

(2014) 10 MAD CK 0227

In the Madras High Court

Case No : Writ Petition Nos. 18565, 18566 of 2012 and M.P. No. 3 of 2012 in
W.P. No. 18566 of 2012

Aditi Manufacturing Co.

APPELLANT

Vs

Bharat Bhogilal Patel
Bharat Bhogilal Patel Vs Union of
India

RESPONDENT

Date of Decision : 08-10-2014

Acts Referred:

Civil Procedure Code, 1908 (CPC) — Section 141
Constitution of India, 1950 — Article 226, 226(1), 226(2), 227
Customs Act, 1962 — Section 130
Patents Act, 1970 — Section 159

Citation : (2014) 6 CTC 285 : (2014) 5 LW 289 : (2014) 7 MLJ 641

Hon'ble Judges : Sanjay Kishan Kaul, C.J.; Meenakshi Sundaram
Sathyanarayanan, J

Bench : Division Bench

Judgement

Sanjay Kishan Kaul, C.J.

1. M/s. Aditi Manufacturing Company, the fourth respondent in the main writ petitions, seeks to assail the territorial jurisdiction of this Court invoked by the original writ petitioner Mr. Bharat Bhogilal Patel in filing the writ petitions assailing the order passed by the Intellectual Property Appellate Board (IPAB). It is in view thereof that arguments were addressed by both the sides confined to this issue, i.e. the preliminary aspect to invoke the jurisdiction of this Court, the fate of which would in turn, be material before the Court examines the merits of the impugned order. For the sake of convenience, the parties are described as per their rankings in M.P. No. 3 of 2012.

2. The first respondent, being the original writ petitioner, filed Patent Applications on 21.9.1998 in respect of "An Improved Laser Marking and Engraving Machine" and "A Process of Manufacturing Engraved Design Articles on Metals or Non-Metals" under the Patents Act, 1970 as amended by the Patents (Amendment) Act, 2002. The Patent Rules, 2003 have been enacted and brought into force on

20.5.2003 in exercise of the powers conferred under Section 159 of the Patents Act. Rule 4 specifies the "appropriate office" to be the head office of the patent office or the branch office, as the case may be, within whose territorial limits the applicant normally resides or has his domicile or a place of business or the place from where the invention actually originated. It is the say of the first respondent that as per the Official Journal of the Patent Office, it is the Patent Office at Mumbai which is the appropriate office in respect of the States of Gujarat and Maharashtra. Consequently, the aforesaid two patent applications were filed by the first respondent at the Mumbai office of the Controller of Patents, since the first respondent was residing at Mumbai. The patents were so granted and the entry relating to the same was made in the Register of Patents maintained at Mumbai under Rule 88 of the Patent Rules.

3. The petitioner, inter alia, filed applications before the High Court of Gujarat at Ahmedabad seeking revocation of the two Patent Nos. 188787 and 189027 granted in favour of the first respondent. The first respondent apparently instituted a criminal complaint against the petitioner before the X Metropolitan Magistrate's Court at Mumbai. The first respondent, aggrieved by the filing of the revocation applications by the petitioner before the High Court of Gujarat, sought transfer of the same to the High Court of Bombay. However, with the IPAB having been constituted in the year 2007, the applications were transferred by the High Court of Gujarat to the IPAB Circuit Bench at Mumbai, which according to the petitioner, would have the appropriate jurisdiction in respect of the two patent revocation applications, as per the own stand of the first respondent itself. However, it is the case of the petitioner, in view of the urgency of the matter expressed by the petitioner and the Circuit Bench at Mumbai not having adequate time, as per consent of parties and their counsel, the hearing of these applications was scheduled by the IPAB at Chennai, where the Bench held regular proceedings.

4. It is the say of the petitioner that the aforesaid conduct of the first respondent along with the factum of the place of residence of the first respondent as well as it obtaining the registration of the Patent would show that it is the Mumbai Court which would have the jurisdiction in the matter. In fact, the case was appropriately transferred to the Circuit Bench at IPAB at Mumbai, and the only objective of having the hearings at Chennai was to expedite the process as there was heavy backlog of matters pending in the Circuit Bench at Mumbai which would have delayed the hearing, as the Bench sittings used to take place only periodically at Mumbai. It is in view thereof that the order dated 12.7.2012 was passed by the Circuit Bench of IPAB sitting at Mumbai as would be apparent from it.

5. According to the petitioner, the only basis for the first respondent invoking the jurisdiction of this Court is stated to be the hearing of the two patent revocation applications taking place at Chennai, which would not give him a cause, as that was only a matter of convenience to expeditiously conclude the hearing on

account there not being enough frequency of sittings of the Circuit Bench at Mumbai.

6. On the other hand, the stand of the first respondent is that the patent revocation applications, by consent were heard at Chennai, adjourned from time to time and decided only at Chennai. The hearing of the applications took place on 12.3.2012 and the orders were passed by the IPAB on 12.6.2012. The mention of the IPAB, Bombay in the impugned order is stated to be a mistake as the applications were listed and published in the cause list at Chennai. It is in view thereof that this Court is stated to have the jurisdiction to entertain the writ petitions under Article 226(2) of the Constitution of India as the hearing took place on 19.3.2012 at Chennai, the order dated 12.6.2012 was pronounced at Chennai, the principal seat of IPAB is at Chennai and thus, part of the cause of action has arisen at Chennai.

7. To buttress the respective submissions, learned counsel for both the parties referred to a catena of judgments, which we discuss hereinafter.

I. Cases cited by the petitioner

(i) Kusum Ingots and Alloys Ltd. Vs. Union of India (UOI) and Another,

Learned counsel for the petitioner drew our attention to paragraph 30 of this judgment dealing with the principle of forum conveniens, where it is observed that even if a small part of cause of action arises within the territorial jurisdiction of this High Court, the same by itself may not be considered to be determinative factor compelling the High Court to decide the matter on merits and in appropriate cases, the Court may refuse to exercise its discretionary jurisdiction by invoking the doctrine of forum conveniens.

However, in paragraph 27, the following observations have been made:-

"27. When an order, however, is passed by a Court or Tribunal or an executive authority whether under provisions of a statute or otherwise, a part of cause of action arises at that place. Even in a given case, when the original authority is constituted at one place and the appellate authority is constituted at another, a writ petition would be maintainable at both the places. In other words as order of the appellate authority constitutes a part of cause of action, a writ petition would be maintainable in the High Court within whose jurisdiction it is situate having regard to the fact that the order of the appellate authority is also required to be set aside and as the order of the original authority merges with that of the appellate authority.

The aforesaid thus appears to go against the petitioner as the existence of original authority and the appellate authority in two places is stated to confer jurisdiction at both the places since the order of the original authority merges with the order of the appellate authority.

(ii) Dr. Nandu Dwarakasingh Chhabria and Inter Equipment India Pvt. Ltd. Vs.

Vijaya Bank, Mayo Hall Branch and Debt Recovery Appellate Tribunal,

The order in this case was passed by the Debts Recovery Tribunal, Hyderabad, which was assailed before the Debts Recovery Appellate Tribunal situated at Chennai. The plea of the petitioners therein was that the Madras High Court would have the jurisdiction in view thereof as the order of the Tribunal at Hyderabad got merged with the order passed by the Appellate Tribunal at Chennai and thus, substantial cause would arise at Chennai under Article 226(2) of the Constitution of India. This plea was opposed by the respondents on the ground that under Article 226(1) of the Constitution, the High Court's jurisdiction depends upon the seat of authority, and where the authority acts as appellate authority for more than one State and where the authority has power to change its place of sitting, then a legal fiction is applied that when it deals with the case of a particular State, its seat is deemed to be within the State concerned and it is the place of locality "in the eyes of law". Thus, the writ petition would not be maintainable under Article 226(1) of the Constitution of India in the Madras High Court. The entire transaction having taken place at Hyderabad, merely because the order impugned had been passed by the Appellate Tribunal situated at Chennai, the same by itself may not be considered to be a determinative factor relating to the part of cause of action, compelling the High Court to decide the matter on merits and Article 226(2) of the Constitution of India would not apply. The learned single Judge opined that the jurisdiction of the High Court under Article 226(1) of the Constitution of India depends upon the seat of the authority, and in view of the fact that one DRAT is constituted for several DRTs within several States and for convenience the seat of DRAT is located at Chennai, the seat of the DRAT should be deemed to be within the State concerned, i.e. the jurisdiction would be at Hyderabad.

(iii) Matrix Laboratories Limited 1-1-151/1, 4th Floor, Sai Ram Towers Alexander Road Secunderabad - 500003 Vs. F. Hoffman - La Roche Ltd. and OSI Pharmaceuticals, Inc.

The mere filing of a revocation petition before the IPAB, Chennai was held not to give rise to a cause of action to file a suit for infringement. The Division Bench set aside the impugned order refusing to revoke the leave granted to the plaintiff therein to file the suit as no cause of action had arisen at Chennai.

(iv) M/s. Stadmed Private Limited and Another Vs. The Intellectual Property Appellate Board and Another - High Court of Calcutta)

The IPAB set aside the order of the Deputy Registrar of Trade Marks, directing removal of trademarks in question from the register. This order was assailed in the writ petition filed under Article 226 of the Constitution of India. The jurisdiction was sought to be created at Calcutta on a cause of action that the copy of the order of the IPAB was received by the petitioner therein at Calcutta. It was held that the service requirement under Rule 21 of the IPAB (Procedure) Rules, 2003 had nothing to do with the passing of an order by IPAB, and the

order was passed the moment it was signed, dated and pronounced pursuant to Rule 20 of those Rules. The plea that until the pronounced order was served, appeal remained pending and it neither bound anyone nor gave rise to a cause of action to question it was negated.

(v) Stadmed Private Ltd. Vs. Intellectual Property Appellate Board, - High Court of Calcutta

A Division Bench of the Calcutta High Court affirmed the order as aforesaid passed by the learned single Judge.

(vi) Natco Pharmaceuticals Ltd. vs. Sugan Inc. & Others, M.P. No. 1 of 2013 in W.P. SR. No. 40302 of 2013 dated 17.4.2013 (MHC).

The prayer for leave to file the writ petition against the order of the IPAB, Chennai gave rise to the aforesaid judgment. The IPAB granted an interim order staying revocation of the patent issued in favour of the first respondent therein, which the petitioner alleged was affecting its rights in a pending suit before the Delhi High Court. The suit had been filed by the first respondent therein, where the petitioner had filed a counter claim. It was noticed that the IPAB had passed the interim order pursuant to an order passed by the Hon'ble Supreme Court and the appeal was posted before the IPAB for its sitting scheduled at New Delhi. The parties in the petition were litigating the very same subject matter in the suit pending before the Delhi High Court and thus, it was considered appropriate to direct that the petitioner should, in case of a grievance, approach the Delhi High Court for appropriate relief. This view was taken despite noticing that a part of the cause of action may have arisen within the jurisdiction of this Court due to the order passed by the IPAB, Chennai.

II. Cases cited by the first respondent

(i) U.P. Rashtriya Chinni Mills Adhikari Parishad, Lucknow Vs. State of U.P. and others,

The reference to the aforesaid judgment was made in the context of the interpretation given in the earlier judgment of the Hon'ble Supreme Court still holding good even after incorporation of the explanation to Section 141 CPC, i.e. Sri Nasiruddin Vs. State Transport Appellate Tribunal, . It was held that the expression "cause of action" in an application under Article 226 of the Constitution of India would encompass an appellate order or a revisional order passed within the jurisdiction of that Court, though the order may have been passed at a place outside the area. Thus, it would be open to the litigant who is the dominant litis to have his forum conveniens as the litigant has the right to go to a Court where a part of his cause of action arises.

(ii) Sanjos Jewellers Vs. Syndicate Bank,

A Full Bench of this Court was dealing with the issue of territorial jurisdiction in case of a writ petition filed in the Madras High Court challenging the order of the

DRAT situated in Chennai, while the DRT was situated at Hyderabad. Relying on Kusum Ingots case (supra), it was held that the writ petition would be maintainable in the Madras High Court on the ground of territorial jurisdiction.

(iii) Sterling Agro Industries Ltd. Vs. Union of India (UOI) and Others, .

A five Judges Bench of the Delhi High Court went into the doctrine of forum conveniens vis-à-vis the concept of cause of action. It was held that while exercising jurisdiction under Articles 226 and 227 of the Constitution of India, the Court cannot be totally oblivious of the concept of forum conveniens. The convenience in its ambit and sweep would include the existence of more appropriate forum, expenses involved, the law relating to the lis, verification of certain facts which are necessitous for just adjudication of the controversy and such other ancillary aspects. The balance of convenience is also to be taken note of. Thus, territorial jurisdiction was held not capable of being based on the situs of tribunal/appellate authority/revisional authority, totally ignoring the concept of forum conveniens. The situs of the appellate authority constitutes a part of the cause of action, yet the same may not be the singular factor to compel the High Court to decide the matter on merits as the High Court may refuse to exercise its discretionary jurisdiction by invoking the doctrine of forum conveniens.

The effect of the 42nd Constitutional Amendment, introducing Clause (2) to Article 226 of the Constitution, which introduced the concept of cause of action arising wholly or in part, was analysed. In that context, Nasiruddin's case (supra) was referred to. The principle of forum nonconveniens originating as a principle of international law, concerned with Comity of Nations was noticed and its non-application to domestic Courts in which jurisdiction is vested by law. However, the remedy under Article 226 being discretionary, it was held by the Full Bench earlier that the Court may refuse to exercise jurisdiction when jurisdiction has been invoked mala fide. The conclusion recorded was that, where an order is passed by an appellate authority or revisional authority, a part of cause of action arises at that place. When the original authority is situated at one place and the appellate authority is situated at another, a writ petition would be maintainable at both places. However, the concept of forum conveniens could come into play. While setting aside the earlier view, it was concluded that mala fide manner of invoking jurisdiction would be too narrow a compass as the exercise of power under Article 226 of the Constitution is discretionary.

III. Canon Steels P. Ltd. Vs. Commissioner of Customs,

In the context of Article 226(2) of the Constitution of India, while dealing with an appeal under Section 130 of the Customs Act, 1962, where an adjudication order was passed by the Commissioner of Mumbai and the appellate order was passed by the CESTAT, New Delhi, it was held that the Delhi High Court would have jurisdiction to deal with the matter. If a small part of the cause of action arises within the territorial jurisdiction, the same by itself may not be considered to be determinative factor compelling the High Court to decide the matter on merits,

and the High Court may refuse to exercise jurisdiction by invoking the doctrine of forum conveniens. The principle laid down in *Kusum Ingot's* case (supra) was held to be the authority for the proposition that the place from where an appellate order or a revisional order is passed may give rise to a part of cause of action, although the original order was at a place outside the said area. However, the High Court, under Article 226 of the Constitution of India, may refuse to exercise its discretionary jurisdiction even if a part of cause of action is arising within the jurisdiction, by invoking the doctrine of forum conveniens. Normally, the litigant has a choice of forum where a part of cause of action has arisen within one or the other High Court.

8. Conclusion

On an analysis of the aforesaid judgments, the principles which emerge can be summarized as under :-

i) In view of the 42nd Constitutional Amendment and the wordings of Clause (2) of Article 226 of the Constitution of India, even a part of cause of action would confer jurisdiction on the Court.

ii) The choice would be normally of the litigant approaching the Court as to where he would initiate the litigation if there were two High Courts which would have jurisdiction.

iii) Merely because the original order is passed within the jurisdiction of another Court, it would not exclude the jurisdiction of the Court which is the situs of the appellate authority.

iv) The principles of forum conveniens, though applicable to international law as a principle of Comity of Nations, would apply to the discretionary remedy under Article 226 of the Constitution of India.

9. Now, turning to the facts of the present case, undisputedly, the first respondent's business is located at Mumbai. This gave rise to the first respondent filing applications under the Patents Act in the Office of the Registrar of Patents at Mumbai, and the patents of the first respondent were registered at Mumbai. It is in fact the petitioner which was aggrieved by the registration of the patents in favour of the first respondent and sought revocation of the patents by initiating proceedings before the Gujarat High Court. In those proceedings, the first respondent took an objection about the jurisdiction of that Court. The first respondent also initiated criminal proceedings before the X Metropolitan Magistrate's Court at Mumbai. He had also filed a writ petition in the Bombay High Court, which he subsequently withdrew on account of other reasons.

10. In view of the constitution of the IPAB in the year 2007, the Gujarat High Court itself transferred the issue of revocation of patents to the IPAB Circuit Bench at Mumbai, where the proceedings commenced. In these circumstances any further cause would undoubtedly have given rise to proceedings only in the Bombay High Court.

11. Yet another development which needs to be taken note of is that while the Principal Seat of IPAB was at Chennai, it held Circuit Bench sittings at different locations. It appears that the number of cases were too many at Mumbai, whereas the frequency of sittings was comparatively less. The result was that proceedings would take longer time to reach a culmination.

12. The petitioner was desirous of an early adjudication on the issue of the applications filed for revocation of patents. The parties thus joined together to have the matter heard at Chennai, which was the Principal Seat of the IPAB, on account of time being at the disposal of the IPAB. It is in this context that the hearing was held by the IPAB at Chennai and the final order was passed at Chennai and not at Mumbai. In our view, this was an arrangement only for convenience of hearing.

13. We fail to appreciate as to why such an arrangement for convenience of hearing should shift the venue of the litigation itself to Chennai and not at Mumbai, where all proceedings practically arose. We are unimpressed by the argument of the learned counsel for the first respondent that if at all there was any inconvenience, it was at the stage of hearing of the appeal, since records would have to be called for from the Office of the Patents. We are thus unable to accept the plea of the learned counsel for the first respondent that once the order has been passed at Chennai in the aforesaid circumstances by the IPAB, at best, it was an option for the first respondent to either approach the Madras High Court or the Bombay High Court, and having thus approached the Madras High Court, it is not for the petitioner to object to the same.

14. Merely because both the parties having agreed to get the matter heard early, made arrangements through their counsel to attend the hearings at Chennai being the Principal Seat of the IPAB, would not make a difference and we are of the view that it is a fit case where the principle of forum conveniens should be invoked and the parties be put to adjudication before the High Court of Bombay, rather than this Court.

15. We draw strength from the observations made in Canon Steels case (supra) that if a small part of cause of action arises within the territorial jurisdiction, the same by itself may not be considered to be a determinative factor compelling the High Court to decide the matter on merits, and the High Court may refuse to exercise its discretionary jurisdiction by invoking the doctrine of forum conveniens.

16. The present factual matrix is not even where it is the situs of the appellate authority in question. The Bench of the appellate authority was actually located at Mumbai and thus, only for convenience of hearing for certain days were sittings held at Chennai. This is a distinct factor, even though the Full Bench of the Delhi High Court in M/s. Sterling Agro's case (supra) had in fact observed that an order of the appellate authority constitutes a part of the cause of action, yet the same may not be a singular factor, and the High Court may refuse to

exercise jurisdiction by invoking the doctrine of forum conveniens. The mere fact that hearing was held at Chennai rather than at Mumbai on account of a given inadequacy of sittings at Mumbai by the IPAB Circuit Bench at Mumbai, thus would not imply that this Court should necessarily exercise the jurisdiction.

17. The observations thus made in Dr. Nandu Dwarakasingh's case (supra) become material in the facts of the present case. We are thus inclined to allow the application filed by the petitioner (original fourth respondent in the writ petitions) and non-suit the first respondent (original writ petitioner), applying the principles of forum conveniens, with leave to the first respondent to file the proceedings before the competent court at Mumbai. If one may say, the situation is akin to a scenario where though the seat of arbitration may be in one place, for convenience, some hearings are held at another location.

18. The application, viz. M.P. No. 3 of 2012 is accordingly allowed. In view of the orders passed in the miscellaneous petition, the writ petitions are dismissed, with liberty to the writ petitioner to initiate legal proceedings at Mumbai, if so advised. However, there shall be no order as to costs. Consequently, all the connected miscellaneous petitions stand closed.

Sanjay Kishan Kaul, C.J. and M. Sathyanarayanan, J.

19. Learned Senior Counsel for the writ petitioner, on pronouncement of orders, states that interim protections were available in favour of the writ petitioner and thus, the same be permitted to continue for one month in order to facilitate the petitioner to approach the Bombay High Court.

20. We, thus, extend the existing interim protection for a period of one month, making it clear that it is not reflection on the merits of the controversy, but only to facilitate the writ petitioner to approach the Bombay High Court, in view of our observations in the order dated 08.10.2014 passed in the writ petitions and in M.P. No.3 of 2012.