

IN THE HIGH COURT OF DELHI AT NEW DELHI

SUBJECT : CODE OF CIVIL PROCEDURE

FAO(OS) 9/2008

Date of Hearing : November 04, 2008

Date of Decision : November 07, 2008

FORD MOTOR COMPANY and ANR..... Appellant
Through: Mr. Sudhir Chandra, Sr. Adv. with
Mr. Anand, Ms. Swathi Sukumar and Ms.
Tusha Malhotra, Advs.

versus

MRS. C.R. BORMAN and ANR..... Respondent
Through Mr.Saurabh Banerjee, Adv.

CORAM:

HON'BLE MR. JUSTICE VIKRAMAJIT SEN

HON'BLE MR. JUSTICE S.L. BHAYANA

VIKRAMAJIT SEN, J.

1. The Appellant, Ford Motor Company, assails the Order dated 28.11.2007 of the learned Single Judge passed in IA No.270/2006 in CS(OS) No.1710/2005, allowing the application under Order VII Rule 11 of the Code of Civil Procedure, 1908 (C.P.C. for short) directing that the Plaint be returned for the purpose of filing before the Court of appropriate jurisdiction?. 2. Succinctly stated, the case of the Appellants/Plaintiffs is that FORD is one of the world's most well-known and reputed automobile manufacturers and one of the most successful commercial enterprises in the world. It has used FORD as a part of its trade/corporate name and as a trademark since 1903 which is widely recognised throughout the world. Through a Joint Venture, the Plaintiffs have been promoting and selling FORD Cars in India for several years and in March 2005 FORD became a wholly owned subsidiary of Plaintiff No.1, namely, FORD Motor Company, Michigan, USA. It has been pleaded that apart from common law rights, the Plaintiffs own numerous registrations for its trademark FORD in India in various classes. 3. The Plaint further discloses that Mrs. C.R. Borman, Respondent No.1, had made a false claim of proprietorship over the mark FORD in 1997 in terms of its Trademark Application No.550381 for the registration of a Label Mark in Class-25. The Plaintiffs had filed its Opposition to the registration of the trademark in favour of the Defendants. Vide Order of the Registrar, it was directed that the Defendants' application should proceed for registration. This Order has been successfully challenged by the Plaintiffs before the Intellectual Property Appellate Board (IPAB) which, by Order dated 14.6.2007, set aside

the Order of the Registrar dated 15.6.2005. The dispute has been remitted to the Registrar for a decision in consonance with law. It has also been pleaded that the Defendants adoption of the mark FORD is "without due cause, takes unfair advantage and is detrimental to the distinctive character and repute of the Plaintiffs" registered trademark FORD" (paragraph 32 of the Complaint) and that the "Defendants" activities are undoubtedly motivated by mala fide as it is improbable that their choice of the mark FORD was a mere co-incidence or that they were not aware of the existence and reputation of the Plaintiffs" famous trademark FORD" (paragraph 33 of the Complaint). Similar averments can also be found in the succeeding paragraphs. It has been narrated in paragraph 37 of the Complaint that the cause of action had arisen in "July 2005 when the Plaintiffs" representatives came across the use of the mark FORD by the Defendants as a trading style in addition to use by them on their goods". The succeeding paragraph 38 of the Complaint deals with jurisdiction and contains the assertion that the "Plaintiffs are the registered proprietors of the trademark FORD and carry on business in significant commercial quantities within the jurisdiction of this Hon'ble Court by virtue of the location of its service stations, showrooms, authorized dealers and sales of its products within the territorial jurisdiction of this Hon'ble Court".

4. The Defendants filed an application under Order VII Rule 11 of the C.P.C. for rejection of the Complaint pleading, inter alia, that the trademark FORD is the sole trademark of the Defendants who have been carrying on business since 1981. In May, 1991 it made an application for the registration of the trademark in Class-25 which was opposed by the Plaintiffs. In the application the Defendants have pleaded that "neither of the Defendants, actually and voluntarily resides nor carries on business or personally works for gain in Delhi and neither of the Plaintiffs have any office nor do they carry on business within the jurisdiction of this Hon'ble Court". It has been submitted that the Suit and interlocutory proceedings before the Delhi High Court are an abuse of the legal process and are intended only to jeopardise the business of the Defendants. It has been averred as well as argued before the learned Single Judge as well as in the Appeal before us, that courts in Delhi do not have jurisdiction to try the Suit and no cause of action either wholly or in part has arisen within its jurisdiction. It has also been submitted by the Defendants that Section 29 of the Trade Marks Act, 1999 (Act for short) will only apply in respect of registered trademarks; that no actionable claim has arisen since the Defendants" are using the mark FORD in respect of footwear and, therefore, a grievance of passing-off has not been disclosed either. Since the goods of the parties are completely different, there cannot be any confusion or deception in the course of trade inasmuch as the Plaintiffs were aware of the use of the mark FORD by the Defendants since 1997. The Suit, according to the Defendants, has been filed after gross delay, laches and acquiescence. In paragraph 12 it is stated that the Complaint does not disclose any cause of action and, therefore, it should be rejected under the various provisions of the CPC; that it should also be rejected on the ground of lack of jurisdiction.

5. We must immediately emphasise and draw a distinction between the rejection (under Order VII Rule 11) and the return (under Order VII Rule 10) of the Complaint. Whilst the application has been preferred by the Defendants under Order VII Rule 11 and the prayer is for the rejection of the Complaint, the learned Single Judge has, in fact, proceeded to direct the return of the Complaint. The learned Single Judge has, inter alia, returned the finding that whereas the Defendants carry on business of selling footwear in Calcutta, the business of the Plaintiffs is all over India since the Plaintiffs sell cars all

over India; but that the nature of the business of the parties is altogether different; and that the Defendants are not using the mark FORD as a trade name as it transacts business in the name and style of Half and Half Company. The learned Single Judge has also concluded that "it has not been pleaded in the plaint that the Defendants have taken an unfair advantage of the Plaintiffs reputation" which, as per Paragraph 32 of the Plaint, may be factually incorrect. 6. The operative paragraphs of the impugned Order read as follows:- 13. The very purpose of registration of trademark only for a class of item is to keep the trademark open and free for other class of items. If the legislature intended that once a trademark is registered in respect of one class of item, the same trademark cannot be used by any other person for any other class of item, there would have been no classification of the different items as provided in the statute. The statute would have only provided for registration of a trademark, irrespective of the class of items and that would have been sufficient to prevent any other person in this country and world over from using the same trademark for any other class of item. Thus, the interpretation which has to be given to Section 29(iv) must be in consonance with the other provisions of the Act. Where a person applies for registration of trademark for certain class of goods and his trademark is opposed by the earlier user of the trademark for other class of goods and the Trade Marks Registry, after considering objections rejects the objections, so long as the order of the Trade Marks Registry is not set aside, it must be presumed by the court that no unfair advantage detrimental to the interest of earlier user for different classes of items was going to be caused. If, irrespective of the order of the Trade Marks Registry, the Court holds that a trademark registered in respect of one class of items in favour of 'A' cannot be used by 'B' in favour of different class of items, then the whole scheme of the Act for registration of trademarks under different classes of items by the Trade Marks Registry after considering the objections shall become redundant. No provision of the Act can be interpreted in a manner that one part of the Act itself becomes redundant. 14. If the District Courts or this Court in exercise of original jurisdiction holds that irrespective of the trade mark having been registered by Trade Marks Registry or the appeal against dismissal of objection pending, the use of trademark by a registered owner of trademark amounts to infringement, the whole scheme of the Act about deciding objections by trade Marks Registry and provisions of appeal before Tribunal shall collapse. Once law in respect of a subject is codified, the Courts are bound by the codified law and cannot entertain actions under equity or common law and thereby make codified law redundant. I, therefore, consider that no action for infringement could have been brought by plaintiff till the appeal was allowed in favour of plaintiff. Where an opposition had been filed by the plaintiff to the registration of trademark of the defendant and the opposition was dismissed by the Registry of trade Marks and appeal is pending, this Court cannot entertain a suit on the ground of infringement of the trademark unless the appeal is decided in favour of the plaintiff. If the appeal goes against the plaintiff the only remedy available to the plaintiff is to challenge the order of the Appellate Tribunal. The Civil Court cannot usurp the powers of Appellate Tribunal and make the appeal redundant, therefore, action for infringement does not lie before the Court, so long as the appeal before the Appellate Tribunal is pending and the appeal is not disposed of in favour of the plaintiff. 15. As far as passing off action is concerned in view of the judgment of Supreme Court in Dhodha House case (AIR 2006 SC 730), this Court has no jurisdiction to entertain the suit. The suit in respect of passing off will, therefore, lie only in the Court

where defendant is doing or carrying on business or has place of residence. 16. I, therefore, allow application under Order 7 Rule 11, CPC. The plaint of the plaintiff be returned for the purpose of filing before the Court of appropriate jurisdiction to press passing of action. 7. We have heard in great detail Mr. Satish Chandra, learned Senior Counsel for the Appellants and Mr. Saurabh Banerjee, learned counsel for the Respondents. One principle of law which has not been disputed by Mr. Saurabh Banerjee, learned counsel for the Respondents, is that the narration of events contained in the Plaint must be treated as factually correct for the purposes of deciding an application for the return or the rejection of the Plaint, as the case may be. *Exphar SA vs- Eupharma Laboratories Ltd.*, 2004 (28) PTC 251(SC) holds that the averments made in the Plaint must, in interlocutory proceedings, be treated as true, and if 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. A similar enunciation of the law is to be found in *Laxman Prasad vs- Prodigy Electronics Ltd.*, 2008 (37)PTC 209 (SC) : (2008) 1 SCC 618. *Mohan Rawale -vs- Damodar Tatyaba*, (1994) 2 SCC 392 lays down that "so long as the claim discloses some cause of action or raises some question fit to be decided by a Judge, the mere fact that the case is weak and not likely to succeed is no ground for striking it out". 8. In these circumstances, the assertion in paragraph 38 of the Plaint to the effect that the Plaintiffs are the registered proprietors of the trademark FORD and carry on business in significant commercial quantities within the jurisdiction of this Hon'ble Court by virtue of the location of its service stations, showrooms, authorized dealers and sales of its products within the territorial jurisdiction of this Hon'ble Court would, prima facie, indicate that the courts in Delhi hold territorial sway over the dispute. Mr. Banerjee has sought to dilute the efficacy and significance of these pleadings by relying on paragraphs 50 and 54 of *Dhodha House vs- S.K. Maingi*, 2006 I AD (SC) 26 : (2006) 9 SCC 41 : AIR 2006 SC 730 which read thus:- 50. A corporation in view of Explanation appended to Section 20 of the Code would be deemed to be carrying on business inter alia at a place where it has a subordinate office. Only because its goods are being sold at a place would thus evidently not mean that it carries on a business at that place. 54. 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. 9. We are unable to accept the argument of Mr. Banerjee in view of the explicit pleadings contained in the Plaint. It will require evidence to prove (or disprove) the assertion in the Plaint that the Plaintiffs carry on business in significant commercial quantities in Delhi. For that matter it will also require evidence to be led by the parties and analysed by the Court to determine whether the jurisdiction of Delhi courts is predicated and factored solely on Plaintiffs' goods being sold in Delhi. On a reading of the Plaint we are unable to conclude that the Plaintiffs do not carry on business in Delhi. The Preliminary question which arose in *Dhodha House* was whether the existence of jurisdiction under Copyright Act, 1957 would also enable the clubbing of the dispute arising from the Trade and Merchandise Act, 1958. The Supreme Court explained that

existence of territorial jurisdiction by virtue of one Act would not clothe that very Court with the power for the determination of a dispute under another Act only because of the provisions of Order II of the CPC. Secondly, it had been observed that this Court had not adverted to the third contention that had arisen in the matter, viz. whether the Defendant had been selling its products on a commercial scale in Delhi. It was also observed that the Plaintiff in Dhodha House was not a resident of Delhi; that he had not been able to establish that it carried on any business at Delhi; for this purpose the question as to whether the Defendant had been selling its produce in Delhi or not, was wholly irrelevant. The last of the three observations clarifies the position pertaining to the place where the Plaintiff transacts business. Section 134(2) of the Trade Marks Act, 1999 enables the Plaintiff to institute any suit or proceedings in the District Court having jurisdiction over the territories where it "actually and voluntarily resides or carries business or personally works for gain". This is also what is postulated by Section 62(2) of the Copyright Act, 1957. It was for this reason that their Lordships clarified that it was wholly irrelevant whether the Defendant was selling its products in the place where the suit had been filed. However, if the territorial jurisdiction is invoked by the Plaintiff on the ground of the cause of action having arisen in the form of sale of offending goods within the territories of that Court, the question of Defendant's activity would become relevant and the Plaintiff's activity would become irrelevant. If the Plaintiff discloses that the Defendant has violated the Plaintiff's Trademark or Copyright in a particular place, the cause of action would arise therein and the observations in Laxman Prasad would clothe that Court with jurisdiction. 10. Therefore, at the present stage of the litigation Section 134 of the Act enables the Plaintiffs to file the present Suit in Delhi. The Defendants will have to meet the observations made in Dhodha House in these words:-

49. In Patel Field Marshal (supra) again the thrust was on the sale of products and/or advertisement by the appellant for registration of trade marks in the Trade Marks Journal and other local papers. The Division Bench of the High Court, as has been noted hereinbefore, did not advert to the issue as to whether the defendant had been selling its product in Delhi on a commercial scale or not. It is, therefore, not necessary for us also to dilate further on the said question. We have furthermore noticed hereinbefore that the advertisement appearing in a journal or newspapers by itself would not confer any jurisdiction on the court, if it otherwise did not have any. 11. In Liverpool and London S.P. and I Association Ltd. vs- M.V. Sea Success I, (2004) 9 SCC 512, their Lordships had succinctly and perspicuously covered the conundrum before us in these words:-

Rejection of plaint 139. Whether a plaint discloses a cause of action or not is essentially a question of fact. But whether it does or does not must be found out from reading the plaint itself. For the said purpose the averments made in the plaint in their entirety must be held to be correct. The test is as to whether if the averments made in the plaint are taken to be correct in their entirety, a decree would be passed. 12. Section 134 can be invoked only where the suit is for infringement; it would not be available where the suit is for passing-off simpliciter. Therefore, we will have to proceed to an analysis of Section 29 of the Act. Mr. Chandra contends that Section 29(4)(c) specifically and sufficiently enables the Plaintiffs to file a suit in the Delhi High Court. Keeping in view the observations of the learned Single Judge, we are reproducing Section 29(1) and Section 29(4) in juxtaposition: Section 29(1) Section 29(4) A registered trademark is infringed by a person who, not being a registered proprietor or a person using by way of permitted use,

uses in the course of trade, a mark which is identical with, or deceptively similar to, the trade mark in relation to goods or services in respect of which the trade mark is registered and in such manner as to render the use of the mark likely to be taken as being used as a trademark. A registered trade mark is infringed by a person who, not being a registered proprietor or a person using by way of permitted use, uses in the course of trade, a mark which ? (a) is identical with or similar to the registered trade mark; and (b) is used in relation to goods or services which are not similar to those for which the trade mark is registered; and (c) the registered trade mark has a reputation in India and the use of the mark without due cause takes unfair advantage of or is detrimental to, the distinctive character or repute of the registered trade mark. 13. While interpreting a statutory provision, it is incumbent on the Court to start with an assumption that no part of the statute is otiose or superfluous. This is where we, with respect to the learned Single Judge, charter a course different to the one preferred by him. The effort of the Court should be to ascertain the circumstances that were within the contemplation of Parliament while drafting any particular provision of the statute. Doypack Systems Pvt. Ltd. ?vs- Union of India, (1988) 2 SCC 299 articulates the view that the ? ?dominant purpose in construing a statute is to ascertain the intention of the legislature as expressed in the statute, considering it as a whole and in its context. That intention, and therefore, the meaning of statute, is primarily to be sought in the words used in the statute itself, which must, if they are plain and unambiguous, be applied as they stand?. In Raghunath Rai Bareja -vs- Punjab National Bank, (2007) 2 SCC 230 their Lordships have observed thus:- 40. It may be mentioned in this connection that the first and the foremost principle of interpretation of a statute in every system of interpretation is the literal rule of interpretation. The other rules of interpretation e.g. the mischief rule, purposive interpretation, etc. can only be resorted to when the plain words of a statute are ambiguous or lead to no intelligible results or if read literally would nullify the very object of the statute. Where the words of a statute are absolutely clear and unambiguous, recourse cannot be had to the principles of interpretation other than the literal rule, vide Swedish Match AB v. Securities and Exchange Board of India, (2004) 11 SCC 641. As held in Prakash Nath Khanna v. CIT, (2004) 9 SCC 686 the language employed in a statute is the determinative factor of the legislative intent. The legislature is presumed to have made no mistake. The presumption is that it intended to say what it has said. Assuming there is a defect or an omission in the words used by the legislature, the court cannot correct or make up the deficiency, especially when a literal reading thereof produces an intelligible result, vide Delhi Financial Corpn. v. Rajiv Anand, (2004) 11 SCC 625. Where the legislative intent is clear from the language, the court should give effect to it, vide Govt. of A.P. v. Road Rollers Owners Welfare Assn., (2004) 6 SCC 210 and the court should not seek to amend the law in the garb of interpretation. 41. As stated by Justice Frankfurter of the US Supreme Court (see ?Of Law and Men : Papers and Addresses of Felix Frankfurter?): ?Even within their area of choice the courts are not at large. They are confined by the nature and scope of the judicial function in its particular exercise in the field of interpretation. They are under the constraints imposed by the judicial function in our democratic society. As a matter of verbal recognition certainly, no one will gainsay that the function in construing a statute is to ascertain the meaning of words used by the legislature. To go beyond it is to usurp a power which our democracy has lodged in its elected legislature. The great judges have constantly admonished their

brethren of the need for discipline in observing the limitations. A judge must not rewrite a statute, neither to enlarge nor to contract it. Whatever temptations the statesmanship of policy-making might wisely suggest, construction must eschew interpolation and evisceration. He must not read in by way of creation. He must not read out except to avoid patent nonsense or internal contradiction. 42. As observed by Lord Cranworth in *Gundry v. Pinniger*, 42 ER 647 ? ?To adhere as closely as possible to the literal meaning of the words used?, is a cardinal rule from which if we depart we launch into a sea of difficulties which it is not easy to fathom.? 14. As we have already adumbrated, the Suit has been returned to the Plaintiffs, even though the prayer of the Defendants was for its rejection. It had not been argued on behalf of the Appellants that the learned Single Judge erred in not dismissing the application for the rejection of the Plaint under Order VII Rule 11. Since this matter has not been agitated before us, we think it fit to do no more than emphasise the fact that there is a significant distinction between the rejection of a Plaint and the return of a Plaint. 15. Finally, we must consider the impact of Section 29 of the Act. On a reading of paragraph 12 of the impugned Order, it appears to us that one of the reasons which had weighed on the learned Single Judge was that Section 29(4) would, inter alia, apply only in cases where the Defendants had taken unfair advantage of the Plaintiffs? reputation. If a Plaintiff fails to plead that the Defendants have taken unfair advantage of the Plaintiffs? reputation, the consequence will be that no cause of action would have arisen for the invocation of Section 29(4). In such an event, the Plaint would have to be rejected under Order VII Rule 11 and not returned to the Plaintiffs under Order VII Rule 10. However, as already dealt with above, a reading of Paragraphs 32 to 34 of the Plaint leave no possibility for doubting that the Plaintiffs had in terms, inter alia, pleaded that the Defendants had taken unfair advantage of the Plaintiffs? reputation. A holistic reading of the Plaint would show that a case has been stated justifying the invocation of Section 29(4). It is quite another matter whether this case would eventually be proved through evidence by the Plaintiffs. However, since the necessary pleadings are available in the Plaint, it is not possible to apply the rigours of either Order VII Rule 11 for rejecting the Plaint or of Order VII Rule 10 for returning the Plaint. 16. The learned Single Judge has interpreted Section 29(4) in a manner that would afford protection to a Plaintiff only in respect of the Class in respect of which registration of the trademark has been carried out. The learned Single Judge has opined that the primary objective of the Act is to restrict protection to trademarks in respect of the Class under which it has been applied and registered. The view of the learned Single Judge is that the intendment of the Act could not be for a blanket protection to be made available to a trademark in respect of the entire gamut of Classes. What should not be lost sight of is the fact that Section 29(4) is palpably an exception to the scheme of the Act and applies only to those trademarks which have earned a reputation in India. If it is, prima facie, clear or it is proved through evidence that the concerned trademark enjoys and commands a reputation in India, the Plaintiffs do not have to prove deception on the part of the Defendants or likelihood of the customer being misled because of the use of the challenged trademark. Once the Plaintiffs have made out a case that the offending trademark is identical with or similar to its registered trademark, relief would be available even if the purveyed goods are not similar and/or fall in the same category or class. On a careful comparison of Section 29(4) with other provisions of that Section as well as the Act, this legal position commends itself to us. It is impermissible to ignore all these features of Section 29(4)

only because they may be seen as running counter to other provisions of the Act. This is the very purpose of inserting an exception. It would be advantageous to reproduce the sentence from 'Parliamentary Discussion on the Trade Marks Act, 1999' which reads thus: 'The proposed Bill seeks to introduce protection for registration of trade marks for services in addition to goods. It also seeks to extend protection for well-known trademarks and to do away with the system for registration in Part A and B and to provide for a single computerised register with a simplified procedure for registration with equal rights (underlining added). Well-known trademarks, it is worthy of reiteration, have been specifically dealt with in Section 29(4) and it would be jurally impermissible to dilute or water down the intendment of the Legislature. 17. Learned counsel for the Appellants also vehemently argues that the Objections filed by the Plaintiffs are pending adjudication, contrary to what has been held in the impugned Order. It is obvious that this factual error has arisen because when the Complaint was filed the decision of the IPAB had not been pronounced. However, it must be kept in mind that Objections of the Plaintiff are very much alive and no adverse inference against the Plaintiffs is justified. While on the question of Objections, it will be worthwhile to refer to Section 11 of the Act for two purposes - firstly, to underscore that the Objections are still pending and secondly to emphasise the fact that the concept of a well-known trademark does not find a stray or inadvertent mention in Section 29(4), as it pervades several sub-sections of Section 11 of the Act. This also indicates that the Parliament intended Section 29(4) as a pandect or fasciculus operating on its own; that it is an important exception to other provisions of the Act. 18. Since the learned Single Judge has returned the Complaint for filing it before a court of appropriate jurisdiction, even though this was not the prayer of the Defendants, we think it expedient to consider the question of whether the Delhi High Court possesses territorial jurisdiction over the dispute. It has been noted that the pleadings necessary to maintain an action under Section 29 are contained in the Complaint. The action, therefore, is one of infringement of trademark, thereby attracting Section 134 of the Act. It has been asseverated in the Complaint that the Plaintiffs carry on business in commercial quantities and have authorised agents in Delhi. The Plaintiffs may eventually fail to prove and establish these assertions and it is at that juncture that the Complaint may have to be returned to it. At this stage, it is trite, that the pleadings have to be taken to be a correct narration of facts. We have already stated that we are unable to accept the argument of Mr. Banerjee that Dhodha House is an authority supporting a decision directing the dismissal of the Suit. This is for the reason that the Complaint does not rely solely on sales having been effected in New Delhi. Prima facie, therefore, the Delhi High Court possesses territorial jurisdiction to entertain the Suit. Whilst a Preliminary Issue may be struck in this regard, it would require evidence of the parties for it to be conclusively substantiated. In this analysis, the Complaint is also not liable to be returned. 19. For all these reasons we find ourselves unable to uphold the impugned Order dated 28.11.2007, which is accordingly set aside. The result is that the application under Order VII Rule 11 shall be deemed to have been dismissed. The Suit will progress forward from the stage immediately prior to the passing of the impugned Order. We make no order as to costs. (VIKRAMAJIT SEN) JUDGE November 07, 2008 (S.L. BHAYANA) tp JUDGE FAO(OS) 9/20080Page 1 of 22