

# Seal it with a Mark

Shantanu Sood stresses on the importance of determining territorial jurisdiction in trade mark disputes

In an ideal world, a firm's trademark rights would be respected universally and the firm would be able to conduct its business without fear of theft or infringement. In that same world, people would sleep with unlocked doors, expect their jewellery to remain safe in their cupboard, or even faithfully provide vital information with a token payment to Mr John Abbot from Nigeria's Central Bank, expecting him to transfer the promised USD 100 million to their bank accounts.

Unfortunately, we do not yet live in such a world. In reality, we are ever so vigilant about our possessions and take great pains to secure them. The same approach should apply to a trademark, which is a form of valuable property. A trade-

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mark symbolises the source of a set of goods and services to the public, and represents the reputation and goodwill attached to them in the minds of the consumer. Protectable trademark rights are essentially acquired through use over a period of time; the longer a mark is used, the greater the reputation and goodwill it accumulates, and the more valuable it becomes.

## Registration is critical

The first step to securing a trademark is to register it. Registration, while not mandatory, provides statutory benefits that enhances its scope of protection, and provides additional statutory remedies (such as choice of jurisdiction) for any infringement, enabling an individual or organisation to seek injunctions, damages and even imprisonment of violators. Registration is indeed a powerful protection but the onus of enforcing a trade mark right rests squarely with the owner.

Enforcement strategies can be both civil and criminal in nature and vary from business to business, with the nature of the business determining the most effective utilisation of resources to detect and stop trademark violations. This discussion focuses on civil enforcement.

## Civil enforcement of trademarks

The essential ingredients of any civil enforcement strategy can be broken into four simple steps:

- Ascertaining the strength of a trademark and its importance to a business;
- Developing an adequate monitoring system to identify an infringe-



ment or violation and to ascertain its specific source;

- Sending 'cease and desist' notices to offenders demanding that they refrain from further violation;
- Filing suits in appropriate courts for injunctive and other relief.

Generally, civil suits are filed as a last resort, when all other efforts have failed and the infringement persists. However, in situations where urgent relief is required, for instance, when the infringement is of a very serious nature, or where the source of infringement is a fly-by-night operator who is likely to disappear if notice is given, it is preferable to file civil suits directly. By law, suits for trademark violations such as infringement and passing off cannot be filed in a court lower than a District Court, which essentially means that the Court of choice is either that or a High Court that has original jurisdiction. However, when filing a civil suit, the choice of Court should be carefully determined from two perspectives: whether it has the necessary jurisdiction to grant relief; and whether it serves as the most convenient forum

## The question of jurisdiction

Jurisdiction can be pecuniary or territorial. Pecuniary jurisdiction refers to the ability of a Court to preside over matters that depend on the value of the subject matter of the claim. Since trademark suits are mainly valued on an assessment of damages incurred, this is not difficult to determine. Territorial jurisdiction, on the other hand, is a more complex issue because multiple Courts may be able to exercise jurisdiction over the same suit. In such cases, the choice is based in part on whether the Court is most suited to grant relief, and in part on whether it is most convenient to the applicant.

Territorial jurisdiction in civil suits is governed by Section 20 of the Code of Civil Procedure, 1908

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("CPC") that essentially dictates that such suits shall be instituted in the Court within the local limits of whose jurisdiction: the defendant or one of the defendants (where there are many) either reside, or carry on business, or work for gain; or where the cause of action wholly or in part arises. Consequently, depending on the circumstances, the plaintiff's choice of jurisdiction is limited to the Court that either exercises personal jurisdiction over the defendant or within whose limits the infringement occurred. Section 20 further explains that a corporation is deemed to carry on business in India where its sole or principal office exists or, in respect of any cause of action arising out of any place where it has a subordinate office. By virtue of this explanation, a "corporation" can be sued at a place having its sole or principal office or at a place where it has a subordinate place if the infringement occurred at that place wholly or in part.

However, the Trade Marks Act, 1999 ("Act") that governs trademark disputes provides an additional forum by including a *non-obstante*

clause through Section 134 (2) of the Act that permits a plaintiff to additionally file a civil suit for infringement of a registered trade mark in the appropriate Court where the *plaintiff resides or carries on business or works for gain*. This means that instead of chasing defendants all over the country, the plaintiff can file suits at a convenient forum where he resides or works and force defendants to come to him.

The right of choice of forum provided to owners of registered trademarks is a valuable right but it is not limitless. In a landmark judgment delivered on July 1, 2015 (Indian Performing Rights Society Ltd Vs Sajay Dalia & Another) in response to appeals arising out of similar provisions – Section 62 of the Copyright Act and 134(2) of the Trade Mark Act, the Supreme Court clarified that the object of the right provided under Section 134 (2) of the Trade Marks Act, 1999 "*was to enable the plaintiff to institute a suit at a place where he or they resided or carried on business, not to enable them to drag defendant further away from such a place.*"

The judgment arose out of two unconnected appeals that raised a common question about the ability of a plaintiff to sue in any Court of their choice, so long as they carried on business there. The appellants (original plaintiffs) were both companies that had their respective principal offices in Mumbai. The causes of action against their respective defendants also arose in Mumbai, but the Plaintiffs independently chose to file their respective copyright and trademark suits at the Delhi High Court, where they claimed jurisdiction *inter alia* under Section 134(2) of the Act on the grounds that they had subordinate branch offices in Delhi. In each suit, the defendant raised the objection of lack of territorial jurisdiction, arguing that since the plaintiff's principal office was in Mumbai, and the cause of action also arose in Mumbai, the High Court of Delhi did not have the



necessary territorial jurisdiction to entertain the suits. The Single Bench and the Division Bench of the High Court both upheld the defendants' objections, leading to appeals in the Supreme Court.

In their appeals the appellants argued inter alia that the effect of 134(2) enabled the plaintiff to sue in any jurisdiction where he carried on business and the same could not be whittled down by tying it to the cause of action. However, applying the Heydon's rule of Mischief, the Court disagreed and held that the right provided by Section 134(2) was not unfettered. It held that in a case *"where cause of action has arisen at a place where the plaintiff is residing or where there are more than one such persons, any of them actually or voluntarily resides or carries on business or personally works for gain would oust the jurisdiction of other place where the cause of action has not arisen though at such a place, by virtue of having subordinate office, the plaintiff instituting a suit or other proceedings might*

*be carrying on business or personally works for gain."* The Court clarified that it was never the intention of

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the legislature to enable the plaintiff to drag defendants to obscure, far off places, but merely to provide the plaintiff the benefit of suing in a convenient forum based on his residence or place of work. Thus, if a cause of action arises where the plaintiff resides or carries on business, then he has to file his suit at that place.

In view of the Supreme Court's foregoing decision, the main points to consider while determining the Court of appropriate jurisdiction for a trademark infringement suit are:

- Where did the offending deed i.e., the cause of action, occur?
- Does the infringed firm have any subordinate office there?

- If yes, then the firm is bound to file suit in a court in that location;
- If no, then the firm is free to file a suit ideally at the location of its registered/principal office, or at any convenient location where it has a branch office.

It is important to get the jurisdiction right in the first instance, so as to enable the complainant to obtain an enforceable interim injunction as soon as possible. In most trademark disputes, the grant of an interim injunction is often the means for quick and favorable resolution, saving both money and time. ■



Shantanu Sood is Managing Partner and founding member of Quest IP Attorneys. He is an expert on Intellectual Property

and Commercial laws and is a qualified attorney in India and the United States (New York).