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HIGH COURT OF DELHI : NEW DELHI

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I.A. No. 2861/2009, I.A. No. 12490/2008, I.A. No. 13904/2008 and I.A. No. 13905/2008 in CS (OS) No. 2166/2008

Reserved on: 16th September, 2009

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Decided on: 20th October, 2009

The Coca-Cola Company ...Plaintiff

Through : Mr. A.S. Chandhiok, Sr. Adv. with
Ms. Anuradha Salhotra, Mr. Rahul
Choudhary, Mr. Sumit Wadhwa, Ms.
Reetika Walia, Mr. Varun Pathak and
Ms. Sweta Kakkad, Adv.

Versus

Bisleri International Pvt. Ltd. & Ors. ...Defendants

Through : Mr. C.L. Sareen with Mr. Gaurav
Duggal, Adv. for D-1 and D-3
Mr. D.P. Singh with Ms. Shuchita
Srivastava, Adv. for D-2

Coram:

HON'BLE MR. JUSTICE MANMOHAN SINGH

1. Whether the Reporters of local papers may be allowed to see the judgment? Yes
2. To be referred to Reporter or not? Yes
3. Whether the judgment should be reported in the Digest? Yes

MANMOHAN SINGH, J.

1. This order shall dispose of four applications. Among these, two applications being I.A. No. 2861/2009 under Order VI Rule 17 and Order I Rule 10 of the Code of Civil Procedure, 1908 and I.A. No. 12490/2008 under Order XXXIX Rules 1 and 2 of the Code have been filed by the plaintiff. Defendant no. 1 has filed I.A. No. 13904/2008 and

I.A. No. 13905/2008 under Order VII Rule 11 and under Order XXXIX Rule 4 of the Code respectively.

2. Brief facts are that the plaintiff is the largest brand of soft drinks operating in 200 countries. The plaintiff appoints bottlers and grants licenses to them to use specific trademarks belonging to it for sale of beverages. The plaintiff also designates third parties to manufacture beverage bases for sale to the Bottlers.

3. The defendant no.1 (the erstwhile Acqua Minerals Pvt. Ltd.) used to be a part of the Parle Group of Industries. By a Master Agreement dated September 18, 1993 the defendant no. 1's owners Mr. Ramesh Chauhan and Mr. Prakash Chauhan sold the trade marks, formulation rights, know how, intellectual property rights and goodwill etc. of their products THUMS UP, LIMCA, GOLD SPOT, CITRA and MAAZA amongst others to the plaintiff. The present case deals with the product MAAZA only. Though the defendant no. 1 was the proprietor of its trademark, the secret beverage base for manufacturing MAAZA was with an affiliate company of the defendant no. 1 known as Golden Agro Products Ltd. Now the company, which changed its name to Bisleri Sales Ltd., amalgamated with the defendant no. 1 along with other concerns.

4. On November 12, 1993, the plaintiff and defendant no. 1 entered into a deed of assignment by way of which the following agreements as regards MAAZA were made :

- (i) Deed of Assignment to assign and transfer trademark MAAZA in India for a consideration of US \$ 1,000,000;
- (ii) Goodwill Assignment agreement for a consideration of US \$ 50,000 ;
- (iii) Transfer of know-how for a consideration of US \$ 1,000,000;
- (iv) Confidentiality and non-use agreement with... for a consideration of US \$ 1,000,000 (para d on page 5 internally and 29 of all documents of part II file)
- (v) Non-compete agreement with Mr. Ramesh Chauhan, his wife and Mr. Prakash Chauhan and his wife;
- (vi) General Assignment agreement;
- (vii) Agreement for compensation of relinquishment of franchise rights under Franchise Agreements with the defendant no. 1;
- (viii) License agreement with Golden Agro Products Pvt. Ltd.

5. Because of the above-mentioned agreements, an affiliate of the Parle Group by the name of Parle Exports Ltd. cancelled the then existing franchise agreements, executed a new license agreement with the plaintiff and entered into a relinquishment of franchise rights agreements for a consideration of US \$ 500,000.

6. Finally, in October 1994 the License Agreement for MAAZA between the plaintiff and Golden Agro Products Pvt. Ltd. was entered into and executed. It is the plaintiff's case that by this agreement all the

trademarks, formulation rights etc. were irrevocably conveyed to the plaintiff forever. The defendant no. 1 retained the trademark rights of MAAZA in respect of other countries where it had been registered.

7. In March 2008, the defendant no. 1 became aware of the fact that the plaintiff had filed for registration of MAAZA trademark in Turkey. On September 7, 2008 the defendant no. 1 sent the plaintiff a legal notice repudiating the Licensing Agreement thereby ceasing the plaintiff from manufacturing MAAZA and using its trademarks etc. directly or indirectly, by itself or through its affiliates. As per the plaintiff, the notice claimed that the plaintiff had breached the said agreement by attempting to register MAAZA in Turkey as the agreements/assignments between the parties allowed the plaintiff to use MAAZA in India alone. The notice also stated the defendant no. 1's intention to start using the trademark MAAZA in India.

8. The plaintiff has filed the present suit seeking permanent injunction and damages for infringement of trade mark and passing off as its claim is that the defendant no. 1 has completely ignored the irrevocable and absolute transfer of the trademarks, formulations, intellectual property rights and know-how in favour of the plaintiff.

9. Further, the defendant no. 1 has allegedly unauthorisedly permitted the manufacture of certain ingredients of the beverage bases of MAAZA to be manufactured by a third party in India by the name of 'Varma International' located at Obanapalli (village), Sanathapet (Post), Chittor – 517005, Andhra Pradesh and Indian Canning Industries located

at 18-1044, High Road, Chittor – 517001. The plaintiff has claimed that this is an infringement of the exclusive usage rights of its registered trademark no. 309362 in Class 32 of MAAZA in India.

10. This court passed an order dated October 15, 2008 restraining the defendant no. 1, its officers, employees, agents and sister concerns from using the mark MAAZA or any other deceptively similar trademark in relation to mineral, aerated water, non-alcoholic drinks and syrup and other preparation for making such beverages. The defendant no. 1 and its officers etc. were also restrained from using and/ or disclosing to any person the know-how, formulations, and other intellectual property used in the preparation of beverage bases and beverages sold under the trademark MAAZA. By the same order, two local commissioners were appointed to take inventory of the two locations in Chittor.

11. Learned counsel for the plaintiff has also drawn my attention to order dated 13th January 2009 wherein the plaintiff filed an application being I.A. No.379/09 under Order 1 Rule 10 of the Code seeking to implead Mr.Vishal Varma, sole proprietor of Varma International and Ramesh Chauhan as defendant no. 1 being necessary parties. It is mentioned in the plaint that the defendant no. 1 had permitted M/s.Varma International to manufacture goods, the formulations and know-how etc. with respect to which had been assigned by the defendant no. 1 for consideration to the plaintiff and whose premises the Local commissioner also visited vide ex parte order dated 15th October 2008.

12. Learned counsel for the defendant no. 1 while contesting the said application made a statement that since the defendant no. 1 had nothing to do with the proposed defendant no. 1, therefore, no reply to the same was necessary. The said application was allowed. Mr. Vishal Varma, sole proprietor of Varma International and Mr. Ramesh Chouhan were impleaded as defendant no. 1 2 and 3 respectively in the suit.

13. Vide ex parte order, this court appointed two local commissioners being Mr. K. Parameshwar, Advocate and Ms. Altaf Fatima, Advocate to visit M/s. Varma International at Obanapalli, Sanathapet, Chittor – 517005, Andhra Pradesh and Indian Canning Industries, 18-1044, High Road, Chittor – 517001, Andhra Pradesh respectively. The first of the two local commissioners found MAAZA labels and MAAZA embossing on empty and full bottles, duly reported in the report filed on 24 October, 2008. The defendant no. 1 has, in all of the applications discussed above, stated time and again that though M/s. Varma International is/may be producing the infringing labels/beverage, the plaintiff has nowhere shown any connection between defendant no. 1 no. 1 and the said company. The plaintiff, in turn, has contended that an employee of the defendant no. 1 nos. 1 and 3, Mr. R.B. Varma, is the father of Mr. Vishal Varma owner of M/s. Varma International, and the know-how, formulations etc. have been conveyed by the said employee to the latter. The impleadment of Mr. Vishal Varma has been allowed in the order dated 13th January, 2009.

14. By its order dated May 12, 2009 this court observed that the defendant no. 1's application under Order XXXIX Rule 4 would be taken up for hearing as if the defendant no. 1 succeeded in showing that this court has no territorial jurisdiction, the court's decision on any other matter will be of no avail.

15. As per the above-stated order, I shall firstly proceed to consider I.A. No. 13905/2008 filed by the defendant no. 1.

I.A. No. 13905/2008 (U/o 39 R 4 the Code)

16. The defendant no. 1 has prayed for the vacation of this court's order dated 15 October, 2008 primarily objecting on the ground that this court lacks jurisdiction to hear the present suit. The grounds used by the plaintiff in the plaint to state that this court has jurisdiction are that the defendant no. 1 is carrying on business within its jurisdiction, that the defendant no. 1 has intention to use the infringing trade mark within its jurisdiction, that the legal notice conveying this illegal intention originated in New Delhi and that the defendant no. 1 has published its intention to use the same in the Delhi Edition of the newspaper 'Times of India.'

17. The plaintiff in its reply has reiterated the same averment made in para 28 of the plaint and has denied the contents of the application filed by the defendant no. 1. The plaintiff has further supplemented his submissions by adding that the license agreement dated 13th May, 2004 has originated within the jurisdiction of this Court. A newspaper report showing the defendant no. 1's intention to use the

trademark MAAZA in India has been published in the Delhi edition of Times of India. It is denied that the defendant no. 1 is not carrying on business within the jurisdiction of this court as the defendant no. 1 has a factory in Delhi from where the defendant no. 1 is operating a sales and distribution infrastructure similar to that in Mumbai and has an extensive market share in and around Delhi. Further it is alleged that Mr. Ramesh Chauhan, who is the person with whom the correspondence was exchanged and who has now been impleaded as defendant no. 1 No.3, is residing in New Delhi. Learned Senior counsel for the plaintiff has argued that the pleadings and the reports of the Local Commissioners alongwith documents filed clearly establish that this court has jurisdiction to entertain the suit for infringement of trademark under Section 134 (2) of the Trademark Act, 1999 and Section 20(c) of the Code of Civil Procedure, 1908. He has also argued that the notice sent by the defendant no. 1 itself speaks of the latter's intention to use the mark all over India and the said threat also creates jurisdiction of this court.

18. I have heard the rival submissions of both the parties and I shall discuss the objection of jurisdiction raised by the defendant no. 1.

19. The plaintiff has invoked the territorial jurisdiction of this court on various counts. Para 28 of the plaint reads as under :

“28. The defendant no. 1 is carrying on business within the jurisdiction of this Hon'ble Court and also has the intention to use the trademark MAAZA within the jurisdiction of this Hon'ble Court. The legal notice through which the intention to use the mark has been conveyed to the plaintiff has originated in New Delhi within the jurisdiction of this

Hon'ble Court. The defendant no. 1 has also published its intention to use the mark in India, in the Delhi edition of Times of India. ...”

20. The defendant no. 1 has stated that it has no business within this court's jurisdiction except a factory where mineral water for Bisleri is bottled and sold. The registered office of the defendant no. 1 is in Mumbai. Further, all correspondence between the parties has been to and from the defendant no. 1's Mumbai office. The agreements executed between the parties were also so executed either in Atlanta or in Mumbai.

21. As regards the question of its intention to use the infringing trade mark, the defendant no. 1 has contended that it does not intend to do any such thing within this court's jurisdiction as the said trade mark is the registered trade mark of the plaintiff. As far as the notice originating in New Delhi is concerned, the defendant no. 1 stated that the legal notice dated 7 September, 2008 gives the Mumbai address only and hence the plaintiff is attempting to mislead this court. Relating to the article in Times of India, the defendant no. 1 has stated that the article originated in Mumbai and was 'also carried' in the Delhi edition since the latter is a sister concern of Times of India, Mumbai.

22. The relevant provision of Section 134 of the Trade Marks Act, 1999 provides as follows:

“Section 134.

(1)....

(a)....

(b)....

(c)....

(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.”

The provision of Section 134 of the Trademark Act, 1999 shall have to be read in addition to the provision of Section 20 of the Code which provides an additional forum over and above the one provided for the provision of Section 20 of the Code. Section 134 does not whittle down the provision of Section 20. It has been incorporated for filing a suit in case of any registered trade mark violation. It is an undisputed fact in the present case that the plaintiff has made a specific plea in para 28 of the plaint that this court has the territorial jurisdiction to try and entertain this suit on the basis of various reasons which shall be dealt with subsequently in this order.

23. Sections 16 to 20 of the Code of Civil Procedure, 1908 deal with the territorial jurisdiction of the Court. Section 20 of the Code is a residuary provision and covers all cases not filed under Sections 16 to 19. The relevant part of Section 20(c) read as under :

“(c) the cause of action, whole or in part arises.”

A bare reading of this provision leaves no room for any doubt that the present suit for injunction filed at this Court lies within its jurisdiction as the cause of action has arisen wholly or partly within the local limits of the same. No doubt, Section 20 has been codified for the purpose that the matter be tried as near as possible so that the defendant is not put to any inconvenience as regards expenses of travelling from long distances in order to defend himself. In the present case, according to the plaintiff company the suit is maintainable since a part of cause of action had accrued within the territorial jurisdiction of Delhi courts on the ground that the defendant is carrying on its business in Delhi, the defendant has issued a news article in the Delhi edition of Times of India, the defendant has a factory at Shivaji Marg, New Delhi and the defendant No.3 who has been impleaded also resides in Delhi. It is no doubt true that the suit could have been instituted in Mumbai itself where the defendant has its registered office, but this fact however does not take away the right of the plaintiff to file its suit in this court as part of the cause of action has arisen here. In the present case it is specifically alleged by the plaintiff company that the plaintiff's rights have been violated in Delhi. Learned counsel has also argued that by means of the notice sent by defendant no. 1 the plaintiff has been threatened in Delhi, therefore, at the prima facie stage this Court is of the considered view that this court has jurisdiction to entertain the present suit.

24. Clearly the above mentioned provision allows the conferring of jurisdiction on this court as at the time of institution of the suit the

person instituting the suit i.e. the plaintiff was carrying on business or personally working for gain actually or voluntarily residing or carrying on business within this court's jurisdiction.

25. It is well settled law that the use of a mark can be by various means and one of them is by way of advertisement or intention to use the mark in question. It is relevant to refer Section 2(2)(c)(i) of the Trade Mark Act which provides as follows :

“Section 2 (ii) : In this Act, unless the context otherwise requires, any reference—

(a) ...

(b) ...

(c) to the use of a mark,—

(i) in relation to goods, shall be construed as a reference to the use of the mark upon, or in any physical or in any other relation whatsoever, to such goods;

(ii) ...”

26. The judgment in **J.N. Nichols (Vimto) Ltd. v. Rose and Thistle and Anr., 1994 (14) PTC 83 (Cal) (DB)** further illuminates this aspect of the present matter. The relevant portion of the same is reproduced hereinbelow :

“20. Incidentally, it is to be noted that use of the mark does not postulate actual sale of the goods bearing such a mark. 'Use' to my mind can be in any form or way and does not necessarily mean and imply actual physical sale and it is now well settled that even mere advertisement without having even the existence of the goods can be said to be a use of the mark and I need not dilate on this score. In Halsbury's Laws of England (4th Edition; paragraph 111) it has been stated “whether there has been bona fide use sufficient to prevent a trade mark from being taken off the register depends first on whether there has been use and secondly whether that use was a bona fide”. The paragraph goes on to record that motive necessary to constitute bona fide use is not easy to define and it is settled that bona fide

is not used in contra-distinction to mala fide what is required is that the use must be genuine, as judged by commercial standards, and if the primary purpose is not to trade under the mark but merely to validate the registration, the use is not bona fide.”

27. Further, infringement and passing off is not established only if the goods are actually manufactured by the party concerned. If the party has got the intention to use the mark and there is some prima facie evidence to this effect, the aggrieved party can bring an action for quia-timet action as per well settled law (**Computer Vision (1975) RPC 171**).

28. The case of the plaintiff is that it has authorized its licensee to prepare, package, sell and distribute the beverages all over the country against the License Agreement and the manufacturer is authorized by the Licensor to manufacture the beverages as per know-how of the licensor. The plaintiff is carrying on business on commercial basis and in an extensive manner in Delhi. Therefore, there is no bar under the said provision as the plaintiff is carrying on business by selling and advertising its products within the territory of this court. Learned Sr. counsel for the plaintiff has argued that no one can dispute that the product of the plaintiff is available in every nook and corner on extensive manner in Delhi under the trade mark Maaza. Since the court at this stage has to take the prima facie view of the matter and see the averment made in the plaint, therefore in view of the mandate of Section 134 (2) of the Act, there is no bar against filing this suit in Delhi.

29. The issue of jurisdiction has been dealt with in the case of **Tata Iron & Steel Co. Ltd. v. Mahavir Steels & Ors.; 47(1992) DLT 412**, this court has dealt with the similar objection and has held in para 11 of the judgment which reads as under :

"11. The question regarding jurisdiction can only be gone into after the evidence of the parties is recorded in the case. Even in the Punjab case the suit was not thrown out at the threshold under Order 7 Rule 11 the Code but only after the parties were given an opportunity to lead evidence. The plaint in the present suit categorically states that the defendant no. 1 No. 1 was selling the channels of defendant no. 1 No. 2 under the offending trade mark which is deceptively similar to that of the plaintiff. On these averments the Court must assume jurisdiction and proceed with the suit to determine the question relating to the confirmation/vacation of the stay order at this stage."

30. In the case of **LG Corporation & Anr. v. Intermarket Electroplasters(P) Ltd. and Anr.; 2006 (32) PTC 429**, para 12 reads as under :

"7. ...The question as to whether the Court has territorial jurisdiction to entertain a suit or not has to be arrived at on the basis of averments made in the plaint, that truth or otherwise thereof being immaterial as it cannot be gone into at this stage..."

31. The second reason given by the plaintiff is that the defendant has an intention to use the mark as appeared from its notice and as per newspaper reports published in the Delhi edition of Times of India. According to Mr. Chandhiok, Addl. Solicitor General and Senior advocate the said newspaper reports itself creates the jurisdiction of this court as the said reports shows the intention to use the mark by way of groundless threat.

32. In the case of **Pfizer Products Inc. v. Rajesh Chopra & Ors, 2006(32) PTC 301(Delhi)**, this court has dealt with a similar objection and has held in para 12 of the judgment which reads as under :

"12. The other aspect of the matter is that a threat of selling the offending goods in Delhi would in itself confer jurisdiction in the courts in Delhi to entertain a suit claiming an injunction in respect thereof. Whether the threat perception is justified or not is another matter which has to be considered and decided upon in the application filed by the plaintiff under Order 39 Rules 1 and 2 or on merits when the suit is taken up for disposal. Insofar as Order 7 Rule 10 is concerned, assuming that whatever is stated in the plaint is correct, one would have to also assume that the threat or the intention of the defendant no. 1 to sell and offer for sale the offending goods in Delhi is also correct. Therefore, if the threat exists then this court would certainly have jurisdiction to entertain the present suit."

33. The third reason given by the plaintiff to invoke the jurisdiction of this court is that the defendant no. 1 is carrying on business within the jurisdiction of this court. In support of this contention the plaintiff has argued that the defendant no. 1 has a factory at 66, Shivaji Marg, New Delhi. The defendant no. 1 also has its place of business in Delhi as per its own admission in the present application. That it is bottling water there and that its registered office is in Mumbai are facts of no consequence.

34. It is pertinent to mention that by this court's order dated 15 October, 2008 two Local Commissioners were appointed and one of the Local Commissioners visited the factory of M/s. Varma International, Obanapalli, Santhapet, Chittor – 517005. The said Local Commissioner filed his report on 24 October, 2008 noting therein that empty cartons and paper trays with the label 'MAAZA' and empty and filled bottles

with the label 'MAAZA' and with the said label embossed on the glass surface were found. Pursuant to this, on further inspection a list of the ingredients of the beverage bases belonging to the defendant no. 1 was made. Alongwith his report he has filed large number of documents.

35. The invoices filed by the Local Commissioner which were recovered from M/s.Varma International show that the latter has been exporting Maaza products to one Mr. Pars Ram Fruit and Spices in Australia. The Local commissioner has also filed various documents issued by one M/s. Maaza Beverages Inc., New York pertaining to the purchase of Maaza drinks which were addressed to M/s. Parle Bisleri Pvt. Ltd. and particularly to the attention of Mr. R.B. Varma who is the employee of the defendant no. 1 and the father of the Mr. Vishal Varma, who is proprietor of M/s. Varma International from where the Local Commissioner has gathered the evidence.

36. All these documents show that there is a direct nexus between the defendant no. 1 M/s. Bisleri International Pvt. Ltd., the overseas party and Mr. R.B. Varma whose son Mr. Vishal Varma is operating business under the name and style of M/s.Varma International and exporting Maaza products to Australia.

37. This is further established from the certificate of registration of MAAZA issued by the Trade mark office, Australia (copy of which was handed over to the court during the course of hearing by the plaintiff) in the name of M/s. Pars Ram Bros, Australia Pvt. Ltd. with effect from 6 November, 2003 in Class 34 in respect of fruit and

vegetables juices (beverages) and the said certificate shows that later on the said trademark was assigned to Bisleri International Pvt. Ltd., Mumbai by virtue of filing of application for assignment dated 20 April, 2009 and the same was recorded on 22 April, 2009.

38. Learned counsel for defendant No.3 M/s. Varma International has admitted during the course of the hearing that the said firm has been receiving orders from M/s. Pars Ram Bros. Australia Pvt. Ltd. to manufacture beverages under the trade mark Maaza and defendant no. 1 no. 3 has regularly been exporting products under the mark Maaza on a large scale. He has confirmed that M/s. Pars Ram Bros. has got the registration of the trade mark MAAZA in Australia, therefore, defendant no. 1 no. 3's firm has been exporting the goods in a lawful manner. When the registration certificate was brought to his notice along with the fact that ultimately the said trade mark had been assigned in favour of the defendant no. 1, he stated his ignorance of the same.

39. In the light of the above said facts and documents, it is established that the defendant no. 1 not only had the intention to use the trade mark Maaza but in fact, directly or indirectly, the defendant no. 1 was involved in the said activities with other firms/companies i.e. M/s.Varma International, M/s. Pars Ram Bros. Australia Pvt. Ltd. and another company in USA by the name of Maaza Inc. for exporting the beverages under the trade mark Maaza through M/s.Varma International. It is also not denied by the defendant no. 1 that Mr. R.B.Varma is/was its

employee and earlier dealt with the products of Maaza.

40. It is well settled law that exporting of goods from a country is to be considered as sale within the country from where the goods are exported and the same amounts to infringement of trade mark. In **Souza Cruz v. N.K. Jain & Ors., PTC (Suppl) (2) 892 (Del)** the plaintiff was situated in Brazil and admittedly carried out no sale in India and neither did the defendant no. 1. The principal issue in that case was that the plaintiff has no cause of action in India. The court relied upon Section 55 of the Trade marks Act and observed that the court within the jurisdiction of which the defendant no. 1 resides will have jurisdiction to try the suit though the cause of action arises outside India. The likely wrong ought to be nipped in the bud and territorial jurisdiction would lie not only where the defendant no. 1 is but also where the infringing activity is taking place. In **Jaininder Jain & Ors. v. Arihant Jain & Ors., 2007 (34) PTC 128 (Del)**, it was observed as follows :

“10. Mr. Sudhir Chandra, learned Senior counsel appearing for respondents on the other hand argued that the status quo order could not have prevented the respondents from proceeding against importers of goods at Dubai under the relevant laws of UAE as trademark "KANGARO" was registered in the name of the respondents in UAE and they were thus the registered proprietors thereof. Mr. Tripathi referring to Section 55 of The Trade and Merchandise Marks Act, 1958 argued that the application in India of trademark to goods to be exported constituted the `use' of trademark. In support of his contention Mr. Tripathi relied upon a decision of this Court in Flower Tobacco Company v. State and Another; (1986- PTC-352) wherein the application in India of trademark to goods to be exported from India was held to constitute the `use' of the trademark. Mr. Chandra, on the other hand, citing a decision of Calcutta High Court in Aktiebolaget Jonkoping Vulcan v. S.V. Palanichamy Nadar & Ors.; AIR 1969 Calcutta 43

argued that since the trademark law is not extra territorial, use of a particular trademark abroad would not amount to `use' within the meaning of the Indian Trade and Merchandise Marks Act.

... Undoubtedly, once a status quo order in regard to `use' of the trademark "KANGARO" was in operation, such `use' would be permissible in relation to the goods sold within India and also by way of export to other countries."

41. The documents recovered and filed by the Local commissioner clearly demolish the defence of the defendants as its sister concern i.e. Parle Bisleri Pvt. Ltd. dealing with the product Maaza with many overseas companies of the world and also receiving the orders directly. The said sister concern of defendant was operating its business from Chittor. Similarly M/s. Varma International has been getting the export orders and operating its business activities from Mumbai. All the circumstances prima facie prove that the averments made in the application under Order 39 Rule 4 are incorrect and the application is misconceived.

42. For the reasons given, I am of the considered view and has no hesitation in holding that this court has the territorial jurisdiction to entertain and try the suit. All the contentions raised by the defendant no. 1 are without any force and the submissions raised by the learned counsel for the defendants are rejected.

I.A. No.13904/2008 (U/o 7 R 11 the Code)

43. The next application for consideration being I.A. No. 13904/2008 under Order VII Rule 11 of the Code of Civil Procedure, 1908, the defendant no. 1 has stated that the reason for rejection of

plaint on the following grounds, the defendant no. 1 has prayed for rejection of the plaint :

(a) Section 41 (h) of the Specific Relief Act, 1963 provides that if an equally efficacious remedy is available, then an injunction ought not to be granted. The agreement between the parties dated 13 May, 1994 is a determinable contract and as such, the remedy of damages is available. Hence, the present suit is barred under Section 41 (h) of the Specific Relief Act, 1963.

(b) Under Section 41 (i) of the Specific Relief Act, 1963, the plaint ought to be rejected as there is no averment or allegation as to how or when/where the defendant no. 1 has or is intending to transfer the trade mark 'MAAZA' or its trade secrets and know-how or assign it or use it in India etc. Further, since it has not been shown how the company at Chitor is related to the defendant no. 1, there being an absence of any assignment etc., the defendant no. 1 has not been proved guilty of any wrong-doing.

(c) The plaintiff's entire case is based on the wrong interpretation of the legal notice dated 7 September, 2008. The defendant no. 1 contends that it is inconceivable that the said legal notice can be interpreted as a threat to use the trade mark 'MAAZA' at random as it is clearly stated therein that the defendant no. 1 '*may*' proceed to use the same '*after*

complying with the legal formalities and procedures as per the law of the land'.

(d) The defendant no. 1 has stated that no cause of action has been disclosed against it as it has not been proved how the defendant no. 1 intends to use or transfer the trademark 'MAAZA'.

(e) The firm of M/s. Varma International has not been impleaded as a necessary or proper party though the infringing products are being produced therein. The suit is hence bad for mis-joinder and non-joinder of parties.

44. The plaintiff, in reply, has contended that the present suit is not barred under Section 41 (h) and (i) of the Specific Relief Act, 1963 as the relief of injunction and damages is available under Section 29 of the Trade Marks Act, 1999. Though the agreement dated 13 May, 1994 is a determinable contract, the plaintiff can be granted an injunction for enforcement of a negative covenant under Section 42 of the Specific Relief Act, 1963. The disclosure of know-how by the defendant no. 1 would cause untold injury on the plaintiff, and the same cannot be monetarily compensated. As regards Section 41 (i), it is contended that there is no false hood on behalf of the plaintiff. The present suit is submitted to be based on the threats contained in the legal notice, the media reports and other documents.

45. I agree with the submission of the learned counsel for the plaintiff that the suit is not barred under Section 41 (h) and (1) of the

Specific Relief Act, 1963 as the agreement dated 13 May, 1994 is a determinable contract and the plaintiff is entitled to an injunction for enforcement of its exclusive rights. In view of the negative covenant under Section 42 of the Specific Relief Act, the defendant no. 1 is not entitled to use the mark MAAZA in India. Even otherwise, it is settled law that while considering an application under Order 7 Rule 11 of the Code of Civil Procedure, 1908 the court has to see the averments made in the plaint alone and prima facie those are taken to be correct. It is not permissible in law to consider the plea raised by the defendant no. 1 in the written statement. As regard the other contention of the defendant no. 1, I do not agree with the submission of the learned counsel for the defendant no. 1 that the plaint does not disclose cause of action against the defendant as the latter has not proved how it intends to use the mark in question. In view of the finding given by this court in the preceding paras, the application is not maintainable. I am of the considered opinion that prima facie the plaint discloses a cause of action, hence, this application is dismissed.

I.A. No. 2861/2009 under Order VI Rule 17 and Order I Rule 10

46. I.A. No. 2861/2009 has been filed by the plaintiff for amendment of plaint under Order VI Rule 17 and for impleadment of parties under Order 1 Rule 10 of the Code of Civil Procedure, 1908. The plaintiff had filed an impleadment application seeking to implead Mr. Ramesh Chauhan and sole proprietor of M/s. Varma International, Mr. Vishal Varma as defendant no. 1 nos. 3 and 2 respectively. The said

application was allowed vide this court's order dated 13 January, 2009. The plaintiff was directed to file an amended plaint and at the insistence of defendant no. 1 nos. 1 and 3, the plaintiff was then directed to file an application for amendment of plaint along with the amended plaint. In accordance with the same, the requisite application is being filed.

47. By the present application the plaintiff also seeks to implead Mr. R.B. Varma as defendant no. 1 no. 4, the same being an employee of defendant no. 1 nos. 1 and 3. It is contended by the plaintiff that the proposed defendant no. 1 no. 4 is a necessary party to the present suit as he, acting on behalf of defendant no. 1 no. 3 has disclosed the trade mark 'MAAZA' and related intellectual property to the second defendant no. 1. As per the plaintiff, Mr. R.B. Varma had personal knowledge of the know-how and formulations of the soft drink 'MAAZA'. As mentioned previously in this order, the second defendant no. 1 is the son of Mr. R.B. Varma. The plaintiff believes that the presence of Mr. R.B. Varma is necessary for effective adjudication of the dispute between the parties. In reply, the defendant no. 1 have stated that the plaintiff is attempting to introduce Mr. R.B. Varma under the garb of the present amendment.

48. It has been contended by the defendants that the impleadment sought is against the principles of civil jurisprudence and civil law procedure. It has also been contended that the plaintiff is attempting to substitute an entirely new cause of action by way of the impleadment/compliance application and that the same is only an afterthought. The plaintiff denies all of this in its rejoinder and asserts

that the presence of Mr. R.B. Varma is essential for effective adjudication of the disputes between parties as not only is he the father of defendant no. 1 no. 2 but is also a key employee of defendant no. 1 no. 3 and defendant no. 1 no.1.

49. I have gone through the contentions of both parties. In **Rajesh Kumar Aggarwal and Ors. v. K.K. Modi and Ors. (2006) 4 SCC 385** the Hon'ble Apex Court observed the following :

“15. The object of the rule is that the courts should try the merits of the case that come before them and should, consequently, allow all amendments that may be necessary for determining the real question in controversy between the parties provided it does not cause injustice or prejudice to the other side.”

50. Further still, in view of the local commissioner's report filed on 24 October, 2008, prima facie I am of the view that if there is such a connection between the defendant no. 1 and proposed defendant no. 1 as stated by the plaintiff, the presence of Mr. R.B. Varma is essential for effective adjudication of disputes between parties. The said Mr. R.B. Varma be impleaded as defendant no. 1 no. 4. He may file his written statement within four weeks from today. The amended plaint be taken on record. I.A. No. 2861/2009 is disposed off accordingly.

I.A. No. 12490/2008 (U/o XXXIX Rule 1 and 2 the Code)

51. In the case of **Midas Hygiene Industries Pvt. Ltd. Vs. Sudhir Bhatia, 2004 (28) PTC 121 (SC)** it was held that the law on the subject is well settled. Normally, in cases of infringement of trademark an injunction must follow. The grant of injunction becomes necessary if it prima facie appears that the adoption of the mark was itself dishonest.

52. In view of the facts and reasons earlier given and also by dismissal of the two applications filed by the defendants, the ex parte interim order granted on 15 October, 2008 shall also operate against the newly added defendant Nos.2, 3 and 4. Since the plaintiff is the registered owner of the trademark MAAZA, hence, it has established a good prima facie case for grant of an injunction, the balance of convenience also lies in favour of the plaintiff and against the defendants. I am of the considered opinion that in case no injunction is issued, the plaintiff shall suffer irreparable loss and injury. The present application is allowed and interim order granted on 15th October, 2008 is made absolute. The interim order shall also operate against the newly impleaded defendants during the pendency of the suit. Interim applications are disposed of.

CS (OS) No. 2166/2008

53. List the matter before the Joint Registrar on 10th December, 2009 for direction.

MANMOHAN SINGH, J.

OCTOBER 20, 2009

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