

(2014) 05 DEL CK 0249
In the Delhi High Court
Case No : FAO(OS) 3/2014

LT Foods Limited

APPELLANT

Vs

Heritage Foods (India) Limited

RESPONDENT

Date of Decision : 07-05-2014

Acts Referred:

Civil Procedure Code, 1908 (CPC) — Order 7 Rule 10, Order 7 Rule 11
Trade Marks Act, 1999 — Section 124, 134, 28(3)

Citation : (2014) 6 AD 722 : (2014) 210 DLT 721 : (2014) 175 PLR 14

Hon'ble Judges : Siddharth Mridul, J; Badar Durrez Ahmed, J

Bench : Division Bench

Advocate : J. Sai Deepak, Ms. Rachel Mamatha and Ms. Julien George, Advocate for the Appellant; Pratibha M. Singh, Sr. Advocate, Mr. Sudeep Chatterjee, Mr. Arjun Mukherjee and Ms. Suhasini Raina, Advocate for the Respondent

Final Decision : Allowed

Judgement

Badar Durrez Ahmed, J.—This appeal is directed against the order dated 20.11.2013 passed by a learned Single Judge of this Court in I.A. No. 10244/2011 whereby the learned Single Judge has directed return of the plaint. I.A. No. 10244/2011 was a composite application by the respondent/defendant under Order 7 Rule 10 and Order 7 Rule 11 CPC. Insofar as the plea under Order 7 Rule 11 CPC is concerned, that was targeted against the infringement action which the appellant/plaintiff had brought in the said Suit CS (OS) 1188/2011 with regard to the Trade Mark "HERITAGE". By virtue of paragraph 13 of the said order dated 20.11.2013 the learned Single Judge had come to a conclusion that no Suit for infringement could lie. The exact words used by the learned Single Judge were as under:-

13. It must further be noted that admittedly HFIL holds registration for the identical mark HERITAGE for the same goods and therefore in terms of Section 28(3) TM Act no suit for infringement would lie against HFIL.

2. The said portion of the order dated 20.11.2013 constituted a decree inasmuch

as it amounted to a rejection of the Suit for infringement which had been brought by the appellant/plaintiff. Consequently, the appellant filed an appeal [RFA (OS) 77/14], being aggrieved thereby. That Appeal [RFA (OS) 77/14] was decided by a Division Bench of this Court on 29.04.14 whereby the observation of the learned Single Judge in paragraph 13 quoted above was set aside. The operative portion of the Division Bench decision dated 29.04.2014 reads as under:-

...2. In view of the position of law settled in the judgments noted in the sub paras of the present paragraph, the observation of the learned Single Judge in paragraph 13 is set aside:-

(i) IA No. 23086/2012 in CS (OS) No. 3534/2012 decided on April 25, 2012 in Abbot Healthcare Pvt. Ltd. Vs. Raj Kumar Prasad and Ors.

(ii) IA Nos. 15425/2008, 217/2009 and 2769/2009 in CS (OS) No. 207/2008 decided on April 09, 2009 in Clinique Laboratories LLC and Anr. Vs. Gufic Ltd. and Anr.

3. An infringement action may lie against another registered proprietor if the conditions as stipulated in Section 124 of the TM Act, 1999 are satisfied or not in the present case is left to be decided by the learned Single Judge.

4. The impugned order is set aside to the said extent and the suit is restored to the said extent for decision before the learned Single Judge.

5. The suit be listed before the learned Single Judge for directions on July 04, 2014.

3. From the above it is evident that insofar as the infringement action is concerned, the suit has been restored and is now before the learned Single Judge for examination as to whether the conditions of Section 124 of the Trade Marks Act, 1999 are satisfied.

4. Apart from the said issue of infringement, the impugned order dated 20.11.2013, as pointed out above, also decided that insofar as the passing off action was concerned, the courts in Delhi would not have jurisdiction to entertain the same and consequently the learned Single Judge directed the return of the plaint for presentation in a Court of appropriate jurisdiction. The learned Single Judge held that the appellant/plaintiff had not been able to make out a case for entertaining the suit for passing off or for any of the consequential incidental reliefs and had not been able to show that any part of the cause of action had arisen within the territorial jurisdiction of this Court.

5. We have heard the learned counsel for the parties at length on the issue of the return of the plaint. We find that the plaintiff in paragraphs 26 and 27 of the plaint had made averments with regard to cause of action and territorial jurisdiction. The said paragraphs are as under:-

26. The cause of action for institution of the present suit arose on 4th March

2011 when the Plaintiff received a cease and desist notice wherein the Defendant alleged infringement and passing off its trade mark HERITAGE. The Plaintiff through counsel replied to said notice vide letter dated 31st March 2011 & 19th April 2011. The Defendant has now started selling rice under the trade mark HERITAGE. The very use of the trade mark HERITAGE for rice by the Defendant, having itself sold Plaintiffs HERITAGE branded rice since the year 2006, is dishonest and fraudulent. The said cause of action is a continuous one and continues to subsist till any further marketing or export thereof is injuncted by this Hon''ble Court.

27. This Hon''ble Court has jurisdiction to entertain and try the present suit as the Defendant in its legal notice dated 04th March 2011 addressed to the Plaintiff has admittedly stated that the goods of the Defendant under the trade mark HERITAGE is sold or supplied directly or indirectly throughout the length and breadth of the country, which will include Delhi as well. Hence, the cause of action has arisen within the territorial jurisdiction of this Hon''ble Court. This Hon''ble Court also has jurisdiction u/s 134 of the Trade Marks Act, 1999.

6. It would be evident from the above paragraphs that the appellant/plaintiff had averred the following:-

1. That the plaintiff/appellant received a cease and desist notice from the defendant alleging infringement and passing off of its trade mark HERITAGE;

2. That the defendant had started selling rice under the trade mark HERITAGE;

3. That in the notice dated 4.3.2011 issued by the defendant to the plaintiff, the defendant had stated that the goods of the defendant under the trade mark HERITAGE were being sold or supplied directly or indirectly throughout the length and breadth of the country;

4. That in view of the statement made by the defendant/respondent in the legal notice dated 4.3.2011, the plaintiff/appellant stated that the defendant had admitted that it also sold and supplied goods directly or indirectly in Delhi as Delhi would be included in the length and breadth of the country.

7. On the basis of the above four aspects which have been clearly and categorically averred by the plaintiff/appellant in the said plaint, it has been contended that this Court would have territorial jurisdiction to try the Suit even in respect of a passing off action apart from an action based on the cease and desist notice itself.

8. It is well settled that in examining the case from the stand point of Order 7 Rule 10 CPC the plaint must be taken as it is and the averments made therein must be accepted as true. Only if, on assuming the averments made in the plaint to be true and correct, the Court comes to the conclusion that it would not have territorial jurisdiction, could the plaint be returned for filing the same in a Court having jurisdiction. The Court while examining this aspect of the matter cannot go beyond the facts stated in the plaint. In other words the Court cannot

examine any defence contained in the written statement filed on behalf of the defendants. The principles for rejecting a plaint under Order 7 Rule 11 or returning a plaint under Order 7 Rule 10 CPC, are more or less similar. Observations of the Supreme Court in the case of *Exphar SA and Another Vs. Eupharma Laboratories Ltd. and Another*, are apposite and they are reproduced herein below:

9. Besides when an objection to jurisdiction is raised by way of demurrer and not at the trial, the objection must proceed on the basis that the facts as pleaded by the initiator of the impugned proceedings are true. The submission in order to succeed must show that granted those facts the Court does not have jurisdiction as a matter of law. In rejecting a plaint on the ground of jurisdiction, the Division Bench should have taken the allegations contained in the plaint to be correct.

9. Ms. Prathiba Singh, the learned senior counsel, appearing on behalf of the respondent had referred to a recent decision of the Supreme Court in the case of *Paragon Rubber Industries Vs. Pragati Rubber Mills and Others*, . In particular, she referred to paragraph 19 of the said decision which, to the extent relevant for our purposes, is extracted herein below:-

We see no conflict in the ratio of the law laid down in the aforesaid two cases. In both the cases, it has been held that for the purpose of invoking the jurisdiction of the court in a composite suit, both the causes of action must arise within the jurisdiction of the court which otherwise had the necessary jurisdiction to decide all the issues. However, the jurisdiction cannot be conferred by joining two causes of action in the same suit when the court has jurisdiction to try the suit only in respect of one cause of action and not the other.

10. She submitted that the suit filed by the appellant/plaintiff has two separate causes of action. One was founded on infringement and the other on the common law action of passing off. She submitted that when such a composite suit is filed, it is not enough that one of the causes of action must pass the test of territorial jurisdiction. Both the causes of action must be within the jurisdiction of the court.

11. The learned counsel appearing on behalf of the appellant submitted that he has no quarrel and, indeed, he could not have any quarrel with the legal proposition set out in *Paragon Rubber Industries (supra)*. He submitted that the infringement action was founded on a different cause of action than the passing off action. He submitted that while there is no dispute with regard to the territorial jurisdiction issue insofar as the infringement action is concerned in view of the provisions of Section 134 of the Trade Marks Act, 1999, a dispute had been raised with regard to the territorial jurisdiction insofar as the passing off action is concerned. But, according to him, the passing off action also is founded on part of the cause of action which arose within the territorial precincts of this court. Therefore, it was his submission that both the causes of action pass the test of territorial jurisdiction insofar as this court is concerned. Consequently, the

observations of the Supreme Court in Paragon Rubber Industries (supra) do not in any way operate to the appellant's detriment.

12. We have taken the view that the plaint could not have been returned on account of the averments made by the plaintiff. This court has territorial jurisdiction in respect of the passing off action also. Consequently, we are of the view that the observation of the Supreme Court in Paragon Rubber Industries (supra) would not, in the facts of this case, operate against the appellant. This is so because both the causes of action, namely, the infringement action and the passing off action, independently fall within the territorial jurisdiction of this court.

13. Ms. Prathiba Singh, the learned senior counsel, also pointed out that while in paragraph 26 of the plaint there is mention of the "cease and desist" notice dated 04.03.2011, there is also mention of the appellant's/plaintiffs reply to the said notice dated 19.04.2011 where the plaintiff has denied the statement of the defendant in the said notice dated 04.03.2011 to the effect that the defendant sold or supplied, directly or indirectly, the goods bearing the trade mark "HERITAGE" throughout the length and breadth of the country. However, we feel that this does not enable the respondent/defendant, at this prima-facie stage, to detract from the position that the respondent/defendant had, in the said notice dated 04.03.2011, clearly stated that it had sold the goods under the said trade mark "HERITAGE" directly or indirectly throughout the length and breadth of the country which, obviously, would include Delhi as well. Whether the respondent/defendant can explain this admission and explain the circumstances so that it is not bound by it is a matter for trial. But at this prima-facie stage, the appellant/plaintiff has founded his cause of action on passing off on this admission on the part of the respondent/defendant and it is immaterial that the appellant/plaintiff had in its reply to the notice taken a contrary view.

14. In view of the foregoing discussion, the impugned order insofar as it relates to the return of the plaint under Order VII Rule 10 CPC is set aside. The plaint, even in respect of the passing off action, is restored. The matter shall now be placed before the learned single Judge for further steps.

15. The appeal is allowed as aforesaid. There shall be no order as to costs.