

## **Gold Seal Engineering Product Pvt. Ltd. ... vs Hindustan Manufacturers And Others on 9 September, 1991**

**Equivalent citations: AIR1992BOM144, 1992(2)BOMCR321, AIR 1992 BOMBAY 144, (1992) 2 BOM CR 321**

### **JUDGMENT**

1. By my order dated 29th August, 1991, I have dismissed the notice of motion for the reasons to be dictated separately. I now proceed to dictate the reasons for my said order.

2. The plaintiffs have filed this suit against the defendants for a permanent injunction restraining the defendants from in any manner infringing the plaintiffs' registered trade mark bearing No.28457 and/or 264759B and/or 356125B and/or 386130B and/or 386131B and/or from using the mark "Gold Star" or the "Seal" device or the caricature of a mechanic boy with or without the words "Kartik Mistry" so as to infringe the marks set out in prayer (a) of the plaint. The plaintiffs have also prayed for a permanent injunction restraining the defendants from using the impugned label Exhibit 'K' to the plaint or any other mark or label deceptively similar to the plaintiffs' trade marks or labels so as to pass off or enable others to pass off the defendants' goods as and for the goods of the plaintiffs, By prayer (c) of the plaint, the plaintiffs have sought a permanent injunction restraining the defendants from infringing the 1st plaintiffs copyright in the defendant's original artistic work being Exhibit 'F' to the plaint under No. A-34773/81 or using the impugned label, a specimen of which is annexed as Exhibit 'K' to the plaint, in respect of any goods offered for sale or exposed for sale without the plaintiffs' licence. The plaintiffs have also prayed for a money decree for damages alleged to have been suffered by the plaintiffs as a result of the alleged infringement and for other consequential reliefs.

3. The plaintiffs have taken out Notice of Motion No. 1905 of 1989 for grant of interim injunctions in the terms set out therein. The defendants Nos. 1 and 2 have opposed the notice, of motion inter alia on ground of lack of jurisdiction of this Court, The defendants 1 and 2 have pointed out that no leave was obtained by the plaintiffs under Cl. 12 or Cl. 14 of Letters Patent. The defendants Nos. 1 and 2 have opposed the notice of motion on the ground that the plaintiffs have wrongly filed this suit in this Court in order to harass the said defendants on the basis of false averments even though the natural forum in respect of the alleged cause of action, if any, would be the Court at Calcutta and not Bombay. The matter has been contested on merits as well. Having regard to the fundamental question of jurisdiction raised by the contesting defendants at the outset, I decided to scrutinise the plaintiffs' averments in that behalf and record my findings thereon particularly in view of mandate of Section 9A of the Code of Civil Procedure as applicable in Maharashtra.

4. The 1st defendant is a sole proprietary concern of defendant No. 2 carrying on business of manufacturing automobile parts and accessories at Calcutta.

5. The 1st and 2nd defendants do not have any office at Bombay. The 2nd defendant does not reside in Bombay.

6. In paragraph 17 of the plaint, it was averred by the plaintiffs that by an order dated 23rd March 1988, the Deputy Registrar of Trade Marks ordered and directed registration of mark "Cold Star" in accordance with application of defendants Nos. 1 and 2. By the said order, the Deputy Registrar of Trade Marks, Calcutta, allowed the defendants' application No. 325515 for registration of a trade mark in Class B12 and disallowed the plaintiffs' application thereto No. Cal--1783. Being aggrieved by the said order, the plaintiffs have filed an appeal before the High Court of Calcutta and the same is pending. The Hon'ble High Court of Calcutta has not granted any stay of order under appeal before the said Court.

7. In his affidavit dated 2nd September 1989, the defendant No. 2 has in terms contended that the defendants Nos. 1 and 2 did not have any dealings with any party in Bombay. The defendant No. 2 has contended that the said defendants have no dealings with defendant No. 3 whatsoever. In order to invoke the jurisdiction of this Court against the 1st and 2nd defendants who ordinarily carry on business at Calcutta, the plaintiffs have averred in paragraph 3 of the plaint as under:--

"The 3rd defendant are a firm carrying on business as dealers in automobile parts and accessories and stock and sell the goods manufactured by the 1st and 2nd defendants in Bombay."

The 3rd defendant through their learned counsel have conceded that the 3rd defendant was never appointed stockist or dealer to stock and sell the goods manufactured by the 1st and 2nd defendants in Bombay. Admittedly, no agreement was entered into between defendant No. 3 and defendant Nos. 1 and 2 at any time in this behalf or otherwise. No correspondence is produced. No invoices are produced. It is not the case of defendant No. 3 that defendant No. 3 purchased any goods from defendant No. 1. No books of accounts of defendant No. 3 are available. The defendant No. 3 had never put up any board on its shop indicating that the defendants Nos. 1 and 2 had appointed the defendant No. 3 as their dealers or stockist. I accept the averments made in the affidavit dated 2nd Sept., 1989 in this behalf.

8. It is averred in paragraph 18 of the plaint that during the pendency of investigation of criminal complaint filed by the plaintiffs, it was discovered as under:--

"It turned out during the investigation that the 3rd defendants are the stockists of the products manufactured by the 1st and 2nd defendants in respect of which the impugned label is used."

This averment is incorrect even if not false, to the knowledge of the plaintiffs. The 1st and 2nd defendants never appointed defendant No. 3 as their agents, dealers or stockists. The 1st and 2nd defendants never had any dealing whatsoever with defendant No. 3. These facts clearly emerge from the record. Mr. H. C. Kothari, partner of defendant No. 3, has filed his affidavit dated 27th August 1991 that defendant No. 3 used to purchase in cash the articles bearing mark "Gold Star" from the

salesman and merchant and the defendant No. 3 has stopped in dealing with the production in question since July 1987. The deponent of the said affidavit has expressed his inability to produce books of accounts or any other documents as the same were washed away, damaged and destroyed in June 1991 as a result of heavy rains. The said affidavit is totally vague and is unacceptable. No name of salesman or the merchant from whom defendant No. 3 is supposed to have made purchase of the goods in question is disclosed. Along with his affidavit dated 8th August 1991 in sur rejoinder, Mr. A. D. C. Patel, Marketing Manager of the plaintiff, has annexed a cash memo dated 15th April 1989 issued by defendant No. 3 for the item manufactured by defendant No. 1 for Rs. 24/-, total cash memo being for Rs. 152/-. On basis of this material, even if reliable, it is impossible to hold that the defendant No. 1 was marketing its goods in Bombay through defendant No. 3 or any otherwise. I am not satisfied that goods on commercial scale were supplied at Bombay. Even if some stray transaction of nominal amounts regarding sale of 1st defendant's goods in Bombay are proved, the same are of no legal efficacy. In my judgment, the entire conduct of the plaintiffs to clutch at the jurisdiction of this Court lacks bona fides and the averments made in the plaint in this behalf are totally incorrect.

9. While dealing with the point of jurisdiction, I do not wish to express any opinion on merits of the case. The plaintiffs may or may not have a good case on merits. The plaintiffs contend that the impugned goods with labels were commercially available with one Mr. Santosh Shukla. The defendants Nos. 1 and 2 contend that they never had any dealing with Mr. Santosh Shukla. The defendant No. 2 has produced ample evidence in the form of joint affidavit of Bikash Dasgupta and Dinesh Gandhi, in addition to his own, stating therein that the said Santosh Shukla is carrying on business as a commercial photographer and is not concerned with trade of automobile accessories. Mr. Chitnis, the learned counsel for Santosh Shukla, contends that Mr. Santosh Shukla should not be compelled to answer any question of the Court as he is accused of having committed a criminal offence. Report of C.I.D., Bombay (Exhibit 4 to the affidavit in reply dated 2nd Sept., 1989) supports the case of defendants Nos. 1 and 2. In my judgment, the plaintiffs have invoked the jurisdiction of this Court against a Calcutta party and the onus is entirely on the plaintiffs to prove the averments. The plaintiffs have failed to prove the averments made and it shall have to be held that neither defendant No. 3 nor Santosh Shukla had any dealings with defendants Nos. 1 and 2 in respect of the goods in question.

10. The plaintiffs have averred in paragraphs 29 and 30 of the plaint that the entire cause of action has arisen at Bombay. The plaintiffs have averred that the goods of the plaintiffs are commercially available in Bombay. The plaintiffs want me to construe affidavit in reply to the effect that the defendants Nos. 1 and 2 have not denied the basic averment of goods being commercially available in Bombay. It is not possible for me to interpret the affidavits in reply in this manner. The submissions of the plaintiffs in paragraphs 29 and 30 of the plaint must be read in conjunction with the averments made in paragraphs of the plaint. The contesting defendants have denied each of the averments made by necessary implication. With respect to the learned counsel for the plaintiffs, I do feel that the substance of the matter on jurisdictional averment is being missed and technical arguments of no substance are pressed. I have no hesitation in rejecting each of the submissions made on behalf of the plaintiffs and hold that this Court has no jurisdiction to entertain the suit in respect of alleged cause of action for infringement of trade mark and in respect of alleged passing

off. I shall examine the case of the plaintiffs regarding alleged infringement of copyright separately.

11. This Court undoubtedly has jurisdiction to entertain the suit in respect of the alleged infringement of 1st plaintiff's copyright as the plaintiffs carry on business at Bombay in view of the provisions contained in Section 62 of the Copyright Act, 1957. For the sake of ready reference, Section 62 of the abovereferred Act is extracted. The said Section reads as under:--

"62. (1) Every suit or other civil proceeding arising under this Chapter in respect of the infringement of copyright in any work or the infringement of any other right conferred by this Act shall be instituted in the district court having jurisdiction.

(2) For the purpose of sub-section (1), a "district court having jurisdiction" shall, notwithstanding anything contained in the Code of Civil Procedure, 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 other 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."

The suit filed by the plaintiffs is a composite suit based on all the three alleged causes of action without obtaining leave under Clause 14 of the Letters Patent. It is true that petition for grant of leave under Clause 14 of the Letters Patent can be entertained by the Court at any stage and it is now tendered to the Court for grant of such leave at the conclusion of the arguments by the learned counsel for the plaintiffs. However, I am not prepared to exercise jurisdiction in respect of the alleged cause of action for breach of the alleged copyright is concerned at this stage unless the petition for grant of leave under Clause 14 of the Letters Patent is first disposed of. In view of the conduct of the plaintiffs in making incorrect averments in respect of the alleged jurisdiction of this Court on the alleged cause of action for infringement of trade mark or passing off, I am inclined to dismiss the notice of motion with costs coupled with the grant of liberty to the plaintiffs to take out a fresh notice of motion if leave under Clause 14 of the Letters Patent is granted for such reliefs as may be available to the plaintiffs in law, if any. No more discussion is required on this aspect.

12. I shall now turn to the authorities cited by the learned counsel at the bar on the interesting question of jurisdiction which was argued before me in respect of the cause of action for alleged infringement and passing off.

13. In the case of *Firm Bhagwan Das v. Watkins Mayor & Co.*, AIR 1947 Lah 289, it was held by the High Court of Lahore that in a passing off action the Courts of the district where the goods in question were sent by the defendants for sale in commercial quantity had jurisdiction to entertain the suit. It was *inter alia* observed by the Court, in paragraph 3 of its judgment, that it was necessary to show that the defendants were responsible for sending out to the Julundur District goods which were liable to deceive intending purchasers into believing that they were goods manufactured by the plaintiffs. In the same paragraph of the judgment, it was further observed by the Court that it was also necessary to show that the supply had been on a commercial scale. Applying the above test to

the facts of the case before the Court, it was held that the facts showed that the supply of the goods in question was made by the defendant within the Juliundur District on commercial scale and the Courts of that district had jurisdiction to entertain the suit.

14. Mr. Daruwala, the learned counsel for the defendants, is right in relying on the ratio of this case and submitting that this Court has no jurisdiction to entertain the suit in so far as the alleged cause of action is based on alleged infringement of trade mark or passing off as in our case there is no proof that the defendants despatched any goods for being sold in Bombay or that such supply was on commercial scale. Evidence relied upon by the plaintiff in this behalf is slender and does not inspire confidence.

15. Mr. Daruwala, the learned counsel for the defendants, also relied upon the judgment in the case of Himachal Pradesh Horticulture Produce Marketing and Processing Federation Ltd., Simla v. M/s. Mohan Meakin Breweries Ltd., reported in 1981 PTC 74. In this case, the High Court of Punjab and Haryana took the same view as was taken by the High Court of Lahore in Firm Bhagwan Das's case (supra). It was observed by the Court that keeping in view the fact that there was no evidence whatsoever to show any transaction of sale by the defendant to any party at Ludhiana, the trial Court at Ludhiana had no jurisdiction to entertain and try the suit. In this case, the High Court of Punjab and Haryana rightly distinguished the ratio of the judgment delivered by the High Court of Allahabad in the case of Khestrapal, Sharma v. Pancham Singh Varma, AIR 1915 All 262.

16. Mr. Daruwala has also rightly relied upon the judgment of the High Court of Madras in the case of Amrutnajan Ltd. v. Mehta Unani Pharmacy Co., (Civil Suit No. 54 of 1970 decided by Varadarajan, J. on 30th March 1976) and also the judgment dated 18th July 1989 delivered by Srinivasan, J. in the case of Brooke Bond India Ltd. v. Balaji Tea (India) Ltd. The judgment in the case of Brooke Bond India Ltd. is of additional significance in this case. In this case, the plaintiff had filed a suit for alleged infringement of trade mark, passing off and copyright against a party carrying on business in Madhya Pradesh. The said suit was filed in the High Court of Madras. It was held by the Court that such joinder of causes of action was an abuse of the process of law. The High Court of Madras refused to grant interim injunctions as sought for by the plaintiffs even though the High Court had jurisdiction to entertain the suit under the Copyright Act, 1957 and the three causes of action could be combined with the leave of the Court under Clause 14 of the Letters Patent. It was held by the Court that it was entirely within the discretion of the Court whether leave under Clause 14 of Letters Patent should be granted or not. This case is an authority of the High Court of Madras on the question of the criteria to be applied while considering the petition for grant of leave under Clause 14 of the Letters Patent. Since the petition for leave under Clause 14 of the Letters Patent is tendered almost at the fag end of the arguments and is required to be dealt with separately, as already observed by me in the operative part of my order, it is not necessary, with respect, to refer to the judgments of our High Court on the aspect of leave i.e. judgment of Pendse, J. in the case of Burroughs Welcome (India) Ltd. v. G. M. Sharma & King Scientific Research Centre, IPLR 1989 Vol. 14, page 60) or the judgment of Macleod, J. in the case of John George Dobson v. Krishna Mills Ltd., reported in ILR 34 Bom 564.

17. In my judgment the above discussion is adequate for disposal of this notice of motion. For the sake of convenience, I shall incorporate below the operative part of the order in this judgment, The said operative part of the order reads as under:--

(1) Notice of Motion is dismissed.

(2) The plaintiffs do pay cost of Notice of Motion fixed at Rs. 1,000/- to defendants Nos. 1 and 2.

(3) For reasons to be dictated separately, I held as under:--

(a) This Court has no jurisdiction to entertain the suit in respect of cause of action based on alleged infringement of trade mark or passing off.

(b) This Court has jurisdiction to entertain the claim in respect of alleged infringement of copyright.

(c) The suit as framed is a composite suit on all the three causes of action.

(d) No leave was applied for to join the causes of action as contemplated under Clause 14 of Letters Patent, I am not prepared to exercise jurisdiction in respect of alleged cause of action for alleged infringement of copyright in isolation at this stage.

(4) Petition for grant of leave under Clause 14 of Letters Patent is now tendered. It is seriously opposed. Leave petition can be presented at any stage. Mr. Daruwala submits that this petition is an abuse of the process of law. Affidavit in reply to petition for leave under Clause 14 of Letters Patent shall have to be heard by the learned Chamber Judge, unless assigned to this Court. Liberty to the plaintiffs to move the learned Chamber Judge or the Hon'ble Chief Justice. No one can prejudge the result of the petition for grant of leave under Clause 14 of Letters Patent at this stage. The plaintiffs' conduct in respect of making untrue averments in respect of jurisdictional issue is blameworthy even if the plaintiffs have an arguable case on merits. I express no opinion on merits of the other contentions.

(5) I do not propose to keep the motion pending. Motion is accordingly dismissed on limited grounds as stated above.

(6) The plaintiffs shall be at liberty to take out fresh notice of motion in accordance with law after disposal of petition for leave under Clause 14 of Letters Patent on such cause of action, if any, as it may be maintainable in law.

(7) Witness summons issued to both witnesses discharged.

18. Order accordingly.