

# **Smithkline Beecham Plc And Another vs Mr. Sunil Singhi And Another on 12 April, 2001**

**Equivalent citations: 2001IVAD(DELHI)849, 91(2001)DLT461, 2001(2)RAJ446**

**Author: Vikramajit Sen**

**Bench: Vikramajit Sen**

ORDER

Vikramajit Sen, J.

1. By way of a present objection, the Defendant No.2 has challenged the territorial jurisdiction of this Court. The plaintiffs have filed this suit for the grant of a permanent injunction restraining the Defendants from infringing its Trademark and Copyright and also for Passing-Off. The Plaintiff is the proprietor of the Trade Mark PANADOL and PANADOL EXTRA, which is admittedly an invented word. It has been registered in Class 5 of the Fourth Schedule to the Trade and Merchandise Marks Act, 1958 (hereinafter referred to as 'the Marks Act') with effect from 21.10.1982 in favor of the plaintiff. On 7.9.1999 the following ex parte ad interim orders were granted:

"I.A. No. 8797/99 Notice for 31st January, 2000.

The plaint and this application discloses that the Plaintiff is the registered owner of the mark PANADOL and has spent Millions of pounds on its advertisement and promotion since 1994. Its turn over in this period i.e. 1994-1998 is approximatey 170 Million Pounds. The concerned Cartons have been filed and on a perusal of the offending Carton of "PARAMOL EXTRA" and "PAMACOL", it is quite evident that the Defendants are attempting to not only infringe the Plaintiff's trade mark, but also to pass off its goods as that of the Plaintiff. Confusion in the mind of the consumer is certain to be caused. There is also an obvious infringement of the Plaintiff's Trade mark.

In my view a good prima facie case has been made out for the issuance of an ex parte Ad Interim Injunction as prayed for in paragraph 30 of this application. The object of granting the injunction would be defeated if notice of suit is given in the first instance.

Accordingly, till the next date of hearing the Defendant, their principal officers, servants, agents and representative are restrained from manufacturing, exporting

and selling and offering for sale, advertising, directly or indirectly dealing in pharmaceutical preparations under the trademarks PAMACOL and PARAMOL or any other mark which may be identical with or deceptively similar to the trademark PANADOL and from reproducing, printing or publishing, selling or offering for sale any label or packaging which is a comparable imitation or substantial reproduction of the Plaintiffs' PANADOL carton amounting to infringement of copyright thereto and/or doing any other thing as may be likely to cause confusion or deception amounting to passing off of the goods and business of the Defendants as and for those of the Plaintiffs.

Compliance of Order 39 Rule 3 CPC be made within three days.

dusty."

2. The Defendant No. 2 has filed I.As. 550-551/2000 for vacation of these orders under Order XXXIX Rule 4; and for the return of the Plaint under Order VII Rule 10 of the Code of Civil Procedure (hereinafter referred to as 'C.P.C.'). The Defendants have chosen not to file a Reply to the Plaintiffs application under Order XXXIX Rules 1 and 2 C.P.C, on which the extracted injunction has been granted. I shall instead treat the application for vacation of the injunction as a reply to the Plaintiff's application under Order XXXIX Rules 1 and 2 C.P.C. since it is in the interests of justice that all applications which can be disposed off on the basis of arguments addressed at the bar should be so done. Piecemeal judication, at the convenience of any party, should be avoided due to the drastic paucity of time available to the Court.

3. Mr. H.A. Ahmadi, Learned Counsel for the Defendants, has contended that since that averments in the Plaint are that the cause of action arose in June 1999 when the Plaintiff received information that the Defendants were selling the infringing goods in Uganda, the suit should not be entertained and tried in Delhi or any other Court in India. He argued that Section 62(2) of the Copyright Act, 1957 (hereinafter referred to as 'the Act') did not permit the dispute to be adjudicated in Delhi especially since the Plaintiffs have no business activity in this city. The territorial jurisdiction could only be invoked if the cause of action had arisen in Delhi. The Plaint should have specifically stated that the Defendants are manufacturing the offending drug in Mumbai. A reading of Sub-section (2) of Section 62 of the Act would dispel any doubt that the Act has no extra territorial application. Thus if the cause of action did not arise in India the Plaint called to be returned to the Plaintiffs for filing in a court of competent jurisdiction.

4. Mr. V.P. Singh, Learned Senior Counsel for the Plaintiffs, has contended that these Objections at best raise a mixed question of fact and law and therefore it would not be appropriate to adjudicate this vexed controversy as a preliminary objection. He further submitted that in paragraph 16 of the Plaint it has been averred that the manufacture was being carried out by Defendant No. 2 at Andheri, Mumbai. It has also been asserted that the Defendants carry on business in India. A perusal of the Defendants' Invoices would clarify that they had commercial operations in India. Since the prayers were predicated on both the Trade and Merchandise marks Act as also the Copyright Act, if this court could exercise jurisdiction under either of them, the entire relief could be

adjudicated upon by this Court. He has relied on Section 55(1) of the Marks Act and also focused on Section 20 of the C.P.C. Mr. Singh also argued that Plaintiff No.2 is a 100% subsidiary of Plaintiff No. 1 and that the Plaintiffs had been granted registration even in this country.

5. Section 55 of the Trade and Merchandise Marks Act, 1958 reads as follows:

"Use of trade mark for export trade and use when form of trade connection changes:-

(1) The application in India of trade mark to goods to be exported from India and any other act done in India in relation to goods to be so exported which, if done in relation to goods to be sold or otherwise traded within India would constitute use of a trade mark therein, shall be deemed to constitute use of the trade mark in relation to those goods for any purpose for which such use is material under this Act or any other law.

(2) The use of a registered trade mark in relation to goods between which and the person using the mark any form of connection in the course of trade subsists shall not be deemed to be likely to cause deception or confusion on the ground only that the mark has been or is used in relation to goods between which and the said person or a predecessor in title of that person a different form of connection in the course of trade subsisted or subsists."

6. Section 62 of the Act should also be extracted for ready reference. It makes an obvious and significant departure from the norm that the choice of jurisdiction should primarily be governed by the convenience of the Defendant. This shift is with considerable wisdom, since the violation of statutorily protected rights should expose the transgressor/pirate with inconvenience rather than compelling the sufferer to chase after the former. In this regard reference should be directed to Brooke Bond India Ltd. vs. Balaji Tea Private Ltd., 1993 (18) 1 PLR 14.

"62. Jurisdiction of court over matters arising under this Chapter:- (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 (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 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"

7. Mr. Ahmadi relied heavily on a decision of the Chancery Division in Def Lepp Music and Others vs. Stuart-Brown and Others, (1986) RPC 273 and in particular to the following observations contained in that judgment:

"It is therefore clear that copyright under the English Act is strictly defined in terms of territory, The intangible right which is copyright is merely a right to do certain acts exclusively in the United Kingdom: only acts done in the United Kingdom: only acts done in the United Kingdom constitute infringement either direct or indirect of such right.

In the circumstances, it is not surprising that, with on exception, the text books have taken the view that acts done outside the United Kingdom cannot be the subject matter of an action for infringement in the English courts: see Dicey & Morris on Conflict of law 10th Ed. page 951: Copinger and Skone James on Copyright 12th Ed. page 1017.

I reject Mr. Rubin's submissions. The only wrong under English law that he can rely on for this purpose is breach of the statutory rights conferred by the Copyright Act 1956 and particularly section 1(1). Those rights do not extend to render unlawful anything done outside the United Kingdom. His right under English law is a statutory right, not a tort at common law. No common law rule of international law can confer on a litigant a right under English law that he would not otherwise possess. The words of rule 172(1)(a) are derived from *The Halley* (1968) L.R. 2 P.C. 198: for myself I do not understand what is added by the phrase "in other words is an act which, if done in England, would be a tort". But what is clear in any event is that the acts complained of by the plaintiffs in the present case do not fall within the first part of rule 172(1)(a) i.e. on no basis are they actionable as a tort in England."

8. I am unable to appreciate any manner in which this decision could be of avail to the Defendants. In the first place there appears to be significant differences in the statutory regimes in England and in India. Secondly, a careful reading of this decision would disclose substantial dissimilarities in the factual matrix. The applicants (being the 6th and 8th Defendants) were resident in Luxembourg and Holland; the pirated music was copied in the former country by the 6th Defendant and sold in the latter country by the 8th Defendant. This was the 'common ground', unlike in the present case where the Plaintiffs claim that the offending manufacture was carried out by the Defendant, uncontroversially residing in Andheri, Mumbai. If this averment is kept in perspective no 'common grounds' can be found in the present lis, and the case cannot be dismissed at the threshold or preliminary stage. Provisions analogous to Section 62(2) of the Act were not within the consideration of the Chancery Division.

9. Mr. Ahmadi also relied on *Wiley Eastern Ltd. and Others Vs. Indian Institute of Management*, . The Learned Single Judge held that charging an author with plagiarism does not amount to infringement of his copyright. It was further observed that the cause of action being an assault on Plaintiff's honour or reputation, having arisen in Ahmadabad and therefore, the Plaintiff No. 2 could not maintain the suit in Delhi. The allegation was that Plaintiff No. 2 had reproduced material from a previous publication without giving any acknowledgment. In respect of Plaintiff No. 1, it had been held that a reading of Section 62(2) of the Act would show that if this Plaintiff was not the co-author, the special rights under Section 57 of that Act could not be enforced. The Division Bench had

dismissed the appeal against the Order of the Single Judge (R.C. Lahoti J. as his Lordship then was) holding that the Court at Delhi had no territorial jurisdiction. I am, however, of the opinion that this decision would not apply to the present case since the action in the earlier case was essentially one of a loss of the personal reputation of Plaintiff No.2. Mr. Ahmedi also relied on another judgment of R.C. Lahoti J in Lok Nath Prasad Gupta vs. Bijay Kumar Gupta, 57 (1995) DLT 502 where the Learned Judge held that "a bald assertion, as has been made in para 13 of the Plaint referred to hereinabove, without giving further facts or particulars is not enough to confer this Court with a territorial jurisdiction over the suit. The plaintiff does not allege having any shop, branch or office of his own in Delhi the Plaint also does not allege any instance of the defendant having sold the infringing goods in Delhi." The pleadings in the case at hand are totally distinct. On the basis of the averments in the plaint it is obvious that the cause of action has arisen in India and not outside; at this stage it is not possible to hold otherwise. Furthermore, in that case the implications of the provisions of the Marks Act pertaining to the exercise of jurisdiction had not been considered. Mr. Ahmadi, Learned Counsel for the Defendants, had conceded that it is not open for him to argue before me that an action jointly founded on the Trade and Merchandise Marks Act and if the Copyright Act can be joined in one suit, because of the decision of the Division Bench in the Brooke Bond's case (supra). In Glaxo Operations UK. Ltd., Middlesex (England), and Others vs. Samrat Pharmaceuticals Kanpur, , it has been opined that where a Company had its registered office at Bomaby and a branch office at Delhi and had filed a combined suit for breach of copyright as also for infringement of registered trade mark, the action in Delhi was maintainable. See also Tata Oil Mills Company Ltd. Delhi vs. Reward Soap Works, . If therefore, as has been contended on behalf of the Plaintiffs, this Court has jurisdiction to entertain the grievances emanating from a violation of the Trade and Merchandise Marks Act and the rights of the Plaintiffs, then the question to be considered would be whether this Court should not adjudicate the connected claim under the Copyright Act while entertaining other claim. Furthermore, this very decision assumes that if the Plaintiff succeeded in showing any business or operation in Delhi, then the Courts at Delhi could exercise territorial jurisdiction. In M/s Souza Cruz vs. Shri N.K. Jain and Others, 1995 PTR 97, R.C. Lahoti J issued an injunction against the Defendant selling cigarettes under the name "HOLLYWOOD", in the following words:

"It is also submitted that the defendants being in India, they are admittedly manufacturing the goods alleged to be infringing by the plaintiff in india. The rule as to the cause of action is that the likely wrong should be nipped in the bud. While there may be a controversy of determination of jurisdiction by reference to plaintiff suits, there ought not be any controversy as to territorial jurisdictional when the defendant is sought to be sued in his own place, more so, when the infringing activity also originates thereat."

10. Mr. Ahmadi, Learned Counsel for the Defendants, has submitted that these observations would not apply to the facts of the present case as the Defendant has not carried out any infringing activity in Delhi. In my view, the relevant question would be whether any activity was carried out in India and not necessarily in New Delhi. It ought to make not the slightest difference whether the Copyright is owned by Plaintiff No. 1 since Plaintiff No. 2 is stated to be its wholly owned subsidiary and Plaintiff No. 2 is undoubtedly located in Delhi. The use of the words 'any of he Plaintiffs' in

Section 62 of the Act should not be given a restricted application.

11. In *M/s. Raja Brothers Cloth Merchants Chandni Chowk, Kucha Rehman, Delhi vs. M/s Chanai Uttam Chand*, 2nd (1969) Delhi 931, it was reiterated that "for determination the question of jurisdiction of the Court on the basis of the bundle of facts which give rise to the cause of action for the suit, it is not enough for the courts to look only at that paragraph of the plaint - like paragraph 17 of the plaint in the present case - which contains averments of facts giving rise to the cause of action and jurisdiction. The entire plaint must be taken into consideration to ascertain the bundle of facts which give rise to the cause of action and to determine whether any one or more of such facts occurred within the territorial jurisdiction of the Court." It would be recalled that in the present case, it has been specifically averred that manufacturing activities were carried out by the Defendants in Andheri, Mumbai. There is no justification for glossing over this averment merely because this had not been reiterated in the paragraph dealing with the cause of action. There is no doubt that the Plaintiffs' case is that manufacturing activity of the infringing goods of the Defendants, namely PARAMOL EXTRA and PAMACOL, as against the Plaintiffs' well known drug PANADOL and PANADOL EXTRA is being carried out in India; be it in Mumbai as has been pleaded by the Plaintiff.

12. In the present case, it is palpably evident, and in my view incontestable, that the Defendants have deliberately infringed the Plaintiffs' well known mark namely PANADOL and PANADOL EXTRA in choosing the marks PAMACOL AND PARAMOL EXTRA. Even packaging of the Defendants' products, in the choice of colours and style of writing is intended to deceive the public at large into purchasing its products believing it to be that of the Plaintiffs. The Plaintiffs' territorial choice of Courts in India is not without any basis, since the Defendants carry on its illegal business activities, i.e. manufacturing as well as packaging of the offending PARAMOL EXTRA and PAMACOL, within India. Once, this averment is countenanced, it is wholly immaterial that the Defendants' offending business activity is not carried out in New Delhi. The Act permits the Plaintiff to make a choice of the Court, and since Plaintiff No. 2 has its Registered Office in New Delhi the choice is well founded. The Trademark PANADOL is registered in India. There is an assertion that Plaintiff No. 2 has its registered office at E-46, Greater Kailash-I, New Delhi. The legal property of piercing the corporate veil should not detain the decision at this threshold stage since it is intrinsically a mixed question of fact and law. For all these reasons I am satisfied that this Court has territorial jurisdiction to entertain the suit.

13. In this analysis, I.A. No.8797/199 being the Plaintiffs application under Order XXXIX Rules 1 and 2 C.P.C. is allowed, and the interim Orders passed on 7.9.1999 are confirmed. The Defendant No. 2's application under Order XXXIX Rule 4 C.P.C and under Order VII Rule 10 C.P.C. are dismissed with costs of Rs. 5000/-.