

Where does cause of action occur in trademark infringement claim?  
India - Nishith Desai Associates

Examination/opposition  
Registration  
National procedures  
Infringement  
Passing off

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### Facts

The plaintiff, Piccadily Agro Industries Limited, has been the market leader since 2007 in the market for the manufacture, marketing and sale of spirits, including country liquor, in the state of Haryana under the trademark MALTA along with the prefix 'Masti'. Ashok Narwal (the first defendant), an authorised dealer for Piccadily Agro – in collusion with another manufacturer (the second defendant) – had adopted a deceptively similar trademark logo for selling country liquor in the same territory.

The plaintiff became aware of this in 2015, when it first came across the defendants' products. It filed suit for passing off against the defendants before the Delhi High Court, on the grounds that the second defendant had its registered office in Delhi and the plaintiff had filed for a trademark registration there. The present judgment deals with the issue of whether the jurisdiction of a court can be claimed on the grounds given by the plaintiff.

### Plaintiff's submissions

The plaintiff contended that the Delhi High Court had competent jurisdiction under Section 20 of the Civil Procedure Code 1908 (CPC), along with Section 135 of the Trademarks Act 1999, on the following grounds:

- One of the defendants had its registered office in Delhi.
- All of the manufacturing and marketing-related decisions for the infringing products, along with business and administration-related decisions, were taken by the defendants in Delhi (ie, within the jurisdiction of the court). Further, the accounts of the second defendant were also held in Delhi.
- Under Section 135 of the Trademarks Act 1999, a plaintiff is permitted, among other things, to seek damages or accounts of profit. Hence the plaintiff sought for rendition of accounts that were maintained by the second defendant in Delhi.
- The subordinate office explanation under Section 20(1) of the CPC did not apply even though the cause of action arose in Haryana, since the plaintiff did not have a subordinate office in Haryana.
- The plaintiff had applied for the registration of its trademark in Delhi.

### Defendants' submissions

The defendants referred to *Patel Roadways Limited, Bombay v Prasad Trading Company*, in which the Supreme Court had adjudicated on the explanation to Section 20 of CPC, which provides that a court can have jurisdiction in the following situations:

- A corporation has its sole or principal office in India; or
- A corporation has a subordinate office at a place other than that where its principal office is situated and the cause of action has arisen at that other place.

Merely publishing a trademark application in the *Trademarks Journal* in Delhi did not give cause of action to the plaintiff in Delhi, since Haryana does not have a trademark office and all applicants from Haryana must file their applications in Delhi. Thus, any application made in the trademark office in Delhi had to be construed as one made in Haryana, where the mark was being used by the defendant.

The plaintiff had intertwined the two concepts of cause of action and the relief of rendition of accounts. Further, it was submitted that if the Delhi High Court granted the relief of rendition of accounts, then at the stage of execution of the decree the location of the accounts of the second defendant would be relevant in order to determine the jurisdiction of the court. However, at the initial stage, this would not be an essential element to determine where the cause of action arose.

### Judgment

The Delhi High Court considered the following issues.

*What matters constitute facts or activities for deciding the cause of action for claiming passing off?*

The court held that the facts of the case required a nexus with the suit. Hence, the fact that the defendants were taking certain decisions relating to the manufacture and sale of their country liquor in Delhi, or the statutory records and accounts of the second defendant were maintained in its registered office at Delhi, had no merit in deliberating whether the cause of action arose in the jurisdiction of the court.

Additionally, the court referred to *Pfizer Products Inc v Rajesh Chopra* and held that publication of a trademark application in the *Trademarks Journal*, by itself, does not amount to a cause of action and confer territorial jurisdiction on the court.

*Did the second defendant have a subordinate office in Haryana?*

The court observed that the evidence placed before it by the plaintiff included a copy of the second defendant's trademark application showing that, at the time of filing, the office address was given as "21-M, Industrial Area, Yamuna Nagar-135001, Haryana". Hence, it was clear that the second defendant had a subordinate office in Haryana.

In light of the above, and with precedent judgments read with the second part of the explanation in Section 20 of the CPC, the Delhi High Court held that the courts in Haryana had exclusive jurisdiction in this matter, since the defendants had a subordinate office there and the infringing goods were also being sold there by the defendants.

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