

M/S Paragon Rubber Industries vs M/S Pragathi Rubber Mills & Ors on 29 November, 2013

Equivalent citations: AIRONLINE 2013 SC 418

Bench: A.K.Sikri, Surinder Singh

REPORTABLE

IN THE SUPREME COURT OF INDIA
CIVIL APPELLATE JURISDICTION

CIVIL APPEAL NO.10745 OF 2013
(Arising out of SLP (C) No. 22280 of 2011)

M/s. Paragon Rubber Industries	...Appellant
VERSUS	
M/s. Pragathi Rubber Mills & Ors.	...Respondents
With	
Civil Appeal No.10746 of 2013	
(Arising out of SLP (C) No. 33453 of 2011)	

M/s. Pragathi Rubber Mills & Ors.	...Appellants
VERSUS	
M/s. Paragon Rubber Industries	...Respondent

J U D G M E N T

SURINDER SINGH NIJJAR, J.

1. Leave granted.

2. This judgment shall dispose of C.A.No.10745 of 2013 @ SLP (C) No.22280 of 2011 and C.A.No. 10746 of 2013 @ SLP (C) No.33453 of 2011. Both the appeals impugn the judgment of the High Court of Kerala at Ernakulam dated 15th March, 2011, rendered in Civil Revision Petition No.1417 of 2004.

3. Since these are cross appeals, the parties shall be referred to as plaintiff and defendant. The facts at the centre of this controversy are as follows:

The Plaintiff is engaged in the business of manufacturing and marketing of footwear since 1975, under the registered trademark for which it also possesses the registered

copyright. The Plaintiff is located in Kerala. The Defendant, which is located in Jalandhar, Punjab, also manufactures and markets its footwear under the registered trademark and copyright PRAGATI/PARAGATI with a device of lion.

4. On 19th March, 2001, the Plaintiff filed a suit being O.S. No. 2 of 2001 at District Courts in Kottayam, Kerala against the defendants, claiming relief under the Copyright Act, 1957 (hereinafter referred to as “1957 Act”) and the Trade and Merchandise Marks Act, 1958 (hereinafter referred to as the “1958 Act”). The suit is pending in the trial court. The defendant filed I.A. No. 322 of 2004, under order VII Rule XI CPC, with a prayer for rejection of plaint for want of territorial jurisdiction. The trial court dismissed the application on 22nd March, 2004, with the observations that the issue of jurisdiction will be decided at the final stage of the suit. The defendant filed CRP No.363 of 2004 in the High Court against the aforesaid order. The High Court by order dated 16th June, 2004, allowed the civil revision and directed the trial court to determine the issue of territorial jurisdiction afresh.

5. In view of the aforesaid directions issued by the High Court, the trial court treated the issue with regard to the jurisdiction as the preliminary issue. Upon consideration of the entire matter again the trial court in its order dated 6th October, 2004 held that it has the jurisdiction to entertain the suit in view of Section 62(2) of the 1957 Act. The petitioner challenged the aforesaid order in the High Court by filing C.R.P. No. 1417 of 2004. The High Court, upon consideration of the matter has, by the impugned order dated 15th March, 2011, held as under:-

“The court below held in the order impugned that the suit as such is maintainable before the District Court, Kottayam. That finding is not correct in view of the decisions of the Supreme Court referred to above. Accordingly, the order passed by the court below is set aside. The plaintiff is given liberty to amend the plaint, so that the suit will be maintainable before the District Court, Kottayam, in the light of the principles laid down by the Supreme Court in the aforesaid decisions. When an application is filed for amendment of the plaint, the court below shall consider the same on the merits, after affording an opportunity of being heard to both sides.

The Civil Revision Petition is allowed as above.”

6. A perusal of the above shows that the High Court, having come to the correct conclusion that a composite suit would not be maintainable, has set aside the order passed by the trial court. Thereafter, the Plaintiff has been given liberty to amend the plaint so that the suit will be maintainable before the District Court, Kottayam. The plaintiff aggrieved by the aforesaid order has filed SLP (C) No.22280 of 2011 giving rise to C.A.No.10745 of 2013.

7. The defendant/petitioner in SLP (C) No. 33453 of 2011 has challenged the impugned order on the ground that having come to the conclusion that a composite suit under the 1957 Act and 1958 Act was not maintainable, the High Court erred in permitting the plaintiff to amend the plaint rather than rejecting the same on the ground of lack of jurisdiction.

8. We have heard the learned counsel for the parties.

9. It is submitted by the learned counsel for the Plaintiff that the suit was maintainable before the District Judge, Kottayam for violation of the copyright in view of Section 62(2) of the 1957 Act, which permits the filing of the suit at the place where the plaintiff resides. It is further submitted by the learned counsel that the High Court has wrongly held that a composite suit claiming relief under the 1957 Act and the 1958 Act would not be maintainable. Mr. Siddhartha Dave, learned counsel appearing for the plaintiff further submitted that the relief claimed under the 1958 Act in the suit filed by the plaintiff under the 1957 Act was incidental to the relief claimed under the 1957 Act. Such a composite suit would be maintainable. According to the learned counsel, this Court in the case of *Dhodha House vs. S.K.Maingi*[1] examined and only partly answered the question as to whether a composite suit seeking relief of injunction under both the 1957 Act and the 1958 Act is maintainable when filed in the court where the plaintiff resides. In support of the submissions made, learned counsel relied on para 54 and 55 of the judgment.

10. Learned counsel further submitted that this Court in the case of *Dabur India Ltd. Vs. K.R.Industries*[2] answered the question as to what would be meant by a composite suit? Answering the aforesaid question, this Court has held that the ratio in the case of *Dhodha House* (supra) is that the provisions contained in Section 62(2) of the 1957 Act have been specially designed to confer an extra benefit upon the parties who were not in a position to initiate copyright proceedings in two different courts. In other words, it prescribes an additional ground for attracting the jurisdiction of the court over and above the normal grounds as laid down in Section 20 of the Code of Civil Procedure, 1908. Mr. Dave also pointed out that there is an earlier judgment of this Court in *Exphar SA vs. Eupharma Laboratories Ltd.*[3] in which it has been held that a composite suit would be maintainable where the plaintiff resides in view of the provisions of the 1957 Act. In *Dabur India's* Case, it has been incorrectly observed that the case of *Exphar SA* (supra) was not considered in *Dhodha House* (supra). Therefore, according to the learned counsel, there is a slight confusion and conflict between the decision in *Exphar* and *Dhodha House* on the one hand and *Dabur* case on the other. It is, therefore, submitted that the aforesaid three decisions need to be clarified and referred to a larger bench.

11. In the alternative, it is submitted that the relief claimed under the 1958 Act was only incidental to the relief claimed under the 1957 Act and such a composite suit would be maintainable in view of the ratio of law laid down in the case of *Dhodha House* Case as well as in the *Dabur* Case. Additionally, it is submitted that under the Trade Marks Act, 1999, (hereinafter referred to as the '1999 Act') the provisions similar to Section 62(2) of the 1957 Act has been incorporated thereby conferring the jurisdiction on the court where the plaintiff resides. In view of this provision, even though the Act was enforced with effect from 15th September, 2003, the High Court ought to have allowed the proceedings to continue in Kottayam rather than truncating the suit, which would otherwise have to be partly tried in Kottayam and partly in Jalandhar.

12. On the other hand, the defendant submitted that the suit filed by the plaintiff is in the nature of composite suit. It has been admitted by the plaintiff that the defendant's goods are not available in Kottayam, nor do the defendant reside or carry on business within the jurisdiction of that Court. The

plaintiffs have chosen to file the suit at Kottayam only on the ground that the jurisdiction would be vested in the District Court of Kottayam by virtue of Section 62(2) of the 1957 Act. It is further submitted that the reliance placed by the plaintiff on the provisions contained in Section 134 of the 1999 Act is misplaced. The defendant also placed reliance on Section 159(4) of the 1999 Act and submitted that the proceedings initiated under the 1958 Act would be governed by the same Act notwithstanding the provisions contained in the 1999 Act.

13. We have considered the submissions made by the learned counsel for the parties. In our opinion, the issues raised in the present proceedings are no longer *res integra* being covered by the ratio of judgments of this Court in the case of *Dhodha House* (supra) and *Dabur India* (supra).

14. It is not disputed before us that in the plaint itself it is pleaded as under :

“Though the defendants goods are not available in Kottayam, nor do the defendants carry on business and reside within the jurisdiction of this Hon’ble Court, yet this Hon’ble Court has the jurisdiction to try and entertain this suit at Kottayam having regard to the provisions of Section 62(2) of the Copyright Act for the plaintiff carries on business and resides within the territorial jurisdiction of this Hon’ble Court.”

15. The aforesaid averments make it abundantly clear that even the plaintiff was aware that the court at Kottayam will have no jurisdiction under the 1958 Act, but tried to camouflage the same by confusing it and mixing it up or intermingling it with the relief contained under the 1957 Act. From the averments made in the plaint, it is apparent that the plaintiff had filed a composite suit. Such a suit would not be maintainable unless the court has jurisdiction to entertain the suit in relation to the entire cause of action and the entire relief.

16. We have noticed earlier that the issue is no longer *res integra*. The same issue has been examined in *Dhodha House* (supra). In paragraph 43, this Court formulated the question for consideration which is as under:

“43. The short question which arises for consideration is as to whether causes of action in terms of both the 1957 Act and the 1958 Act although may be different, would a suit be maintainable in a court only because it has the jurisdiction to entertain the same in terms of Section 62(2) of the 1957 Act?”

17. It was answered as follows :-

“44. A cause of action in a given case both under the 1957 Act as also under the 1958 Act may be overlapping to some extent. The territorial jurisdiction conferred upon the court in terms of the provisions of the Code of Civil Procedure indisputably shall apply to a suit or proceeding under the 1957 Act as also the 1958 Act. Sub-section (2) of Section 62 of the 1957 Act provides for an additional forum. Such additional forum was provided so as to enable the author to file a suit who may not otherwise be in a position to file a suit at different places where his copyright was violated. Parliament

while enacting the Trade and Merchandise Marks Act in the year 1958 was aware of the provisions of the 1957 Act. It still did not choose to make a similar provision therein. Such an omission may be held to be a conscious action on the part of Parliament. The intention of Parliament in not providing for an additional forum in relation to the violation of the 1958 Act is, therefore, clear and explicit. Parliament while enacting the Trade Marks Act, 1999 provided for such an additional forum by enacting sub-section (2) of Section 134 of the Trade Marks Act. The court shall not, it is well settled, readily presume the existence of jurisdiction of a court which was not conferred by the statute.

For the purpose of attracting the jurisdiction of a court in terms of sub-section (2) of Section 62 of the 1957 Act, the conditions precedent specified therein must be fulfilled, the requisites wherefore are that the plaintiff must actually and voluntarily reside to carry on business or personally work for gain.

For the purpose of invoking the jurisdiction of a court only because two causes of action joined in terms of the provisions of the Code of Civil Procedure, the same would not mean that thereby the jurisdiction can be conferred upon a court which had jurisdiction to try only the suit in respect of one cause of action and not the other. Recourse to the additional forum, however, in a given case, may be taken if both the causes of action arise within the jurisdiction of the court which otherwise had the necessary jurisdiction to decide all the issues.”

18. This legal position has been reiterated in the case of Dabur India (supra) as under:-

“34. What then would be meant by a composite suit? A composite suit would not entitle a court to entertain a suit in respect whereof it has no jurisdiction, territorial or otherwise. Order 2 Rule 3 of the Code specifically states so and, thus, there is no reason as to why the same should be ignored. A composite suit within the provisions of the 1957 Act as considered in Dhodha House¹, therefore, would mean the suit which is founded on infringement of a copyright and wherein the incidental power of the court is required to be invoked. A plaintiff may seek a remedy which can otherwise be granted by the court. It was that aspect of the matter which had not been considered in Dhodha House but it never meant that two suits having different causes of action can be clubbed together as a composite suit.”

19. We see no conflict in the ratio of 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. In Dabur India (supra) the ratio in Dhodha House has been explained. In Dhodha House, the law was stated in the following terms:

“54. For the purpose of invoking the jurisdiction of a court only because two causes of action joined in terms of the provisions of the Code of Civil Procedure, the same would not mean that thereby the jurisdiction can be conferred upon a court which had jurisdiction to try only the suit in respect of one cause of action and not the other. Recourse to the additional forum, however, in a given case, may be taken if both the causes of action arise within the jurisdiction of the court which otherwise had the necessary jurisdiction to decide all the issues.

55. In this case we have not examined the question as to whether if a cause of action arises under the 1957 Act and the violation of the provisions of the Trade Marks Act is only incidental, a composite suit will lie or not, as such a question does not arise in this case.”

20. In our opinion, the aforesaid observation is self explanatory and need no further clarification. We also do not find any substance in the submission of Mr. Dave that there is any conflict between the law laid down in Dabur (supra) and Exphar SA (supra). In the case of Dabur (supra), this Court distinguished the judgment Exphar SA in the following terms :

“31. Exphar SA cannot be said to have any application in the instant case. The question which arose for consideration therein was as to whether the jurisdiction of a court under sub-section (2) of Section 62 of the 1957 Act is wider than that of the court specified under the Code of Civil Procedure and thus a person instituting a suit having any claim on the ownership of the copyright which has been infringed, would not be a ground for holding that he would not come within the purview of sub-

section (2) Section 62 of the 1957 Act, as he had been served with a “cease and desist” notice, opining: (SCC p. 693, para 13) “13. It is, therefore, clear that the object and reason for the introduction of sub-section (2) of Section 62 was not to restrict the owners of the copyright to exercise their rights but to remove any impediment from their doing so. Section 62(2) cannot be read as limiting the jurisdiction of the District Court only to cases where 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 presently works for gain. It prescribes an additional ground for attracting the jurisdiction of a court over and above the ‘normal’ grounds as laid down in Section 20 of the Code.”

32. There cannot be any doubt whatsoever that Parliament having inserted sub-section (2) in Section 62 of the 1957 Act, the jurisdiction of the court thereunder would be wider than the one under Section 20 of the Code. The object and reasons for enactment of sub-section (2) of Section 62 would also appear from the report of the Committee, as has been noticed by this Court being a provision which has been specially designed to confer an extra benefit upon the authors who were not in a position to institute copyright infringement proceeding before the courts. It is in the aforementioned context the law laid down by this Court in para 13 of Dhodha House must be understood.

33. If the impediment is sought to be removed by inserting an incidental provision, there cannot be any doubt the court could be entitled to pass an interim order, but the same by no stretch of imagination can be extended to a cause of action which is founded on separate set of facts as also rights and liabilities of a party under a different Act. In *Dhodha House*, although *Exphar Sa* was not noticed, the distinction would be apparent from the following: (*Dhodha House* case, SCC p. 56, paras 50-51) “50. In this case, the Delhi High Court could not have invoked its jurisdiction in terms of the 1957 Act. The primary ground upon which the jurisdiction of the Original Side of the High Court was invoked was the violation of the 1958 Act, but in relation thereto, the provisions of sub-section (2) of Section 62 of the 1957 Act could not be invoked.

51. The plaintiff was not a resident of Delhi. It has not been able to establish that it carries on any business at Delhi. For our purpose, the question as to whether the defendant had been selling its produce in Delhi or not is wholly irrelevant (sic). It is possible that the goods manufactured by the plaintiff are available in the market of Delhi or they are sold in Delhi but that by itself would not mean that the plaintiff carries on any business in Delhi.”

21. We are, however, of the opinion that the High Court has correctly held that the provision contained in Section 134 of the 1999 Act, would not come to the aid of the plaintiff. Although, the 1999 Act was enacted on 30th December, 1999, it came into force on 15th September, 2003 vide S.O. 1048(E), dated 15th September, 2003, published in the Gazette of India, Extra., Pt. II, Sec. 3(ii), dated 15th September, 2003. Since the suit in this case was filed on 19th March, 2001, it would be adjudicated under the 1958 Act. The 1958 Act does not contain a provision similar to the provision contained in Section 62(2) of the 1957 Act. Parliament being aware of the provisions of the 1957 Act still did not incorporate the same in the 1958 Act. Therefore, it can not be read into the 1958 Act by implication. The High Court had correctly concluded that the suit of the plaintiff (appellant) was a composite one.

22. Having said this, we are still not inclined to interfere with the order passed by the High Court permitting the plaintiff to amend the plaint. The High Court was mindful of the fact that under the 1999 Act, a composite suit could be filed and would be maintainable by the Court at Kottayam. The Court was aware that the plaintiff has filed the suit on 19th March, 2001, but the 1999 Act was not enforced till 15th September, 2003. In our opinion, the High Court has passed the order in exercise of its discretionary powers taking into consideration the entire facts and circumstances of the case. The discretion exercised by the High Court can not be said to be either erroneous or perverse. It has been exercised only to avoid multiplicity of litigation. The defendant (respondent) could not dispute that in so far as suit predicated on the Copy Right is concerned, the Court at Kottayam is having requisite jurisdiction in view of the provisions of Section 62(2) of the Copy Right Act. Therefore, had the suit been filed for violation of copy right alone, the Court at Kottayam could validly entertain the same. By permitting the plaintiff to amend the plaint so as that the suit will be maintainable before the District Court, Kottayam, no error was committed by the High Court.

23. In view of the observations made above, both the appeals are dismissed with no order as to costs.

.....J. [Surinder Singh Nijjar]J. [A.K.Sikri] New Delhi;

November 29, 2013.

ITEM NO.1A COURT NO.9 SECTION XIA
S U P R E M E C O U R T O F I N D I A
RECORD OF PROCEEDINGS

Civil Appeal No.10745/2013 @

Petition(s) for Special Leave to Appeal (Civil) No(s).22280/2011 M/S PARAGON RUBBER INDUSTRIES Petitioner(s) VERSUS M/S PRAGATI RUBBER MILLS & ORS. Respondent(s) WITH Civil Appeal No.10746/2013 @ SLP(C) NO. 33453 of 2011 Date: 29/11/2013 These matters were called on for pronouncement of Judgment today.

For Petitioner(s) Mr. A. Raghunath,Adv.

Mr. Atul Jha, Adv.

Ms. Divya Balasundaram, Adv.

Mr. Sandeep Jha, Adv.

Mr. Dharmendra Kumar Sinha For Respondent(s) Mr. Atul Jha, Adv.

Ms. Divya Balasundaram, Adv.

Mr. Sandeep Jha, Adv.

Mr. Dharmendra Kumar Sinha,Adv.

Mr. A. Raghunath UPON hearing counsel the Court made the following O R D E R Leave granted.

Hon'ble Mr. Justice Surinder Singh Nijjar pronounced the Judgment of the Bench comprising His Lordship and Hon'ble Mr. Justice A.K. Sikri.

For the reasons recorded in the signed Reportable Judgment, both the Appeals are dismissed with no order as to costs.

| (Vishal Anand)
| Court Master

| | (Indu Bala Kapur)
| | Court Master

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(Signed Reportable Judgment is placed on the file)

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- [1] (2006) 9 SCC 41
 - [2] (2008) 10 SCC 595
 - [3] (2004) 3 SCC 688
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