
(2016) 08 DEL CK 0071

DELHI HIGH COURT

Case No: CS (OS) No. 1394 of 2006, IA No. 7581 of 2006 (under Order 39 R-1 and 2 CPC)
and 6293 of 2010 (under Order 7 R-11 CPC)

Mip Metro

APPELLANT

Vs

Westfield Retail Pvt.
Ltd.

RESPONDENT

Date of Decision: Aug. 2, 2016

Acts Referred:

- Civil Procedure Code, 1908 (CPC) - Order 7 Rule 11
- Trade Marks Act, 1999 - Section 134(2)

Hon'ble Judges: Rajiv Sahai Endlaw, J.

Bench: Single Bench

Advocate: Mr. Praveen Anand with Ms. Tusha Malhotra and Mr. Kshitij Parashar, Advocates, for the Plaintiff; Mr. Ajay Sahni with Ms. Kritika Sahni, Ms. Sucheta, Mr. Ankit Sahni and Ms. Kanika Bajaj, Advocates, for the Defendant

Final Decision: Disposed Off

Judgement

@JUDGMENTTAG-ORDER

Rajiv Sahai Endlaw, J. - The plaintiff has sued for permanent injunction restraining the defendant from use of the trademark/name "METRO", thereby infringing the registered trademark of the plaintiff and passing off the goods/services of the defendant as that of the plaintiff.

2. Though the suit as originally filed was against Mr. Amit Jetia and Westfield Retail Pvt. Ltd. (WRPL) but the counsels inform that the defendant no.1 Amit Jetia has since been deleted and WRPL is now the only defendant in the suit.

3. There is no interim injunction as sought by the plaintiff till now.

4. The defendant has filed IA No.6293 of 2010 under Order 7, Rule 11 of the CPC for rejection of the plaint on the ground of the averments in the plaint not disclosing this Court to be having any territorial jurisdiction to try the suit for the relief claimed therein of injunction restraining infringement of trademark and restraining the defendant WRPL from passing off its goods/services as that of the plaintiff. The counsel for the defendant/applicant has been heard on the IA No.6293 of 2010 under Order 7, Rule 11 of the CPC.

5. Paras no.1,2 and 24 of the plaint, relevant in this respect are as under:

"1. The Plaintiff, MIP METRO Group Intellectual Property GmbH & Co. KG is a corporation organised and existing under the laws of Germany having its registered office at Metro-Strasse 1, 40235 Dusseldorf, Germany. The plaintiff is a company set up to consolidate the complete intellectual property rights including trademarks of the various affiliated and related companies forming the well-known METRO GROUP. Mr. Harsh Bahadur is the lawfully constituted attorney and is authorised to sign, verify and institute the present suit on behalf of the Plaintiff. A copy of the Power of Attorney in his favour is being filed herewith.

2. The Plaintiff, and its various group companies, comprising inter alia, METRO AG, METRO Cash & Carry International GmbH, METRO Cash & Carry India Pvt. Ltd., MGS METRO Group Services Holdings GmbH (earlier known as METRO Dienstleistungs-Holding GmbH), and METRO Group Buying Hong Kong Limited, are group companies associated as a single economic entity and are well-known internationally as the METRO Group. METRO Group Buying Hong Kong Limited has had a liaison office in India since the year 1997, situated in New Delhi, while METRO Cash & Carry International GmbH, has set up a wholly owned subsidiary, namely, METRO Cash & Carry India Pvt. Ltd., in India, since 18th January, 2001.

24. This Hon"ble Court has territorial jurisdiction to entertain the present suit under Section 134(2) of the Trade Marks Act, 1999 as the Plaintiff carries on business in Delhi, though its METRO Group company within the territorial jurisdiction of this Hon"ble Court, as already stated above."

6. The counsel for the defendant WRPL has argued that the defendant has its registered office at Mumbai and the plaintiff has instituted the present suit owing to the defendant having applied for registration of the trademark METRO JUNCTION and as a quia timet action on the ground that the defendant had commenced construction of a mall in the name and style of METRO JUNCTION at Mumbai. It is argued that the plaintiff in the present suit has combined the relief of infringement with the relief of passing off but in the territorial jurisdiction paragraph there is nothing pleaded to show that this Court has territorial jurisdiction to entertain the suit insofar as the relief claimed of passing off is claimed.

7. The counsel for the plaintiff on enquiry has fairly stated that the plaintiff is not opposing the application insofar as concerning the relief of passing off and the plaint to the extent of claiming relief on the basis of the defendant passing off its goods/services as that of the plaintiff can be rejected.

8. Further arguments have as such been confined to, whether the plaintiff is entitled to invoke the jurisdiction under Section 134(2) of the Trade Marks Act, 1999.

9. The contention, in a nutshell of the counsel for the defendant/applicant in this respect is that to invoke Section 134(2) of the Act, the plaintiff should have been carrying on business in Delhi and which it is not; merely having a liaison office in Delhi would not tantamount to the plaintiff carrying on business in Delhi. Reference in this regard is made to the Master Circular No.7 of 2012-13 dated 2nd July, 2012 of the Reserve Bank of India on "Establishment of Liaison/Branch/Project Offices in India by Foreign Entities" and where under the permissible activities which a liaison office can undertake have been described as under:

"a Liaison Office can undertake the following activities in India:

- i. Representing In India the parent company/group companies.
- ii. Promoting export/import from/to India.
- iii. Promoting technical/financial collaborations between parent/group companies and companies in India.
- iv. Acting as a communication channel between the parent company and Indian companies."

10. It is argued that the plaintiff in the present case, as per averments in para no.2 supra of the plaint, is carrying on business at Bangalore where the plaintiff claims to have set up a wholly owned subsidiary viz. METRO Cash & Carry India Pvt. Ltd. since 18th January, 2001. It is contended that Section 134(2) of the Act could have been invoked by the plaintiff only if suing at Bangalore; else as per Section 20 of the CPC, even a suit for infringement should have been filed at Bombay where the cause of action has accrued.

11. In an attempt to explore the possible of settlement, I have enquired from the counsel for the defendant whether the defendant has any intention to establish any malls other than the one at Bombay in the name of METRO JUNCTION at other places in the country.

12. The counsel for the defendant states that he has no instructions in this regard but can say that the defendant would not like to give any statement in this respect or to suffer an injunction in this respect.

13. The counsel for the defendant during the hearing has emphasised on the fact that the plaintiff as per averments in para 1 of the plaint itself is merely a company holding the trademark and which itself is not carrying on any business in any goods or services under the said trademark.

14. I have in this respect enquired from the counsel for the defendant whether the use of the trademark owned by the plaintiff, by persons/entities to which the plaintiff permits use thereof, is use by the plaintiff itself.

15. The counsel for the defendant has not controverted the said aspect for the present purpose.

16. I have further enquired from the counsel for the defendant as to how a mall or a supermarket set up/established by a group of company of the plaintiff, through a subsidiary, at Bangalore, can amount to the plaintiff carrying on business at Bangalore, for it to be said that the plaintiff could have invoked Section 134(2) vis-a-vis the Courts at Bangalore.

17. The counsel for the defendant has contended that since the mode in which the plaintiff carries on business is through group companies and the plaintiff has approached this Court on the averments in paras no.1&2 of the plaint, the business at Bangalore would be deemed to be the business of the plaintiff.

18. The counsel for the defendant/applicant has referred to:

(I) **Paragon Rubber Industries v. Pragati Rubber Mills (2014) 14 SCC 762** laying down that merely because CPC permits joinder of causes of action would not mean that thereby jurisdiction can be conferred upon a Court which has jurisdiction to try a suit in respect of one cause of action and not the other, to try the suit with respect to the other cause of action also (however in view of the counsel for the plaintiff having conceded that the present suit be confined only to the relief on basis of infringement, this question no longer arises for adjudication);

(II) **Ultra Home Construction Pvt. Ltd. v. Purushottam Kumar Chaubey (2016) 227 DLT 320 (DB)**, where a Division Bench of this Court followed **Indian Performing Rights Society Ltd. v. Sanjay Dalia (2015) 10 SCC 161** and explained the judgment with the help of illustrations;

(III) **Dhodha House & Patel Field Marshal Industries v. S.K. Maingi & P.M. Diesel Ltd. (2006) 9 SCC 41** laying down that to constitute "carrying on business" at a certain place, the essential part of the business must take place in that place; therefore, a retail dealer who sells goods in the mufassil cannot be said to "carry on business" in Bombay merely because he has an agent in Bombay to import and purchase his stock for him and that he cannot be said to carry on business in Bombay unless his agent made sales there on his behalf; and further holding that a Calcutta firm that employs an agent at Amritsar who has

no power to receive money or to enter into contracts, but only collects orders which are forwarded to and dealt with in Calcutta, cannot be said to do business in Amritsar.

19. I am however unable to agree with the contention of the counsel for the defendant/applicant and am unable to hold a case for rejection of the plaint to have been made out. I also do not find the judgments cited by the counsel for the defendant/applicant to be advancing the case argued; rather, applying the said judgments, particularly *Dhodha House & Patel Field Marshal Industries supra*, it is found that this Court, as per averments in the plaint would have territorial jurisdiction.

20. As per the averments in the plaint, the plaintiff company has been set up to consolidate the complete intellectual property rights including trademarks of the various affiliated and related companies forming the METRO GROUP. The only business of the plaintiff thus is to hold the trademarks and to allow user thereof.

21. The test of whether the plaintiff can be said to actually and voluntarily reside or carry on business or personally work for gain at Delhi has to be applied in the context of the aforesaid business of the plaintiff.

22. Supreme Court in *Dhodha House & Patel Field Marshal Industries supra* held that to constitute carrying on business at a certain place, the essential part of the business must take place in that place. The essential part of the business of the plaintiff is owning and allowing use of its trademark and not of setting up of a mall or of carrying on business from such mall.

23. It is the pleaded case of the plaintiff that it is carrying on business in Delhi through its group company METRO Group Buying Hong Kong Limited which has a liaison office in India.

24. *Dhodha House & Patel Field Marshal Industries supra* also holds that for the purpose of carrying on business, presence of a man at a place is not necessary; such business may be carried on at a place through an agent or a Manager or through a servant; the owner may not even visit that place; the phrase "carries on business" at a certain place would therefore mean having an interest in a business at that place, a voice in what is done, a share in the gain or loss and some control there over. It was further held that the expression "carries on business" is much wider than what the expression in normal parlance connotes. It has not been argued by the counsel for the defendant/applicant that the three conditions laid down by the Supreme Court in *Dhodha House & Patel Field Marshal Industries supra* to constitute carrying on business are not satisfied in the present case.

25. The argument of the counsel for the defendant/applicant of the Courts at Bangalore having jurisdiction within the meaning of Section 134(2) of the Trade Marks Act, for the reason of a group company METRO Cash & Carry International GmbH having set up a wholly owned subsidiary namely METRO Cash & Carry India Pvt. Ltd. at Bangalore in

India, is misconceived because as per the pleaded case of the plaintiff, the business of the plaintiff is not of setting up of a mall or of carrying on business from the said mall but is of holding the trademarks and allowing use thereof to group companies. The business of establishment of a mall at Bangalore or of carrying of the activity of sale therein cannot be said to be the business of the plaintiff or an essential part of the business of the plaintiff for it to be said that the business at Bangalore is of the plaintiff. Thus, the argument of the counsel for the defendant/applicant on the basis of the third of the three conditions laid down in *Dhodha House & Patel Field Marshal Industries supra* goes against the defendant/applicant rather than in its favour.

26. As far as the contention of the counsel for the defendant/applicant relating to the Reserve Bank of India Guidelines pertaining to a liaison office is concerned, the same also, considering the essential part or essential nature of the pleaded business of the plaintiff, would not make any dent on the invocation by the plaintiff of Section 134(2) *supra*. As per the said Guidelines also a liaison office can undertake representing the parent company in India promoting import export from India, promoting collaborations in India and acting as a communication channel between the parent company and the Indian company. Once the case as pleaded of the plaintiff is found to be only of holding trademarks and allowing use thereof, certainly the actions of the plaintiff through METRO Group Buying Hong Kong Limited at New Delhi amounts to the plaintiff carrying on business at New Delhi i.e. within the jurisdiction of this Court, within the meaning of Section 134(2) *supra*. The mistake in the contention of the counsel for the defendant/applicant is in construing the business of the plaintiff as that of setting up of malls and transiting business therein, when that is not the pleaded case of the plaintiff.

27. The counsel for the plaintiff contends that though at the time of institution of the suit, it was *quia timet* action but is no longer so.

28. IA No.6293/2010 under Order 7, Rule 11 of CPC is thus partly allowed. The claim of the plaintiff in the plaint on the basis of the defendant passing off its goods/services as that of the plaintiff is rejected. However the relief in the application for rejection of the plaint for the relief on the basis of infringement of trademark is declined.

29. The counsel for the plaintiff stats that subject to the trial being expedited, he is not pressing the application for interim relief.

30. IA No.7581/2006 is accordingly disposed of.

31. On the pleadings of the parties, the following issues are framed in the suit, as now confined for the relief on the basis of infringement:

(I) Whether this Court has territorial jurisdiction? OPP

(II) Whether the plaintiff has a locus standi to sue for infringement of the trademark "METRO"? OPP

(III) Whether the defendant has infringed the trademark "METRO"? OPP

(IV) If all or any of the issues are decided in favour of the plaintiff, to what relief, if any is the plaintiff entitled to? OPP

(V) Relief.

32. No other issue arises or is pressed.

33. The parties to file their list of witnesses within four weeks.

34. The plaintiff to file affidavits by way of examination-in-chief of all its witnesses within eight weeks.

35. With the consent of the counsels, Mr. B.B. Choudhary retired Additional District Judge (Mob.9910584611) is appointed as the Court Commissioner to record the evidence of the parties. He is requested to record the evidence within the Court Complex and to complete the same within six months of the date of first appearance of the parties before him. He is granted liberty to have the matter placed before the Court, if any of the parties are found delaying recording of the evidence.

36. The fee of the Court Commissioner is tentatively fixed at Rs.1 lakh, besides out of pocket expenses, to be shared equally by the parties and to be paid before the commencement of the evidence.

37. The Registry is directed to send the file of the suit at the place and time fixed by the Court Commissioner for recording of evidence.

38. The parties to appear before the Court Commissioner with prior appointment for fixing the dates of trial on 5th October, 2016.

39. The file be put up before this Bench after recording of evidence is complete.