

IN THE HIGH COURT OF DELHI AT NEW DELHI

IA No.12828/2009 in CS (OS) 2064/2003

Reserved on : 10.11.2009

Pronounced on: 11.01.2010

ALBERTO CO.

.....Plaintiff

Through: Mr. S.K. Bansal with Mr. Anand Vikas Mishra, Advocates.
Versus

R.K. VIJAY & ORS.

.....Defendants

Through: Mr. Deepak Kumar Vijay, Advocate, for Defendant Nos. 1 and 2.
Mr. Manav Kumar, Advocate, for Defendant No.3.

CORAM:

HON'BLE MR. JUSTICE S. RAVINDRA BHAT

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| 1. | Whether the Reporters of local papers may be allowed to see the judgment? | Yes |
| 2. | To be referred to Reporter or not? | Yes |
| 3. | Whether the judgment should be reported in the Digest? | Yes |

HON'BLE MR. JUSTICE S.RAVINDRA BHAT

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IA No.12828/2009

1. This order will dispose of an application IA 12828/2009 whereby the defendants seek dismissal of this suit for injunction.
2. The plaintiff in this suit seek permanent injunction to restrain the defendants or their representatives from using selling, soliciting, exporting, displaying, or advertising their goods and the sale of various kinds of cosmetics and personal care products under the trademark "VOV", which the plaintiff owns. It is contended that the plaintiff company honestly coined and conceived and started using the trademark "VO5" and "VO5 along with the term ALBERTO", which is its name. The plaintiff company's name is depicted in small letters about the letter V. The plaintiff has produced photographs

depicting its trademark. It claims to be using the Mark continuously since 1955 as its proprietor and have built a valuable trade goodwill and reputation in respect of such products under the trademark in question. The suit averments are also that the trademark “Alberto VO5” is registered since 30th May, 1960. It is claimed that the initial registration was renewed periodically and the renewal subsists as on date. The plaintiff also asserts that in addition it has filed applications for registration is of the “VO5 no-go” and the word mark “VO5” in class three (3), which are pending. Besides, the plaintiff claims to be the holder of copyright registration in being the owner of the original artistic work and Mark.

3. The plaintiff relies upon copies of its annual report and the consolidated statements of earnings, consolidated balance sheets, statements of cash flow etc., in respect of several years to contend that it has built an enviable reputation and goodwill for its products which are widely known and sold throughout the world including India. It is also asserted besides that the plaintiff has been regularly and continuously advertising its products in promoting them throughout the world, and India, through print, audio-visual media alike; for the purpose of which, states the plaintiff it advertises the products with the mark in numerous leading newspapers magazines and so on that are widely circulated and read throughout the world. The plaintiff claims to be one of the largest companies in the world engaged in the business of manufacture, distribution and sale of the goods in question i.e. cosmetics and personal care products. It is stated that the plaintiff is global manufacturer and marketer; and in 1990 itself it had six integrated profit centers and two key support groups, which were increasing over the years. The plaintiff claims to maintain excellence in quality of its goods and products, laying tremendous stress and emphasis on innovation to consistent research and development efforts, on which considerable amounts are spent. It is asserted that the plaintiff has consistently improved the quality of its products and services with a view to enhance customer satisfaction as well as increase its profits.

4. In India, according to the plaintiff its goods are sold through an exclusive licensee, namely M/S Alberto-Culver International Inc. in all territories of the world, except the United States of America; a License and know-how agreement with the said concern dated 1992 is relied upon. The plaintiff contends that defendants are engaged in sale of similar products i.e. trade, in various types of cosmetics and personal care goods; it is contended that the third defendant is its manufacturer. According to the plaintiff the third defendant has adopted the trademark VOV, as its logo as well as part of its corporate name and is using it for the sale of its goods and products. The third defendant, -VOV Cosmetics Co. Ltd., (referred to hereafter as “third defendant”) markets and sells the impugned goods through the first and second defendants in Delhi, according to the plaintiff beside other parts of India. It is asserted that the defendants are not proprietors of the impugned trade mark and trade name and have blindly adopted it and sought to appropriate it was a view to cause confusion and deception among the unwary customers in the normal course of trade, and ultimately cash in on the plaintiffs hard earned reputation and goodwill. It is alleged besides, that the defendants’ use of the impugned mark is fraudulent and unlawful. The plaintiff here urges that its mark is not only registered but a coined to one (VO5); the likelihood of the defendants’ VOV causing confusion is great because both the parties are dealing in similar goods i.e. cosmetics and personal care products.

5. It is contended that sometime in the first week of July when the suit was filed, the plaintiff learnt through trade channels that the impugned goods bearing the impugned Mark VOV and trade name were being sold and marketed in Delhi. It therefore lodged a police complaint which led to an enquiry that revealed the source and origin of the goods under the impugned trade mark and trade name as that of the defendants who had then allegedly just adopted and commenced their activities under the said impugned trade mark and trade name. It is complained that the defendants’ goods had flooded the market even though they were carrying on their activities in a clandestine manner without issuing any formal bills or invoices.

6. The third defendant, by its application IA 12828/2009 seeks dismissal/ return of the suit, contending that the plaintiff has not disclosed that it (the third defendant) is involved in any trading activity, within the jurisdiction of this Court, to enable the maintaining of a civil action against it. The applicant (third defendant) relies on the circumstance that the suit against the first two defendants was rejected, by order of the Court, dated 19.05.2004. The Court had, in view of the written statement by the said two defendants, (which alleged that they did not trade in the third defendant's goods, nor had any concern with it) held that no cause of action was made out against them.

7. It is submitted that another application, being IA 223/2006 sought impleadment of two non-parties, alleging that they were committing an offence, by infringing the plaintiff's trademarks, and that a complaint had been lodged; an application for amendment of the suit was also sought. It is stated that the said applications (for impleadment and amendment of suit) were withdrawn, by the plaintiff on 23.07.2009. It is argued therefore, that the suit is pending only against the third defendant, and that the suit, as framed neither discloses any cause of action against that defendant, and is even otherwise not maintainable before this Court, since the allegations against the other defendants are an integral part of the averments, and no separate cause of action against the third defendant has been pleaded or urged.

8. The plaintiff urges, in reply to the application, that the general averments in the suit, about the defendant's infringing activities are sufficient to maintain the action, against the third defendant. It is contended that the averments in the suit are to be taken on their face value, and the Court cannot dissect the pleadings, before the trial, to see the probabilities of success during the trial. The plaintiff urges that the third defendant, in its written statement has not denied the plaintiff's allegations that it carries on business in India. It is also asserted that in another proceeding, pending before the Intellectual Property Appellate Board, the third defendant has asserted that it carries on business in India, a statement which includes New Delhi. The plaintiff relies on the decisions of this Court, reported as *S. Oliver Bernd Freier GmbH & Co. KG v. Karni Enterprises*, 2006 (33) PTC

574 (Del) as well as *Ford Motor Company v. C.R. Borman & Anr*, 2008 (38) PTC 76 (Del) and *Pfizer Enterprises Sarl v. Cipla Ltd.*, 2009 (39) PTC 358 (Del). The plaintiff also relies on the judgment of the Supreme Court in *Sudhir G. Angur v. M. Sanjeev & Ors.*, AIR 2006 SC 351.

9. It is well known that when a question of jurisdiction is raised for the court's consideration, only the averments in the suit, and documents filed along with the plaint (in the list of document) should be seen, and no other material can be considered for a decision on the issue.

10. Now, in this case, the established fact, from the record is that the plaintiff alleged –at the stage of filing the suit, in 2003 that the third defendant's goods were sold by the first two defendants (perhaps as its distributor, or agent, or someone acting in this regard). The Court did not accept the allegations, and rejected the suit as far as the said two defendants were concerned. Therefore, the suit as against the said parties became infructuous. The averments in the suit show that it is a composite civil action, whereby the plaintiff's trademark, is alleged to have been infringed by the defendants – the first two defendants selling the goods bearing the impugned mark, which are said to have been manufactured by the third defendant. It is a matter of record that the third defendant is not based in India; it does not have any office, nor is it shown to be trading in goods, in India. In fact, the plaintiff admits that no invoices, or any such materials evidencing sales or any commercial transactions, are forthcoming. The plaintiff however, contends that the suit averments should be construed liberally, and not narrowly as is suggested by the defendants.

11. Undoubtedly, the Court has to see only the averments in a plaint, to decide whether the suit discloses a triable cause of action, and whether this Court has jurisdiction. In this context, it would be useful to notice the judgment of the Supreme Court in *Liverpool & London SP & I Asson. Ltd. v. MV Sea Success*, (2004) 9 SCC 512, where it was held that for the purposes of rejecting a plaint under Order 7 Rule 11 the

Court should not only look at the averments in the plaint but also must look into documents filed along with, in view of Order 7 Rule 14. In *Sopan Sukhdeo v. Assistant Commr.*, (2004) 3 SCC 137, the Court held that for the purposes of deciding an application under Order 7 Rule 11, the averments made in the plaint are germane and that the pleas taken by the defendant in the written statement would be irrelevant. Further, the Court also emphasized that a meaningful and not formal reading of the plaint was to be adopted so as to nip in the bud any clever drafting of the plaint.

12. In *Indian Performing Rights Society v. Sanjay Dalia*, 143 (2007) DLT 617, this Court, relying on *Loknath Prasad Gupta v. Bijay Kumar Gupta*, 57(1995) DLT 502, held that the expression ‘carries on business’ in section 62 of the Copyright Act has the same meaning as in Section 20 of the CPC. It was further held that merely having a branch office in Delhi would not mean that the plaintiff carries on business in Delhi. The plaintiff would be deemed to carry on business at a branch office only if a cause of action had arisen in Delhi. A well-established principle of law is that to amount “to carrying on business” in a certain place, the essential part of the business must take place in that place. (*Dhodha House v. SK Maingi*, (2006) 9 SCC 41; *Nedungadi Bank v. Central Bank of India*, AIR 1961 Ker 50; *Bharat Insurance Co. v. Vasudev*, AIR 1956 Nag 203). In *Dodha House*, the Court went on to observe that it was possible that the goods manufactured by the plaintiff were available in the markets in Delhi or they are sold in Delhi, but that by itself would not mean that the plaintiff carries on any business in Delhi. An application of the above principles and a consideration of the documents submitted by the plaintiff will indicate that it has not been able to establish that the third defendant manufactures or markets its goods in Delhi.

13. As regards the submission that the third defendant is clandestinely selling its products in Delhi, it was held, in *Sector Twenty-one Owners’ Welfare Association v. Air Force Naval Housing Board*, 65 (1997) DLT 81 (DB) that a trivial or insignificant part of the cause of action arising at a particular place would not be enough to confer jurisdiction on the Court to entertain the *lis*. It was also held that the emphasis had shifted from the

residence or location of the person or authority sought to be proceeded against, to the situs of the accrual of the cause of action. In *H.P. Horticulture Produce Marketing and Processing Corpn. v. M. M. Breweries*, AIR 1981 P&H 117, in relation to action for passing off the Court observed as follows:

“In a case of present nature, the cause of action partly or wholly can arise in a given jurisdiction only if it is the defendant who is proved to have directly made sale of the goods under the impugned trademark (within a given court) not to an individual customer but to a distributor or a wholesaler or retailer and that such a sale should be at a commercial scale.”

In *Gold Seal Engineering Products v. Hindustan Manufacturers*, AIR 1992 Bom. 144, it was held that a suit could not be filed in Bombay if the defendants carry on business in Calcutta and that supply of goods to Delhi was on a commercial basis. In *Gupta Brothers Conduit Pipe Manufacturing Co. v. Anil Gupta*, (2001) 24 PTC 159, this Court held that since neither plaintiff nor the defendants had offices in Delhi and were not carrying on business in Delhi, the suit had to be returned due to lack of jurisdiction. The Court held, in *Haryana Milk Foods v. Chambel Dairy Products*, (2002) 25 PTC 156 that for the purposes of ascertaining territorial jurisdiction the entire plaint has to be taken into consideration. In the case since the plaintiff could not prove that defendant had an office in Delhi or carries on business in Delhi, the Court held that it did not have territorial jurisdiction to adjudicate the matter.

14. In *Dabur India Limited v. KR Industries*, (2006) 33 PTC 348, a Division Bench of this Court held that since the defendant was from Andhra Pradesh and since there was no documentary evidence to show that the respondent was selling its goods in Delhi, this Court did not have territorial jurisdiction. The judgment was subsequently approved by the Supreme Court, in a reasoned and detailed ruling. In *Dhodha House (supra)*, after noticing the decision in *ONGC v. Utpal Kumar Basu*, (1994) 4 SCC 711, the Court had categorically held that a mere advertisement in a journal or paper by itself, will not confer jurisdiction on the Court. In that context it also observed that cause of action will arise

only when the infringing goods are used not when an application for registration is made or pending.

15. The expression “cause of action”, though not defined by the legislature, consists of that bundle of facts, which give cause to enforce the legal injury. In *ABC Laminart v. AP Agencies*, (1989) 2 SCC 163, the Supreme Court held that cause of action means that set of facts, which taken with the law applicable to them, gives the plaintiff a right to claim relief against the defendant. If that were so, the cause of action in a case of passing off or infringement would arise only when the defendant uses the impugned trademark. The object of an action is to protect the goodwill, the goodwill will get affected only when the defendant markets his produce under the impugned mark.

16. Having regard to the above discussion, it is held that the previous order of the Court, dismissing the suit as against the other defendants – when the plaintiff’s case is that *all the defendants* are involved in acts of infringement and passing off – and reliefs being claimed jointly, alters the situation. The premise on which the suit was founded in Delhi was the residence of the first two defendants, who were said to be marketing the third defendant (manufacturer’s) goods; the latter is concededly not having any other operations in India. In view of these pleadings, and the materials on record, the Court is satisfied that the objection to jurisdiction is substantial.

17. In view of the above conclusions, the application, IA 12828/2009, is allowed.

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CS (OS) 2064/2003 is therefore, returned to the plaintiff for being filed before the appropriate Court, having jurisdiction over the subject matter.

January 11, 2010

**S. RAVINDRA BHAT
(JUDGE)**