"] v. *Dalmia Cement Bharat Ltd.*¹ ("**Defendant**"), held that even if one of the Plaintiffs had a place of residence or business within the jurisdiction of the court, the court would have jurisdiction to entertain the suit. The Court further held that the mere existence of a subsidiary or sub-ordinate place of business, even if no cause of action arises at such place, would amount to the plaintiff "carrying on business" within the jurisdiction of the court, thus allowing him to file a suit for infringement and passing-off the trademark.

FACTS

Plaintiff No. 2 is a flagship company of the Aditya Birla Group and Plaintiff No. 1 is a subsidiary of Plaintiff No. 2. The Plaintiffs are proprietors of various marks containing the words "UltraTech" or "Ultra" as part of the trademarks.

On September 30, 2009, Plaintiff No. 1 assigned its trademarks bearing the words "UltraTech" or "Ultra" ("**Trademarks**") in favor of Plaintiff No. 2 along with the goodwill of the business. An application for changing the name of the proprietor on record was pending before Trade Marks Registry. Plaintiff No. 2 granted a license of the Trademarks to Plaintiff No. 1, who has been using the Trademarks for the benefit of Plaintiff No. 2. Hence, for the purpose of the infringement and passing-off suit, Plaintiff No. 2 is the proprietor of all trademarks with the words "UltraTech" or "Ultra" and Plaintiff No. 1, being a licensee, was impleaded as a plaintiff.

PLAINTIFFS' CONTENTIONS

It was the case of the Plaintiffs that the Trademarks containing the words "UltraTech" (the words "Ultra" and "Tech", being essential and prominent features of the trademarks) are distinctive of the Plaintiffs' goods. The Plaintiffs contended that the Defendant had started using a mark containing the word "Ultra" and that the Defendant's mark was identical with / deceptively similar to the "UltraTech" trademarks of the Plaintiffs (presumably for the same goods). The Plaintiffs stated that, as a result of this, the Defendant was infringing the "UltraTech" trademarks. The Defendant further stated that the Defendant, by using its trademark with the word "Ultra" as part of it, was passing-off its goods as that of the Plaintiffs.

The Plaintiffs wanted to combine the two causes of action, i.e. the cause of action of infringement and the cause of action of passing-off in the present suit and contended that since Plaintiff No.1 carries on business in Mumbai, the Court would have jurisdiction in respect to the cause of action of infringement, by virtue of Section 134(2) of the Trade Marks Act, 1999 ("**TMA**").² The Plaintiffs filed an application under Clause 14 of the Letters Patent Act ("**LPA**") for combining the two causes of action (cause of action of infringement and cause of action of passing-off), as the cause of action of passing-off was based on the same set of facts as the cause of action of infringement.

DEFENDANT'S CONTENTIONS

The Defendant opposed the Letters Patent application filed by the Plaintiffs and contended that the Mumbai courts did not have jurisdiction in respect to the infringement suit of the Plaintiffs because:

- Leave under Clause 14 of the LPA can only be granted if the High Court has original jurisdiction in respect to one of the two causes of action;
- In the present case, the Court had no jurisdiction for cause of action for infringement as it is only Plaintiff No. 2 who is entitled to file the suit for infringement, as it is the registered proprietor / user of the Trademarks;
- Plaintiff No. 2 cannot maintain an action for infringement under Section 134(2) of the TMA as it cannot be said to be ordinarily residing or carrying on business or working for personal gain within the jurisdiction of the Court in Mumbai.

Therefore, the question of combining the two causes of action, i.e. infringement and passing-off suit does not arise.

The Defendant contended that only the place of business of Plaintiff No. 2 (being the owner of the Trademarks)

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should be considered for the purpose of Section 134 of the TMA. The place of business of subordinate office is to be considered only if the cause of action has also arisen in such a place. Thus, the Defendant intended to incorporate the principle behind Section 20³ of the Code of Civil Procedure (“CPC”) into Section 134(2) of the TMA. The Defendant further submitted that since only a subsidiary or sub-ordinate office and not the principal office of Plaintiff No. 2 was within jurisdiction of the Court, Plaintiff No. 2 could not be said to be ordinarily “carrying on business” within the jurisdiction of the Court under Section 134(2) of the TMA.

PREVIOUS ORDER OF THE COURT ON THE ISSUE

The present issue was earlier raised in the Defendant’s application for rejection of the plaint under Order 7 Rule 11 of the CPC.⁴ In the said matter, the learned Single Judge of the Court had held that *“for the court to have jurisdiction under Section 134(2) of the TMA, only the Plaintiff’s residence / business was sufficient and the place of accrual of cause of action was not relevant; that it was sufficient if one of the plaintiffs carried on business within the territorial jurisdiction of this Court to invoke the jurisdiction under Section 134(2) of the Act; and that even if the Plaintiff was a corporation and even if the cause of action for infringement arose wholly outside the territorial jurisdiction of this Court, this Court would still have jurisdiction under Section 134(2), even if such Plaintiff only had his subordinate office and not his principal office within the local limits of the jurisdiction of this Court.”* This order of the Single Judge was challenged in an appeal before a Division Bench and was subsequently dismissed. However, it was submitted by the Defendant that they had the right to raise objection on the ground of jurisdiction and this issue requires independent scrutiny. Thus, in order to do complete justice, the court considered and decided the issue of jurisdiction on merits.

DECISION

The Court considered an earlier case decided by the Supreme Court of India (“Supreme Court”) which directly addressed the issue at hand,⁵ but in respect to section 62(2) of the Copyright Act, 1957 (“Copyright Act”). Section 62(2) of the Copyright Act is similar and runs in *pari materia* with section 134(2) of the TMA. The Supreme Court held that *“irrespective of whether the particular plaintiff, where there are more plaintiffs than one, is entitled to the relief in respect of the cause of action for infringement claimed in the suit, his place of residence or business would confer jurisdiction on the court to entertain the cause of action of infringement in a jointly instituted suit.”*

The Court was in agreement with this decision of the Supreme Court and decided the issue concerning jurisdiction in the instant case along the same lines.

With respect to the issue on Plaintiff No. 2 ordinarily carrying on business within the jurisdiction of the Court, the Court was of the view that it was not possible to import the explanation behind section 20 of the CPC into Section 134(2) of the TMA, as Section 134(2) of the TMA is an independent provision aiming to expand the jurisdiction of the court. The purpose behind Section 134(2) of the TMA was to *“allow the plaintiff to file the suit at the place where the plaintiff resides or carries on business without any reference to the place of residence or business of the defendant or the place where the cause of action arises.”*

The Court held that there was no need to read the explanation of Section 20 of the CPC along with Section 134(2) of the TMA. The Court further held that the cause of action of infringement and the cause of action of passing-off could be clubbed without causing prejudice to the Defendant and thus the leave petition was allowed.

ANALYSIS

In this case, the Court has expanded the scope of its jurisdiction under Section 134(2) of the TMA to allow the filing of an infringement suit even if one of the plaintiffs has a place of business within the jurisdiction of the district court. This is in line with the objective of Section 134 of the TMA which, in essence, aims to provide convenience to a plaintiff to file in a place where the plaintiff actually or voluntarily resides or carries on business or personally works for gain. This special provision in the TMA is a deviation from the principle under Section 20 of the CPC which requires that a corporation would be deemed to be “carrying on business” at its principal office in India, or in respect of a sub-ordinate office, if such cause of action takes place at the place of the sub-ordinate office.

Often, foreign trademark owners grant a trademark license to the Indian subsidiary for use of the trademark in India. In such cases, typically, the licensee is also impleaded as one of the plaintiffs when such trademark is infringed or otherwise violated. In such cases, now this judgment clarifies that the place of business of such licensee, could confer jurisdiction on the court.

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You can direct your queries or comments to the authors

¹ Leave Petition No. 320 of 2013 in Suit No. 42 of 2014. Decided by a Single Judge bench on January 29, 2015.

² Section 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.

³ Section 20 - Other suits to be instituted where defendants reside or cause of action arises

Subject to the limitations aforesaid, every suit shall be instituted in a Court within the local limits of whose jurisdiction –

(a) the defendant, or each of the defendants where there are more than one, at the time of the commencement of the suit, actually and voluntarily resides, or carries on business, or personally works for gain; or

(b) any of the defendants, where there are more than one, at the time of the commencement of the suit, actually and voluntarily resides, or carries on business, or personally works for gain, provided that in such case either the leave of the Court is given, or the defendants who do not reside, or carry on business, or personally work for gain, as aforesaid, acquiesce in such institution; or

(c) the cause of action, wholly or in part, arises.

Explanation - A corporation shall be deemed to carry on business at its sole or principal office in [India] or, in respect of any cause of action arising at any place where it has also a subordinate office, at such place.

⁴ Order 7 Rule 11. Rejection of plaint.- The plaint shall be rejected in the following cases:—
(a) where it does not disclose a cause of action;
(b) where the relief claimed is undervalued, and the plaintiff, on being required by the court to correct the valuation within a time to be fixed by the court, fails to do so;
(c) where the relief claimed is properly valued, but the plaint is written upon paper insufficiently stamped, and the plaintiff, on being required by the court to supply the requisite stamp paper within a time to be fixed by the Court, fails to do so;
(d) where the suit appears from the statement in the plaint to be barred by any law;
(e) where it is not filed in duplicate;
(f) where the plaintiff fails to comply with the provision of Rule 9.
Provided that the time fixed by the court for the correction of the valuation or supplying of the requisite stamp papers shall not be extended unless the court, for reasons to be recorded, is satisfied that the plaintiff was prevented by any cause of an exceptional nature from correcting the valuation or supplying the requisite stamp papers, as the case may be within the time fixed by the court and that refusal to extend such time would cause grave injustice to the plaintiff.
⁵ *Expfar Sa v. Euphama Laboratories Ltd.*, (2004) 3 SCC 688.

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