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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

Reserved on: 27 February 2026
Pronounced on: 01 July 2026

\+ FAO(OS) (COMM) 207/2025 & CM APPL. 79554/2025

ITC LIMITED & ANR. .....Appellants

Through: Mr. Arvind Nigam and Mr. Arvind Nayar, Sr. Advs. with Mr. Saurav Agarwal, Ms. Mamta Rani Jha, Mr. Nikhil Rohatgi, Ms. Shruttima Ehersa, Ms. Aiswarya Debardarshini, Ms. Jahanvi Agarwal, Mr. Agnish Aditya, Mr. Akshay Joshi, Ms. Prachi Dubey, Mr. Aarya Bhat and Mr. Tanishq Kashyap, Advs.

versus

ADYAR GATE HOTELS LIMITED .....Respondent

Through: Mr. Rajiv Nayar and Mr. Amit Sibal, Sr. Advs. with Mr. Prateek Chadha, Mr. Adarsh Ramanujan, Mr. Sreekar Aechuri, Ms. Surbhi Soni, Mr. Aniket Chauhaan and Mr. Parth Singh, Advs.

CORAM:
HON'BLE MR. JUSTICE C. HARI SHANKAR
HON'BLE MR. JUSTICE OM PRAKASH SHUKLA

% **J U D G M E N T**
01.07.2026

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C. HARI SHANKAR, J.

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A. The *lis*

1. The Welcomgroup Park Sheraton Hotel[1] was set up in a building owned by Adyar Gate Hotels Ltd.[2] in Chennai in 1985 consequent to an Operating Service Agreement[3] dated 12 February 1985 executed between the appellant ITC Ltd. and AGH.

2. With effect from 14 April 1989, a South Indian restaurant named Dakshin, using the logo Dakshin, started operations in the Park Sheraton. The restaurant continued to operate, under the aegis of the OSA, till expiry of the OSA on 31 March 2015.

3. Thereafter, ITC withdrew from the hotel. AGH entered into a fresh agreement with the Inter-Continental Hotel chain, pursuant to which a new hotel, under the name Crowne Plaza Chennai Adyar Park[4] was started in the same premises.

4. ITC objects to the fact that, even after the expiry of the OSA, between ITC and AGH on 31 March 2015, AGH continued to run the

[1] "the Park Sheraton" hereinafter
[2] "AGH" hereinafter
[3] "OSA" hereinafter
[4] "Crowne Plaza" hereinafter

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Dakshin restaurant in the Crowne Plaza using the same trade mark DAKSHIN/  . It is however a matter of record that ITC never objected to the use, by AGH, of the DAKSHIN/  mark for running the restaurant in the Crowne Plaza, which continued till 2023.

5. In April-July 2024, the building housing the Crowne Plaza was demolished. Thereafter, AGH opened a new restaurant under the name DAKSHIN/  in the same road, some distance away.

6. At this point, ITC approached this Court by means of CS (Comm) 119/2025 objecting to the use, by AGH, of the DAKSHIN/  mark. ITC contended that, by using the said mark even after the right to do so had come to an end with the expiry of the OSA in 2015, AGH was infringing the said mark which was registered in favour of the ITC under Section 23 of the Trade Marks Act 1999 as well as the copyright held by ITC in the artistic work comprised in the  logo.

7. It was also alleged that, by doing so, AGH was seeking to pass off the services provided by it in its Chennai Dakshin restaurant, as associated with ITC.

8. Accordingly, ITC, in the suit, sought a decree of permanent injunction, restraining AGH from using the DAKSHIN/  mark for any purpose whatsoever. Additionally, the suit also claimed delivery-up, damages and costs.

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9. ITC filed, along with the suit, IA 3768/2025, seeking an interlocutory injunction restraining AGH from using DAKSHIN/  mark pending disposal of the suit. An *ad interim* injunction, in terms of the said prayer, was granted by a learned Single Judge of this Court on 13 February 2025.

10. By the impugned order dated 4 December 2025, however, the learned Single Judge has dismissed IA 3768/2025.

11. Aggrieved thereby, ITC has filed the present appeal under Section 13 of the Commercial Courts Act 2015.

12. We have heard Mr. Arvind Nigam, learned Senior Counsel for the ITC and Mr. Ramanujan, learned Counsel for AGH at great length.

13. Learned Counsel for both parties have also placed on record detailed written submissions.

B. The Impugned Judgment

I. <u>Submissions of ITC before the learned Single Judge</u>

14. ITC claimed, before the learned Single Judge, to have been the first adopter of the DAKSHIN/  mark, when the restaurant, bearing that name, was opened in the Park Sheraton on 14 April 1989. Pursuant thereto, the mark DAKSHIN/  was registered in

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favour of ITC, under Section 23 of the Trade Marks Act, with effect from 13 September 2000, in Classes 29 and 30. Class 29 covered meat, fish, poultry and game, meat extracts, preserved dried and cooked fruits and vegetables, jellies, jams, fruits, sauces, egg, milk and milk products, edible oils and fats, cooked food and snacks and Class 30 covered coffee, tea, rice, sugar, rice, tapioca, sago, artificial, coffee, flour and preparations made from cereals, breads, biscuits, pastry and confectionary, ices, honey, treacle, yeast, baking powder, salt, mustard, vinegar, sauces, spices including indian snacks, papads and savories. Though the mark was initially registered on "proposed to be used" basis, the user claim was amended, on application by ITC, to 1 April 1989, in 2005. Moreover, the Dakshin logo was also registered as an artistic work, under the Copyright Act, 2000 in favour of ITC, on 15 November 1989.

15. By dint of continuous user, ITC claimed to have acquired considerable goodwill in the DAKSHIN/ Dakshin mark, with the revenue earned, by use of the mark, being to the tune of ₹ 12.38 crores during the period 2023-2024 alone. Other material evidencing goodwill was also cited, such as followers on social media, etc. ITC further submitted that, under the clauses of the OSA, the entire goodwill relatable to the DAKSHIN/Dakshin mark was ITC's and ITC's alone, and AGH could lay no claim thereto.

16. AGH, it was submitted, was an owner of real estate. AGH entered into the OSA with ITC on 12 February 1985 to operate and run the Park Sheraton in the building owned by AGH. Article XIII of

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the OSA clearly stated that all present as well as future trade marks and trade names, as well as other intellectual property, would belong to ITC and that AGH's right was limited to user thereof. A similar OSA, with similar covenants, was executed between ITC and AGH in respect of a property owned by AGH in Vishakapatnam, on 8 February 1997.

17. With the expiry of the OSA., claimed ITC, also came to an end the right of AGH to use the DAKSHIN/Dakshin mark. AGH, however, continued to run the restaurant in the same premises, now functioning as the Crowne Plaza hotel following a fresh agreement with the Inter-Continental Hotel chain, using the DAKSHIN/ Dakshin mark.

18. AGH applied for registration of the DAKSHIN/Dakshin mark, in its favour, in Class 42, dealing with restaurants alone, on 23 April 2004, claiming user of the mark in association with ITC since 14 April 1989, when the restaurant had opened in the Park Sheraton. ITC's DAKSHIN/ Dakshin mark was cited by the Trade Marks Registry as a competing mark, whereupon AGH claimed that the mark belonged to a group Company. AGH was ultimately granted registration of the DAKSHIN/Dakshin mark on 16 September 2005, subject to association with ITC's DAKSHIN/Dakshin mark.

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19. ITC claimed that AGH had, therefore, even before the Trade Marks Registry, acknowledged that ITC was the owner of the DAKSHIN/Dakshin mark.

20. ITC, *per contra*

21. , relied on the following documents to show user and goodwill in the "Dakshin" trademark:

(i) invoices relating to the Dakshin restaurant for the period prior to 2015,

(ii) a CA certificate, certifying the turnover from various Dakshin restaurants of ITC for the period 2014-2015 to 2023-2024,

(iii) News articles which refer to ITC's Dakshin restaurants,

(iv) brochures and pamphlets published by ITC to promote the Dakshin restaurant across India,

(v) awards and recognitions earned by ITC and

(vi) extracts from social media accounts of ITC referring to the use and promotion of the Dakshin restaurants.

22. Admittedly, however, ITC never objected to the use, by AGH, of the DAKSHIN/Dakshin mark, which continued till 2023, when the Crowne Plaza shut down, and the building itself was demolished. It was only in October 2024, when ITC claimed to have come across a standalone restaurant being run by AGH, some distance away on the same road, under the DAKSHIN/Dakshin mark, that ITC moved this Court, by means of the present suit, seeking an injunction against use

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of the mark by AGH, alleging infringement and passing off by AGH by unauthorized use of the DAKSHIN/ Dakshin mark.

23. AGH contested the suit on the ground of territorial jurisdiction as well, in response to which ITC sought to justify invocation of the jurisdiction of this Court on the ground that (i) AGH was soliciting business across the country, including Delhi, through the listing of its DAKSHIN restaurant on e-commerce platforms such as Zomato, (ii) the suit was also maintainable as a *quia timet* action, as ITC anticipated that AGH would expand its business to other cities, including Delhi, (iii) the dynamic effect of AGH's tortious action was felt by ITC wherever it was running its DAKSHIN restaurant as, at each and every such place, there was a likelihood of consumers mistaking AGH's DAKSHIN to be associated with ITC and (iv) ITC was also entitled to maintain the suit before this Court in view of Section 134[5] of the Act.

II. Stand of AGH before the learned Single Judge

24. AGH advanced, as a preliminary objection, the plea of territorial jurisdiction. It was submitted that (i) no part of the cause of

[5] **134. Suit for infringement, etc. to be instituted before District Court**.—
(1) No suit—
(a) for the infringement of a registered trade mark; or
(b) relating to any right in a registered trade mark; or
(c) for passing off arising out of the use by the defendant of any trade mark which is identical with or deceptively similar to the plaintiff's trade mark, whether registered or unregistered,
shall be instituted in any court inferior to a District Court having jurisdiction to try the suit.
(2) For the purpose of clauses (a) and (b) of sub-section (1), a "District Court having jurisdiction" shall, notwithstanding anything contained in the Code of Civil Procedure, 1908 (5 of 1908) or any other law for the time being in force, include a District Court within the local limits of whose jurisdiction, at the time of the institution of the suit or other proceeding, the person instituting the suit or proceeding, or, where there are more than one such persons any of them, actually and voluntarily resides or carries on business or personally works for gain.

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action in the suit had arisen within the jurisdiction of this Court, (ii) the apprehension that AGH would expand its activities, qua the Dakshin restaurant, was baseless, as AGH had been running the restaurant in Chennai, with no branches, for over 30 years, (iii) the ability to reserve a table at the Chennai restaurant of AGH over an e-commerce website from Delhi would not confer territorial jurisdiction on this Court, (iv) the mere fact that AGH's social media accounts, or third party websites referring to AGH's DAKSHIN restaurant were accessible from Delhi would also not confer jurisdiction on this Court, as it would not result in specific targeting of Delhi as a market by AGH and (v) Section 134 of the Trade Marks Act was not applicable.

25. On merits, AGH claimed that, as co-registrants of the DAKSHIN/Dakshin mark under the Trade Marks Act, neither ITC, nor AGH, could maintain an action against the other for infringement, in view of Section 28(3)[6] and Section 30(2)(e)[7] thereof. ITC, it was pointed out, had never opposed the registration of the DAKSHIN trade mark in favour of AGH. Having allowed AGH to use the DAKSHIN/Dakshin mark, ITC was further proscribed from injuncting use of the mark by AGH, in view of Section 33(1)[8] of the Trade Marks Act, which incorporated the principle of acquiescence.

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[6] (3) Where two or more persons are registered proprietors of trade marks, which are identical with or nearly resemble each other, the exclusive right to the use of any of those trade marks shall not (except so far as their respective rights are subject to any conditions or limitations entered on the register) be deemed to have been acquired by any one of those persons as against any other of those persons merely by registration of the trade marks but each of those persons has otherwise the same rights as against other persons (not being registered users using by way of permitted use) as he would have if he were the sole registered proprietor.

[7] (2) A registered trade mark is not infringed where—

*****

(*e*) the use of a registered trade mark, being one of two or more trade marks registered under this Act which are identical or nearly resemble each other, in exercise of the right to the use of that trade mark given by registration under this Act.

[8] **33. Effect of acquiescence**.—

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26. Apropos the copyright registration held by ITC in the Dakshin logo, AGH submited that, unlike Section 31(1)[9] of the Trade Marks Act, registration of a copyright did not operate, under Section 48[10] of the Copyright Act, as *prima facie* proof of ownership of the copyrighted artistic work.

27. It was further submitted that, under the OSA, all expenses, in respect of the Park Sheraton Hotel, were met by AGH, which included the expenses to the agency which created the Dakshin logo. ITC could not seek to arrogate, for itself, the goodwill which had developed in the DAKSHIN/Dakshin mark, during its use from 1989 to 2015. In fact, submitted AGH, ITC was merely a service provider under the OSA, and the goodwill in the DAKSHIN/Dakshin mark entirely enured in favour of AGH. AGH also claimed to have coined and devised the DAKSHIN/Dakshin mark, contrary to ITC's claims in that regard.

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(1) Where the proprietor of an earlier trade mark has acquiesced for a continuous period of five years in the use of a registered trade mark, being aware of that use, he shall no longer be entitled on the basis of that earlier trade mark—

(*a*) to apply for a declaration that the registration of the later trade mark is invalid, or

(*b*) to oppose the use of the later trade mark in relation to the goods or services in relation to which it has been so used,

unless the registration of the later trade mark was not applied in good faith.

[9] **31. Registration to be prima facie evidence of validity**.—(1) In all legal proceedings relating to a trade mark registered under this Act (including applications under Section 57), the original registration of the trade mark and of all subsequent assignments and transmissions of the trade mark shall be *prima facie* evidence of the validity thereof.

[10] **48. Register of Copyrights to be prima facie evidence of particulars entered therein**.—The Register of Copyrights shall be prima facie evidence of the particulars entered therein and documents purporting to be copies of any entries therein, or extracts therefrom certified by the Registrar of Copyrights and sealed with the seal of the Copyright Office shall be admissible in evidence in all courts without further proof or production of the original.

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28. AGH, in order to substantiate its assertion that the "Dakshin" trademark was conceptualised by it, placed reliance on

(i) excerpts from T.T. Vasu[11]'s "The Man who could never say No",

(ii) "The story of Adyar Gate" published by the madras Heritage and Carnatic Music,

(iii) the New York Times article "Fare of the Country",

(iv) documents which purported to show that AGH had initially conceptualised the opening of a South Indian restaurant

(v) documents which purported to show that AGH was involved in the architecture and the interior designs of the Dakshin restaurant, and

(vi) the Annual Report of the year 1988-1989 of AGH, which purported to state that the DAKSHIN restaurant was commissioned by AGH in the said financial year.

29. AGH further relied on the following documents to assert that the Dakshin restaurant was being operated by it:

(i) a Chartered Accountant's certificate, certifying AGH's turnover from the Dakshin restaurant,

(ii) invoices generated by AGH in respect of the services provided at the restaurant from 2016 to 2024,

(iii) evidence of promotions carried out by AGH at the restaurant and

(iv) the Public Performance license to play at the restaurant, which was in the name of AGH.

[11] "Vasu" hereinafter

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30. No case of infringement being maintainable in view of the fact that AGH held a valid registration of the DAKSHIN/  mark, it was submitted that the highest claim of ITC could only be of passing off, for which none of the three classical requirements of existence of goodwill of ITC in the mark, misrepresentation by AGH and damage suffered by ITC as a result, was satisfied in the present case.

III. Analysis and conclusions of the learned Single Judge

31. Addressing, first, the aspect of territorial jurisdiction, the learned Single Judge observes, relying on the judgments of the Supreme Court in ***Asma Lateef v. Shabbir Ahmad***[12] and of the Division Bench of this Court in ***Allied Blenders & Distillers v. R.K. Distilleries***[13], that the aspect of territorial jurisdiction is relevant even at the stage of consideration of the prayer for interim relief, and that it is permissible for a defendant to raise want of territorial jurisdiction as an objection against the grant of injunction. Thereafter, the learned Single Judge proceeds to rely on paras 38, 41 and 45 of ***Banyan Tree Holdings v. A Murali Krishna Reddy***[14], paras 50 and 104 of ***Cable News Network v. CTVN Calcutta Television Network***[15] and ***Impresario Entertainment & Hospitality v. S & D Hospitality***[16], to hold that mere accessibility of the website of the plaintiff or the defendant within the territorial jurisdiction of a particular Court would not suffice to invest it with jurisdiction, in the absence of proof of a concluded commercial transaction over such website. The learned

[12] **(2024) 4 SCC 696**
[13] **2017 SCC OnLine Del 7224**
[14] **2010 42 PTC 361**
[15] **2023 SCC OnLine Del 2436**
[16] **2018 SCC OnLine Del 6392**

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Single Judge holds that there is no evidence of any such concluded commercial transaction, with AGH, from Delhi.

32. ITC, notes the learned Single Judge, had sought to contend that reservation for a seat in AGH's Chennai Dakshin restaurant could be made online, over the Zomato e-commerce platform, even sitting in Delhi and had, in support thereof, placed on record an affidavit dated 21 April 2025. The learned Single Judge holds that the mere making of such a reservation would not amount to concluding a commercial transaction, as such a transaction would be concluded only when the person visited the Dakshin restaurant in Chennai and availed of the services provided there, by partaking of food. It is quite possible that, after having made a reservation online over the Zomato website, the person may not choose to visit the restaurant at all, and may even cancel the reservation. As such, the learned Single Judge holds, in the impugned judgment, that the "commercial transaction" could not be linked merely to making of a reservation. The commercial transaction would take place only when the customer physically visits the Dakshin restaurant in Chennai and makes payment there. The learned Single Judge notes that it is not ITC's case that AGH was delivering food in Delhi on the basis of an order placed on the e-commerce platform from Delhi. As such, no commercial transaction, in the opinion of the learned Single Judge, could be concluded at Delhi with AGH, apropos the Dakshin restaurant at Chennai. There is, therefore, no specific targeting, by AGH, of Delhi as a market for its Chennai-based Dakshin restaurant, through any website or e-commerce platform.

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33. The learned Single Judge thereafter proceeds to deal with ITC's contention that the dynamic effect of the alleged infringement/passing off, by AGH, was felt by ITC at every place where it had a Dakshin restaurant. It was sought to be contended that, if a customer was to dine at AGH's Chennai Dakshin restaurant, and not have a good experience, it would affect the reputation and goodwill of all Dakshin restaurants run by ITC, as the customer would associate AGH's action restaurant with ITC. Apropos this submission, the learned Single Judge observes that, while ITC had placed on record certain negative reviews by customers who had visited AGH's Chennai Dakshin restaurant, there was no evidence to indicate that the reputation of goodwill of ITC's Dakshin restaurant in Delhi had thereby been adversely affected. The learned Single Judge also notes that there is no evidence to indicate that any customer was associating AGH's Dakshin restaurant at Chennai with ITC or with ITC's Dakshin restaurants in other cities.

34. Addressing ITC's contention that the suit was maintainable as a *quia timet* action, as it apprehended that AGH would expand its activities to Delhi, the learned Single Judge observes that no material, in support of the moment, was forthcoming and that, in fact, AGH had clearly stated, in its written statement, that it had no commercial presence or any business activity or office within the jurisdiction of this Court. Admittedly, AGH had not opened any restaurant outside Chennai, and had also stated that it had no intention of doing so, within the jurisdiction of this Court. The attempts to invoke the territorial jurisdiction of this Court, on the grounds that the suit was

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maintainable as a *quia timet* action has also, therefore, been negatived by the learned Single Judge.

35. The learned Single Judge, thereafter, proceeds to address ITC's invocation of Section 134 of the Trade Marks Act and Section 62 of the Copyright Act. The impugned judgment holds, on the basis of the decision of the Supreme Court in ***Indian Performing Rights Society Ltd v. Sanjay Dalia***[17], followed by the Division Bench of this Court in ***Ultra Homes Construction v. Purushottam Kumar Chaubey***[18], that, where the cause of action arises, wholly or in part, at the location of the principal or head office of the plaintiff, the plaintiff cannot sue the defendant at a distant location on the ground that it also has a subordinate office at such place, though no part of the cause of action has arisen there. In the present case, holds the learned Single Judge, it was undisputed that the registered office of ITC was in Kolkata. Inasmuch as the learned Single Judge had not found any *prima facie* case of the whole, or part of the cause of action having arisen at Delhi, the mere fact that ITC also has an office at Delhi has been found, by the learned Single Judge, not to be sufficient to confer jurisdiction on this Court.

36. Following the above discussion, the learned Single Judge holds that, *prima facie*, this Court does not have territorial jurisdiction to deal with the present *lis* and that, therefore, even on this sole ground, ITC would not be entitled to any injunction.

[17] **(2015) 10 SCC 161**, hereinafter referred to as "**IPRS**"
[18] **2016 SCC OnLine Del 376**

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37. The impugned judgment, thereafter, proceeds to the merits of the dispute.

38. The learned Single Judge holds that the documents provided by AGH demonstrated that the idea of opening a South Indian restaurant by the name "Dakshin" was conceived by Vasu as the Chairman of AGH, and that Vasu had engaged his brother's cook, Paramasivam Iyer, to cook South Indian dishes in the restaurant. Hindustan Times Agency[19] was engaged by AGH to suggest a name for the restaurant, and one of the names suggested by HTA was "Dakshin".

39. The learned Single Judge observes that, from 1989 to 2015, ITC and AGH were jointly running the Dakshin restaurant in collaboration with each other. The documents on record indicated that AGH continued to run the restaurant even after its association with ITC had come to an end.

40. Though the invoices filed by ITC had been issued in the name of the Park Sheraton Hotel, the registered office address, the Permanent Account Number[20], the Value Added Tax[21] number, the Sales Tax number and the FSSAI[22] registration details were all of AGH.

[19] "HTA" hereinafter
[20] "PAN" hereinafter
[21] "VAT" hereinafter
[22] Food Safety and Standards Authority of India

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41. From these details, the learned Single Judge arrives at the *prima facie* conclusion that the Dakshin restaurant was conceptualised by AGH and ran from 14 April 1989 to 31 December 2023 at Chennai.

42. Apropos the OSA, the learned Single Judge holds that, under the OSA, the role of ITC was merely that of a service provider. In fact, the OSA also provided the details of the service fee and the incentive fee payable to ITC.

43. ITC's contention that it was not a mere consultant, but had independent control over the operations of the Park Sheraton Hotel, including branding and brand value, and that it had expended considerable time and financial resources in promotion thereof, was found unworthy of acceptance. The learned Single Judge holds that the money spent by ITC for marketing and promotion was only as per Article IV read with Appendix II of the OSA.

44. ITC had placed considerable reliance on Article XIII of the OSA which, according to ITC, clearly indicated that ITC alone held rights over the trade mark "DAKSHIN". The learned Single Judge, however, holds that Article XIII of the OSA cannot come to the aid of ITC. Emphasis has been placed, in the impugned judgment, on the words "such of ITC's trade names and trade marks", as employed in Article XIII. The learned Single Judge observes that, as the OSA was executed in 1985, and the trademark "DAKSHIN" was conceived only in 1989, with no evidence of any prior use, by ITC, of, "DAKSHIN" earlier to 1985, "DAKSHIN" could not be included in the trade names and trade marks envisaged in Article XIII of the OSA.

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45. With reference to ITC's reliance on the words "any other identifying marks present or future as may be decided by ITC to its sole discretion", also contained in Article XIII, the learned Single Judge observes that ITC never communicated to AGH that the "DAKSHIN" trademark belonged to ITC and that AGH was only being permitted to use it. Even though the OSA was amended several times, "DAKSHIN" was never added to the list of trademarks owned by ITC, as envisaged in the OSA.

46. On the basis of this discussion, the learned Single Judge has held that ITC was not, *prima facie*, the owner of the trademark "DAKSHIN".

47. With respect to ITC's allegation that AGH obtained registration of the DAKSHIN trade mark in its favour by misrepresenting ITC to be a "group Company", the learned Single Judge notes that, at the time when AGH applied for registration of the Dakshin trademark, ITC and AGH were in collaboration and that, therefore, even if AGH loosely referred to ITC as a "group company", it could not be regarded as misrepresentation. Moreover, in the affidavit filed by AGH in support of its application, AGH declared that it was using the "DAKSHIN" trade mark since 14 April 1989 and also provided its annual sales turnover figures.

48. In any event, notes the learned Single Judge, ITC never filed any opposition against AGH's application. Even after the

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"DAKSHIN" trade mark was registered in favour of AGH in Class 42, ITC never chose to file any rectification application.

49. In the circumstances, the learned Single Judge holds that it was not possible to accept ITC's contention that AGH had obtained the registration of the "DAKSHIN" trade mark in its favour in Class 42 by misrepresentation.

50. Following the above *prima facie* findings, the learned Single Judge holds that no case of passing off was made out, as (i) AGH had conceived the "DAKSHIN" Mark, (ii) AGH had been running the restaurant at Chennai, under the DAKSHIN mark since April 1989 and (iii) AGH had continued to use the DAKSHIN mark even after the expiry of the OSA without mentioning any association with ITC. By dint of continuous user, holds the learned Single Judge, AGH had acquired goodwill in the DAKSHIN trademark and could not, therefore, be alleged to be riding on the goodwill of ITC.

51. Besides, holds the learned Single Judge, there was no evidence to show that any customer had associated AGH's Chennai-based Dakshin restaurant with ITC, or of any injury to ITC's goodwill or reputation as a result of running of the said restaurant.

52. Thus, holds the learned Single Judge, no *prima facie* case of passing off was made out.

53. The learned Single Judge has also accepted the plea of acquiescence, advanced by AGH. In doing so, the learned Single

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Judge has noted that AGH had been using the "DAKSHIN" Mark independently since 2015, even after the expiry of the OSA, with no objection by ITC at any point of time. AGH had also placed, on record, a certificate by its Chartered Accountant, indicating that, during the period 2016-2017 to 2023-2024, AGH had developed a sizeable turnover in respect of its DAKSHIN restaurant at Chennai.

54. ITC sought to rely, in response to the plea of acquiescence advanced by AGH, on the judgment of the Supreme Court in ***Midas Hygiene v. Sudhir Bhatia***[23]**.** The learned Single Judge holds the said decision not to be applicable, as the adoption of the mark DAKSHIN by AGH had not been found, by the learned Single Judge, to be dishonest, whereas the principle in ***Midas Hygiene*** applied in a case of a dishonest defendant.

55. The learned Single Judge holds, therefore, that, *prima facie*, the plea of acquiescence, advanced by AGH, was acceptable.

56. Proceeding, thereafter, to ITC's plea of copyright infringement, the learned Single Judge accepts AGH's submission that, unlike Section 31(1) of the Trade Marks Act, Section 48 of the Copyright Act only creates a presumption of authorship of the owner of the copyright over the copyrighted artistic work, which is rebuttable. In the present case, notes the learned Single Judge, the Copyright Registration Certificate notes the author of the Dakshin logo to be Indu Balachandran, who was an employee of HTA. By virtue of clause (c)

[23] **(2004) 3 SCC 90**

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of the proviso to Section 17[24] of the Copyright Act, therefore, HTA became the first owner of copyright in the Dakshin logo. Moreover, the Conceptualisation Note filed by AGH revealed that AGH had commissioned HTA to create the name for the newly opened restaurant in the Park Sheraton. As against this, ITC had placed nothing on record to indicate that HTA was commissioned by it.

57. In the circumstances, holds the learned Single Judge, the mere fact that the copyright registration certificate might have been issued in ITC's name would not suffice to prove ITC's ownership over the Dakshin logo, as an artistic work under the Copyright Act.

58. Besides, notes the learned Single Judge, relying on para 19 of the judgment of the Supreme Court in ***Brihan Karan Sugar Syndicate v. Yashwantrao Mohite Krushna Sahakari Sakhar Karkhana***[25], the defence of acquiescence would also apply to the plea of copyright infringement advanced by ITC.

59. The learned Single Judge finally holds that, keeping in mind the longevity of user, by AGH, of the "DAKSHIN" Mark, with no objection by ITC, the balance of convenience was also in AGH's favour. In this context, the learned Single Judge has relied on the judgment of the Supreme Court in ***Wander Ltd v. Antox (India) Pvt***

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[24] **17. First owner of copyright**.—Subject to the provisions of this Act, the author of a work shall be the first owner of the copyright therein:
Provided that—

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(*c*) in the case of a work made in the course of the author's employment under a contract of service or apprenticeship, to which clause (*a*) or clause (*b*) does not apply, the employer shall, in the absence of any agreement to the contrary, be the first owner of the copyright therein;

[25] **(2024) 2 SCC 577**

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Ltd[26], to hold that longevity of user of the disputed mark by the defendant is a factor which has to be taken into consideration while examining a plea for interim injunction.

C. Rival Contentions before us, and our view thereon

60. Having thus distilled the view of the learned Single Judge in the impugned judgment we, in order to avoid repetition and prolixity, propose to deal with the various submissions advanced before us by learned Counsel on both sides, seriatim.

I. Could the learned Single Judge have dealt with the dispute on merits, having found that he had no territorial jurisdiction in the matter?

61. The first issue which arises for consideration is whether, having held, *prima facie*, that he had no territorial jurisdiction to adjudicate on the dispute, the learned Single Judge could have proceeded to render an opinion on the merits of the case. ITC relies on para 2 of the judgment of the Supreme Court in ***Sathyanath v. Sarojamani***[27] and on the order of the Division Bench of this Court in ***Vikrant Chemico v. Shri Gopal Engineering***[28] to submit that he could not have done so.

62. The order in ***Vikrant Chemico*** merely contains certain tentative observations, while issuing notice in the appeal. We fail to understand, therefore, how it is being cited as a precedent.

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[26] **1990 (Supp) SCC 727**
[27] **(2022) 7 SCC 644**
[28] **MANU/DEOR/111427/2025**

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63. In advancing this contention, we are of the opinion that ITC has overlooked the fact that the judgment under challenge is in the nature of an interim order, disposing of an application under Order XXXIX of the CPC. The views expressed by the learned Single Judge are, therefore, necessarily interim and tentative in nature. They do not propose to decide, finally, any of the issues in controversy. Thus, even the view which is expressed on the aspect of territorial jurisdiction is a tentative view. In holding that this Court does not have territorial jurisdiction to adjudicate on the dispute, therefore, the learned Single Judge is merely expressing an interim and *prima facie* opinion. By its very nature, therefore, such an opinion would not foreclose discussion on all other aspects of the dispute. The aspect of territorial jurisdiction would itself remain open for further adjudication as the suit progresses. At the Order XXXIX stage, therefore, there can be no embargo on the learned Single Judge proposing to address the merits of the controversy, despite forming a *prima facie* opinion that the suit is not maintainable for want of territorial jurisdiction.

64. ***Sathyanath***, in fact, requires the decision to be taken by the Court on all issues, but merely states that, if the suit is bad for want of territorial jurisdiction, the aspect of territorial jurisdiction should ideally be decided as a preliminary issue. The decision can, therefore, have no impact on the aspect of whether, while adjudicating the application filed by ITC under Order XXXIX of the CPC, the learned Single Judge erred in rendering his view on the merits of the dispute, having held that he had, *prima facie*, no territorial jurisdiction.

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65. In fact, in a recent decision in ***Hemlata Eknath Pise v. Shubham Bahu-uddeshiya Sanstha Waddhama***[29], the Supreme Court has observed as under:

> "9. Law is pretty well-settled that when several issues arise for being answered by a Court in the facts of a given case, ideally, disposal thereof ought to be preceded by recording the Court's answers to each of such issues with reasons rather than the decision of the Court focusing on just one decisive point. This approach, apart from ensuring that all issues are considered providing clarity and assuring some sort of a finality, would respect the rights of the litigants to a comprehensive decision; also, if an appeal were carried from such decision, the appellate court would be benefitted by a reasoned decision of the original court."

66. In fact, Order XIV Rule 2(1)[30] of the CPC requires the Court to pronounce judgement on all issues even if a case can be disposed of on a preliminary issue. Rule 2(2)[31] of Order XIV merely clarifies that, if a case can be disposed of on a question of law, that issue may be tried and determined by the Court, and the suit proceeded with on the basis of such determination.

67. ITC also places reliance on the judgment of the Division Bench of this Court in ***Tata Sons v. Hakunamatata***[32]. That decision, to our mind, is entirely tangential to this issue. The issue before the Division Bench was as to whether a *prima facie* view could have been

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[29] **2026 SCC OnLine SC 193**

[30] **2. Court to pronounce judgment on all issues**.—
(1) Notwithstanding that a case may be disposed of on a preliminary issue, the Court shall, subject to the provisions of sub-rule (2), pronounce judgment on all issues.

[31] (2) Where issues both of law and of fact arise in the same suit, and the Court is of opinion that the case or any part thereof may be disposed of on an issue of law only, it may try that issue first if that issue relates to—
(a) the jurisdiction of the Court, or
(b) a bar to the suit created by any law for the time being in force,
and for that purpose may, if it thinks fit, postpone the settlement of the other issues until after that issue has been determined, and may deal with the suit in accordance with the decision on that issue.

[32] **2022 SCC OnLine Del 2968**

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expressed by the learned Single Judge on the aspect of territorial jurisdiction and, on that basis, relief denied under Order XXXIX of the CPC. The Division Bench held that, if the learned Single Judge was of the view that the suit was bad for want of territorial jurisdiction, the proper course of action available to him was to return the plaint under Order VII Rule 10 of the CPC, and not to proceed to dismiss the Order XXXIX application.

68. Incidentally, the view expressed in ***Tata Sons*** is directly contrary to the view expressed in para 23 of the judgment of an earlier Division Bench of this Court in ***Allied Blenders***, in which it was held as under:

> "Thus, while for the purposes of an examination under Order VII Rule 10, CPC, the court may come to the conclusion that it has territorial jurisdiction, this would not come in the way of the defendant in raising a question as to territorial jurisdiction, both when the issue of temporary injunction under Order XXXIX Rules 1 & 2, CPC is being considered and when an issue as to territorial jurisdiction is being decided in the course of trial of the suit. To put it differently, while a plaintiff may succeed in demonstrating, for the purposes of Order VII Rule 10 CPC that this court has territorial jurisdiction and that the plaint ought not to be returned, he may fail in obtaining an order of interim injunction on the ground that the plaintiff's entitlement is itself shaky because the issue of territorial jurisdiction is highly debatable and prima tenable. *Therefore, the decision of the court in putting down an objection of the defendant and in rejecting the defendant's prayer for return of the plaint under Order VII Rule 10, CPC, would not come in the way of the defendant raising the question of territorial jurisdiction, both as an objection to the grant of an interim injunction as also at the time of decision of the issue of territorial jurisdiction, if framed, at the time of trial of the suit.*"
>
> (Emphasis supplied)

The attention of the Division Bench in ***Tata Sons*** does not appear to have been drawn to the earlier decision in ***Allied Blenders***.

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69. We, therefore, do not find any infirmity in the decision of the learned Single Judge to also pronounce, *prima facie*, on the merits of the dispute, even after holding, *prima facie*, that the suit was bad for want of territorial jurisdiction.

II. Scope of interference – ***Wander*** and thereafter

70. We are sitting in appeal over a judgment of a learned Single Judge rendered under Order XXXIX of the CPC. Three decisions of the Supreme Court have clearly demarcated the boundaries of appellate jurisdiction in such cases.

71. ***Wander*** states the law thus:

> "14. The appeals before the Division Bench were against the exercise of discretion by the Single Judge. In such appeals, *the appellate court will not interfere with the exercise of discretion of the court of first instance and substitute its own discretion except where the discretion has been shown to have been exercised arbitrarily, or capriciously or perversely or where the court had ignored the settled principles of law regulating grant or refusal of interlocutory injunctions. An appeal against exercise of discretion is said to be an appeal on principle. Appellate court will not reassess the material and seek to reach a conclusion different from the one reached by the court below if the one reached by that court was reasonably possible on the material. The appellate court would normally not be justified in interfering with the exercise of discretion under appeal solely on the ground that if it had considered the matter at the trial stage it would have come to a contrary conclusion. If the discretion has been exercised by the trial court reasonably and in a judicial manner the fact that the appellate court would have taken a different view may not justify interference with the trial court's exercise of discretion.* After referring to these principles Gajendragadkar, J. in ***Printers (Mysore) Private Ltd. v. Pothan Joseph***[33]:

[33] **AIR 1960 SC 1156**

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> "... These principles are well established, but as has been observed by Viscount Simon in ***Charles Osenton & Co. v. Jhanaton***[34] '...the law as to the reversal by a court of appeal of an order made by a judge below in the exercise of his discretion is well established, and any difficulty that arises is due only to the application of well settled principles in an individual case'."

72. ***Ramakant Ambalal Choksi v. Harish Ambalal Choksi***[35] reiterated the position in greater detail:

> 20. The law in relation to the scope of an appeal against grant or non-grant of interim injunction was laid down by this Court in ***Wander Ltd. v. Antox India (P) Ltd.*** Antox brought an action of passing off against Wander with respect to the mark Cal-De-Ce. The trial court declined Antox's plea for an interim injunction, however, on appeal the High Court reversed the findings of the trial Judge. This Court, upon due consideration of the matter, took notice of two egregious errors said to have been committed by the High Court:
>
> > (a) *First*, as regards the scope and nature of the appeals before it and the limitations on the powers of the appellate court to substitute its own discretion in an appeal preferred against a discretionary order; and
> >
> > (b) *Secondly*, the weakness in ratiocination as to the quality of Antox's alleged user of the trade mark on which the passing off action is founded.
>
> 21. With regard to (a), this Court held thus:
>
> > "14. … In such appeals, the appellate court will not interfere with the exercise of discretion of the court of the first instance and substitute its own discretion, except where the discretion has been shown to have been exercised arbitrarily or capriciously or perversely, or where the court had ignored the settled principles of law regulating grant or refusal of interlocutory injunctions. … The appellate court will not reassess the material and seek to reach a conclusion different from the one reached by the court below.… If the discretion has been exercised by the trial court reasonably and in a judicial manner the fact that the appellate court would have taken a different view may

[34] **1942 AC 130**
[35] **(2024) 11 SCC 351**

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not justify interference with the trial court's exercise of discretion."

22. This Court, while arriving at the above findings, relied on its earlier judgment in ***Printers (Mysore) (P) Ltd. v. Pothan Joseph***, wherein it was held thus:

> "9. … as has been observed by Viscount Simon LC in ***Charles Osenton & Co. v. Johnston***, the law as to reversal by a court of appeal of an order made by a Judge below in the exercise of his/her discretion is well established, and any difficulty that arises is due only to the application of well-settled principles in an individual case."

23. It is pertinent to note that in ***Printers*** this Court had held that ignoring relevant facts is also a ground for interfering with the discretion exercised by the trial court. Furthermore, Viscount Simon LC in ***Charles Osenton & Co. v. Johnston***, after stating the above, went on to quote Lord Wright's decision in ***Evans v. Bartlam***[36]:

> "… It is clear that the court of appeal should not interfere with the discretion of a judge acting within his jurisdiction unless the Court is clearly satisfied that he was wrong. But the court is not entitled simply to say that if the judge had jurisdiction and had all the facts before him, the court of appeal cannot review his order unless he is shown to have applied a wrong principle. The court must, if necessary, examine anew the relevant facts and circumstances in order to exercise a discretion by way of review which may reverse or vary the order."

24. In ***Evans***, Lord Wright made it clear that while adjudicating upon the discretion exercised by the trial court, the appellate court is obliged to consider the case put forward by the appellant in favour of its argument that the trial court exercised its discretion arbitrarily or incorrectly in the circumstances.

25. What flows from a plain reading of the decisions in ***Evans*** and ***Charles Osenton*** is that an appellate court, even while deciding an appeal against a discretionary order granting an interim injunction, has to:

> (a) Examine whether the discretion has been properly exercised i.e. examine whether the discretion exercised is

[36] **1937 AC 473 (HL)**

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not arbitrary, capricious or contrary to the principles of law; and

(b) In addition to the above, an appellate court may in a given case have to adjudicate on facts even in such discretionary orders.

26. The principles of law explained by this Court in ***Wander*** have been reiterated in a number of subsequent decisions of this Court. However, over a period of time the test laid down by this Court as regards the scope of interference has been made more stringent. The emphasis is now more on perversity rather than a mere error of fact or law in the order granting injunction pending the final adjudication of the suit.

27. In ***Neon Laboratories Ltd. v. Medical Technologies Ltd.***[37], this Court held that the appellate court should not flimsily, whimsically or lightly interfere in the exercise of discretion by a subordinate court unless such exercise is palpably perverse. Perversity can pertain to the understanding of law or the appreciation of pleadings or evidence. In other words, the Court took the view that to interfere against an order granting or declining to grant a temporary injunction, perversity has to be demonstrated in the finding of the trial court.

28. In ***Mohd. Mehtab Khan v. Khushnuma Ibrahim Khan***[38], this Court emphasised on the principles laid down in ***Wander*** and observed that while the view taken by the appellate court may be an equally possible view, the mere possibility of taking such a view must not form the basis for setting aside the decision arrived at by the trial court in exercise of its discretion under Order 39CPC. The basis for substituting the view of the trial court should be mala fides, capriciousness, arbitrariness or perversity in the order of the trial court. The relevant observations are extracted below:

> "*20. In a situation where the learned trial court on a consideration of the respective cases of the parties and the documents laid before it was of the view that the entitlement of the plaintiffs to an order of interim mandatory injunction was in serious doubt, the appellate court could not have interfered with the exercise of discretion by the learned trial Judge unless such exercise was found to be palpably incorrect or untenable. The reasons that weighed with the learned trial Judge, as already noticed, according to us, do not indicate that the view taken is not a possible view. The appellate court,*

[37] **(2016) 2 SCC 672**
[38] **(2013) 9 SCC 221**

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> *therefore, should not have substituted its views in the matter merely on the ground that in its opinion the facts of the case call for a different conclusion. Such an exercise is not the correct parameter for exercise of jurisdiction while hearing an appeal against a discretionary order*. While we must not be understood to have said that the appellate court was wrong in its conclusions what is sought to be emphasised is that as long as the view of the trial court was a possible view the appellate court should not have interfered with the same following the virtually settled principles of law in this regard as laid down by this Court in ***Wander Ltd. v. Antox India (P) Ltd***."
>
> (emphasis supplied)

29. This Court in ***Shyam Sel & Power Ltd. v. Shyam Steel Industries Ltd.***[39] observed that the hierarchy of the trial court and the appellate court exists so that the trial court exercises its discretion upon the settled principles of law. An appellate court, after the findings of the trial court are recorded, has an advantage of appreciating the view taken by the trial Judge and examining the correctness or otherwise thereof within the limited area available. It further observed that if the appellate court itself decides the matters required to be decided by the trial court, there would be no necessity to have the hierarchy of courts.

30. This Court in ***Monsanto Technology LLC v. Nuziveedu Seeds Ltd.***[40], observed that the appellate court should not usurp the jurisdiction of the Single Judge to decide as to whether the tests of prima facie case, balance of convenience and irreparable injury are made out in the case or not.

31. The appellate court in an appeal from an interlocutory order granting or declining to grant interim injunction is only required to adjudicate the validity of such order applying the well-settled principles governing the scope of jurisdiction of the appellate court under Order 43 CPC which have been reiterated in various other decisions of this Court. The appellate court should not assume unlimited jurisdiction and should guide its powers within the contours laid down in ***Wander***."

Thus, ***Ramakant Ambalal Choksi*** seems, at least facially, to restrict the scope of interference, in appeal, with a discretionary order passed under Order XXXIX of the CPC, to cases of perversity.

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[39] **(2023) 1 SCC 634**
[40] **(2019) 3 SCC 381**

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73. Even more recently, the Supreme Court, after reiterating ***Wander***, observed, apropos ***Ramakant Ambalal Choksi***, thus, in ***Pernod Ricard India (P) Ltd v. Karanveer Singh Chhabra***[41]:

> "19.10. In a more recent decision in ***Ramakant Ambalal Choksi v. Harish Ambalal Choksi***, this Court reaffirmed the narrow scope of appellate interference with orders granting or refusing interlocutory injunctions. It was held that unless the discretion exercised by the trial court is shown to be perverse, arbitrary, or capricious, appellate courts ought not to substitute their views."

74. We intend to restrict our appellate peregrinations to the boundaries drawn by ***Wander***, ***Ramakant Ambalal Choksi*** and ***Pernod Ricard***.

III. Re. territorial jurisdiction

75. We now turn to the aspect of territorial jurisdiction. The learned Single Judge has held that the suit instituted by ITC is, *prima facie*, bad for want of territorial jurisdiction. Mr. Arvind Nigam, for ITC, has contested this finding, while Mr. Ramanujan, for AGH, seeks to support it.

IIIA. Section 134 would not apply, as the suit can lie only for passing off

76. No action for infringement can lie against the proprietor of a registered trade mark, in view of Section 28(3) and Section 30(2)(e) of

[41] **2025 SCC OnLine SC 1701**

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the Trade Marks Act. This position also stands settled by the judgment of the Supreme Court in ***S. Syed Mohideen v. P. Sulochana Bai***[42] and the judgment of the Division Bench of this Court in ***Vaidya Rishi India Health Pvt Ltd v. Suresh Dutt Parashar***[43]. However, an action for passing off does lie against the proprietor of a registered trade mark. This position was not, in fact, seriously disputed by either side.

77. Section 134(1) envisages institution of suits for infringement of a registered trademark [in clause (a)], relating to any right in a registered trade mark [in clause (b)], and for passing off [in clause (c)], before a court not inferior to the District Court. Section 134(2), which permits such a suit to be instituted before the Court where the plaintiff voluntarily recides, carries on business or personally works again, is restricted to suits falling within clauses (a) and (b) of Section 134(1). As such, the latitude to file the suit before the Court within whose jurisdiction the plaintiff resides or carries on business, as is provided in Section 134(2), does not extend to suits which are only for passing off.

78. Territorial jurisdiction, in the case of passing off suits has, therefore, to be assessed on the basis of Section 20[44] of the CPC.

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[42] **(2016) 2 SCC 683**

[43] **2025 SCC OnLine Del 6147**

[44] **20. Other suits to be instituted where defendants reside or cause of action arises**.—
Subject to the limitations aforesaid, every suit shall be instituted in a Court within the local limits of whose jurisdiction—

(*a*) the defendant, or each of the defendants where there are more than one, at the time of the commencement of the suit, actually and voluntarily resides, or carries on business, or personally works for gain; or

(*b*) any of the defendants, where there are more than one, at the time of the commencement of the suit, actually and voluntarily resides, or carries on business, or personally works for gain, provided that in such case either the leave of the Court is given, or the defendants who do not reside, or carry on business, or personally work for gain, as aforesaid, acquiesce in such institution; or

(*c*) the cause of action, wholly or in part, arises.

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79. We, therefore, agree with Mr. Ramanujan in his contention that Section 134 of the Trade Marks Act cannot operate to justify the filing, by ITC, of the present suit before this Court. ITC cannot, therefore, seek to justify the filing of the suit before this Court on the ground that it is carrying on business, by way of operating its Dakshin restaurant, within the territorial jurisdiction of this Court.

IIIB. Submissions of Mr Nigam

80. We proceed, now, to enumerate the submissions of Mr. Nigam and Mr. Ramanujan, on the aspect of territorial jurisdiction.

81. Mr. Nigam would contend that the suit lies before this Court, for the following reasons:

(i) ITC was carrying on business, in Delhi, through its Dakshin restaurant. As such, the cause of action for instituting the suit has arisen within the territorial jurisdiction of this Court.

(ii) AGH was also carrying on business in Delhi by offering its services for sale through e-commerce websites such as Zomato. It was possible, over the Zomato website, to book a table at the Chennai Dakshin restaurant of AGH. Reliance was

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* * *

Explanation—A corporation shall be deemed to carry on business at its sole or principal office in India or, in respect of any cause of action arising at any place where it has also a subordinate office, at such place.

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placed, for this purpose, on an affidavit dated 14 April 2025 of Mr. Sumit Bothra of ITC, placed on record by ITC before the learned Single Judge. The affidavit indicated that AGH was not merely providing services at its Chennai Dakshin restaurant over the Zomato e-commerce platform, but was also responding to critical comments and reviews of customers posted on the platform.

(iii) AGH had also publicised, over social media platforms and through its advertisements, that the Chennai Dakshin restaurant of AGH was a resurgence/revival of ITC's original Dakshin restaurant. This advertisement resulted in creating confusion and deception among the consumers who visited ITC's Dakshin restaurants situated elsewhere in India, including Delhi.

(iv) AGH's Dakshin restaurant had a "looming online presence" extending to Delhi.

(v) The dynamic effect of the act of infringement/passing off, of AGH, was also felt in Delhi, where there was imminent threat to ITC's goodwill and reputation owing to consumers associating ITC's Dakshin restaurants with the Dakshin restaurant run by AGH at Chennai.

(vi) The Division Bench of this Court has, in ***Diamond Modular (P) Ltd v. Vikash Kumar***[45], held that an infringement suit would lie wherever the services of the defendant can be

[45] **2025 SCC OnLine Del 3755**

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accessed and use of the mark seen by way of advertising or promotion.

(vii) AGH was using the deduction mark within Delhi by way of

(a) online presence,

(b) social media listings and promotions,

(c) online delivery,

(d) private catering and

(e) option to make a reservation at the restaurant over e-commerce platforms.

(viii) The Division Bench of this Court has, in ***Kohinoor Seed Fields***, held that the possibility of placing orders over an e-commerce platform was sufficient to vest a Court with territorial jurisdiction.

(ix) AGH was, in the present case, carrying on business within the territorial jurisdiction of this Court, in view of the understanding of the concept in the judgment of the Division Bench in ***World Wrestling Entertainment v. Reshma Collection***[46].

(x) ITC has a legitimate apprehension that AGH would expand its activities, with respect to the Dakshin restaurant, to other cities. In fact, AGH had actually started catering and private dining services, which were available across the

[46] **2014 SCC OnLine Del 2031**

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country, and ceased doing so only after an undertaking was provided to the Division Bench of this Court on 24 February 2025. Moreover, AGH had, in its reply to IA 3768/2025 filed by ITC before the learned Single Judge under Order XXXIX of the CPC, stated that it was not going to confine its activities to Chennai.

(xi) The learned Single Judge has misapplied the decision of the Division Bench in ***Ultra Homes Construction***, on the ground that ITC has a subordinate office at Chennai. In so observing, the learned Single Judge has omitted to notice the fact that no part of the cause of action, in the present case, arose at Chennai.

82. Ergo, submits Mr. Nigam, the learned Single Judge has erred in holding that the suit instituted by ITC would not lie within the territorial jurisdiction of this Court.

IIIC. Submissions of Mr. Ramanujan

83. Mr. Ramanujan advances the following contentions by way of response to Mr. Nigam:

(i) The "dynamic effect" principle applies only to rectification petitions under Sections 47 or 57 of the Trade Marks Act, and it was in this context that the principle had been applied by this Court in ***Girdhari Lal Gupta***.

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(ii) No part of the cause of action has, in the present case, arisen within the territorial jurisdiction of this Court.

(iii) AGH has no presence in Delhi.

(iv) AGH does not target any patrons in Delhi.

(v) No commercial transaction, in respect of the Chennai Dakshin restaurant of AGH, can be concluded over any e-commerce platform, including making of a reservation or delivery of food or availing of dining facilities.

(vi) AGH has no website of its own.

(vii) The mere accessibility of listings of AGH, online, in Delhi, would not clothe this Court with territorial jurisdiction.

(viii) ***Tata Sons***, in fact, clearly holds that a court, within whose jurisdiction the defendant targets customers, could adjudicate on the dispute. "Targeting" is understood, in the said decision, as the ability to conclude a commercial transaction. In ***World Wrestling Entertainment***, the interactive website of the plaintiff permitted commercial transactions to be concluded in Delhi. The ability to conclude a commercial transaction was also treated as the definitive test by the Division Bench of this Court in ***Kohinoor Seed Fields***. As no commercial transaction, with respect to the Chennai Dakshin restaurant of AGH, could be concluded within the territorial jurisdiction of this Court, the

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invocation of such territorial jurisdiction could not be justified under Section 20(a) of the CPC.

(ix) The "Order Online" link on the Zomato e-commerce platform worked only if "Chennai" was selected as the drop-down option on the website.

(x) This Court has held, in para 19 of ***Kohinoor Seed Fields***, para 42 of ***Banyan Tree*** and paras 2, 8, 10, 19, 22 and 23 of ***World Wrestling Entertainment***, that the ability to obtain goods or avail of services, even if over a website, as could be availed in a brick and mortar store, was the *sine qua non* for a Court to exercise territorial jurisdiction in an infringement of passing off action. No goods or services, pertaining to AGH's Chennai Dakshin restaurant, could be sourced or availed in Delhi. There was no pleading to the effect that AGH was delivering any goods in Delhi. AGH provided dine-in services only in Chennai.

(xi) No private catering services, which could be availed within the territorial jurisdiction of this Court, were provided by AGH. No such services were advertised in Delhi. Even third-party listings referred to providing of such services only in Chennai.

(xii) There was, therefore, no evidence of any injury having been suffered by ITC's Dakshin restaurant at Delhi, or of ITC having a reasonable apprehension of suffering any such injury,

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within the territorial jurisdiction of this Court, as a result of the use, by AGH, of the DAKSHIN trademark.

(xiii) No dynamic effect of the act of AGH was, therefore, felt by ITC within the territorial jurisdiction of this Court.

(xiv) That apart, applying the law laid down by the Supreme Court in ***IPRS*** and by the Division Bench of this Court in ***Ultra Home Constructions***, ITC would have to file the suit at Chennai, inasmuch as it had a subordinate office at Chennai and the cause of action had arisen within Chennai.

(xv) At the highest, the suit could be instituted in Kolkata, as ITC has its principal place of business in Kolkata.

84. Mr Ramanujan submits, therefore, that the learned Single Judge was justified in holding that the suit instituted by ITC would not lie before this Court.

IIID. Our view

85. As already noticed, the aspect of territorial jurisdiction has to be tested on the anvil of Section 20 of the CPC.

86. Clause (b) of Section 20 obviously does not apply. As such, it has to be seen whether the suit would lie before this Court under clauses (a) or (c) of Section 20.

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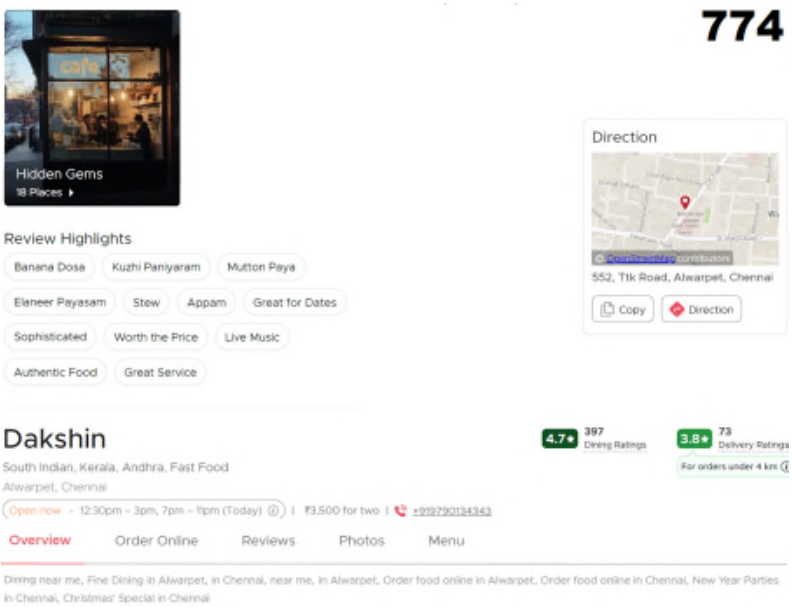
87. Section 20(a) would apply if AGH actually and voluntarily resides, or carries on business, or personally works for gain, within the territorial jurisdiction of this Court.

88. There is no dispute that AGH's Chennai Dakshin restaurant has no branch or outlet in Delhi and that it is not physically possible to avail the services provided in the Chennai Dakshin restaurant from Delhi. ITC seeks to contend, however, that AGH has purposefully availed the jurisdiction of this Court by making its services available on e-commerce websites such as Zomato. It is specifically contended that, on Zomato, there is an "Order Online" link, through which the services provided in the Chennai Dakshin restaurant of AGH could be accessed and availed in Delhi. For ease of understanding, we deem it appropriate to reproduce the following screenshot of the website from the Zomato e-commerce platform, on which ITC places reliance:



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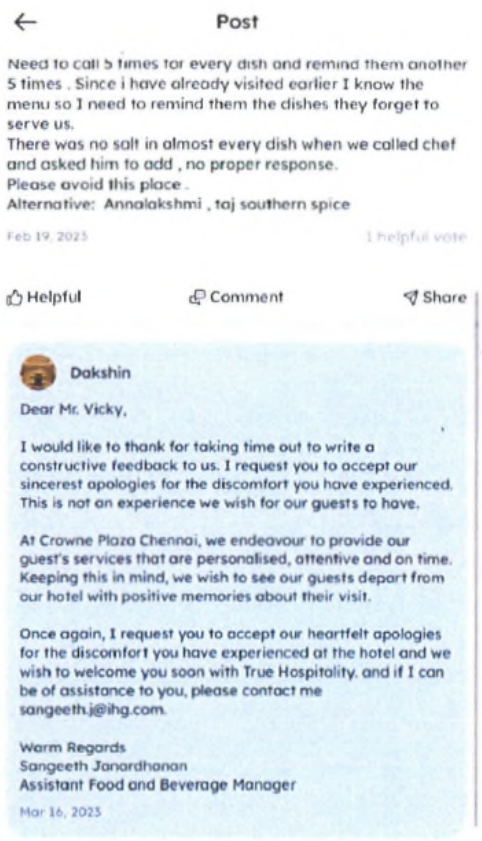
89. The Zomato website of the Chennai Dakshin restaurant of AGH is, needless to say, accessible in Delhi. Mr. Nigam's contention is that the availability of the "Order Online" link on the website indicates that, sitting in Delhi, it is possible to order the services provided at the Chennai Dakshin restaurant of AGH through this link.

90. Mr. Nigam has also placed reliance on the fact that AGH was in fact responding, on the same Zomato e-commerce platform, to comments of persons who had dined at the Chennai Dakshin restaurant and were dissatisfied. By way of an example, the following screenshots have been filed by ITC, in para 7 of an affidavit dated 14 April 2025, filed by ITC in the suit:



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91. We may note, here, that the affidavit dated 14 April 2025, filed by ITC, incorporating the above details, regarding the possibility of placing of an order online over the Zomato e-commerce platform, and the responding, by AGH, to queries and comments posted on the platform, was not filed pursuant to any order passed by the learned Single Judge in the suit. The opening paragraph of the affidavit reveals that the assertions contained therein were intended to clarify the factual position, following the arguments which had taken place in Court on 15 April 2025. There is no order, by the learned Single Judge, taking the affidavit on record.

92. We may not, therefore, ordinarily have been inclined to allow Mr. Nigam to place reliance on the assertions contained in the affidavit. However, he has done so, and Mr. Ramanujan has not objected. Rather, in its written submissions, AGH has addressed the argument that the services at the Chennai Dakshin restaurant could be availed through the Zomato e-commerce platform. In response, however, all that AGH says is that it was not possible to conclude a commercial transaction with the Chennai Dakshin restaurant over the Zomato platform.

93. Mr. Nigam contends that, by making such services available, AGH has purposefully availed the jurisdiction of this Court and cannot, therefore, complain about the suit having been instituted here.

94. This Bench has had an occasion to deal, in detail with the evolution of the law relating to territorial jurisdiction, from ***Banyan***

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Tree Holding to ***World Wrestling Entertainment*** to ***Ultra Home Construction*** and ***Tata Sons***, in our decisions in ***Kohinoor Seed Fields*** and, later, ***Sauss Home Products (P) Ltd v. Reckitt Benckiser India Pvt Ltd***[47]. The prevailing legal position, following these decisions, is that, if it is possible to access and avail the goods or services of the defendant online, irrespective of whether the platform or the website over which this is possible is hosted by the defendant or by a third party, then the defendant would be deemed to be carrying on business within the jurisdiction of every court, within whose jurisdiction such access is possible.

95. The learned Single Judge has dealt with this aspect in para 45 of the impugned judgment, thus:

> "45. In the present case also, the plaintiffs claim that the reservation for the defendant's restaurant in Chennai can be made sitting in Delhi and in this regard, they have filed an affidavit dated 21st April, 2025. *Even though a reservation/booking can be made through an e-commerce website, but the person would have to visit the restaurant to avail its services and conclude a commercial transaction. Despite making a reservation, a customer may not visit the restaurant or may even cancel the reservation. Therefore, the commercial transaction cannot be linked to reservation. The 'commercial transaction' would take place when the customers physically dine in the restaurant in Chennai and make payment for the same there. It is not the case of the plaintiffs that the defendant is delivering food in Delhi on the basis of orders placed through any e-commerce platforms. Hence, it cannot be said that any commercial transaction takes place in Delhi* or that there is specific targeting of consumers in Delhi through the website."
>
> (Emphasis supplied)

96. The learned Single Judge has, therefore, adverted to the affidavit dated 21 April 2025 filed by ITC. In that affidavit, there is a

[47] **2026 SCC OnLine Del 937**

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specific assertion that, against an order which was placed on the Chennai Dakshin restaurant of AGH from Delhi, a customer visited the restaurant at Chennai and dined there.

97. We are unable to endorse the view, expressed by the learned Single Judge, that a commercial transaction would be concluded only when a person physically dined at the restaurant in Chennai. There is no substantial rebuttal, by Mr. Ramanujan, or in the submissions placed on record by AGH, to Mr. Nigam's assertion that, by accessing the "Order Online" link on the Zomato webpage of the Chennai Dakshin restaurant of AGH, it was possible to reserve a table at the restaurant, where someone could physically dine. In such circumstances, ITC, to our mind, has *prima facie* discharged its onus to demonstrate that AGH was carrying on business relating to its Chennai Dakshin restaurant at Delhi and, in fact, at every place where the Zomato page could be accessed and a reservation booked using the "Order Online" link.

98. As per the law which has developed over the decisions in ***Banyan Tree Holding***, ***World Wrestling Entertainment***, ***Ultra Home Construction***, ***Tata Sons***, ***Kohinoor Seed Fields*** and ***Sauss Home Products***, among others, interactive accessibility is the key to determining territorial jurisdiction. The accessibility must be interactive. In other words, a mere webpage which provides information, and with which it is not possible to interact but only to learn about the goods or services of a defendant, may not confer jurisdiction over a Court from within whose jurisdiction the website can be accessed. However, if the website is interactive and, more

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particularly, if it is possible to conclude a commercial transaction over the website, territorial jurisdiction would *prima facie* exist.

99. At the Order XXXIX stage, a plaintiff is only required to *prima facie* demonstrate the existence of territorial jurisdiction. In view of the fact that there is, on the Zomato webpage of the Dakshin restaurant of AGH, admittedly a link which reads "Order Online", in the absence of any sufficient or satisfactory rebuttal by AGH, it has to be held that ITC has discharged its *prima facie* onus to demonstrate the fact that AGH is, apropos its Dakshin restaurant, carrying on business within the jurisdiction of this Court.

100. This position is fortified by the responses given by AGH to the critical reviews of certain customers, who visited the Dakshin restaurant and were not satisfied with the services provided there. In this regard, the finding of the learned Single Judge, in para 47 of the impugned judgment, reads thus:

> "47. The plaintiffs have only placed on record some negative reviews by the customers who visited the defendant's restaurant in Chennai. Nothing has been placed on record to show that the reputation/goodwill of the plaintiffs' restaurant in Delhi was adversely affected by the customer reviews in relation to the defendant's restaurant in Chennai. There is nothing to show that any of the plaintiffs' customers associated the defendant's restaurant with that of the plaintiffs."

101. We are of the opinion that, in para 47, the learned Single Judge has erroneously conflated the considerations which guide clause (a) with those which guide clause (c) of Section 20 of the CPC. The observation that the negative reviews placed by customers on the

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Zomato webpage of the Chennai Dakshin restaurant of AGH were not shown to have adversely affected the reputation of ITC's Dakshin restaurant at Delhi may be a consideration which is relevant to examine whether any part of the cause of action has arisen at Delhi, as envisaged by Section 20(c). It is not, however, relevant while examining the aspect of whether AGH was, with respect to its Dakshin restaurant, "carrying on business" within the meaning of Section 20(a) of the CPC, within the territorial jurisdiction of this Court.

102. The fact that AGH was responding to adverse reviews placed by customers on the Zomato webpage fortifies our conclusion that there was meaningful interaction by AGH, with respect to the services provided at its Dakshin restaurant in Chennai, over the Zomato webpage, irrespective of where the customer was located. This would additionally confer jurisdiction on this Court, being a Court within whose jurisdiction such interaction was possible with AGH.

103. We are, therefore, *prima facie* of the view that ITC was entitled to invoke the territorial jurisdiction of this Court, by virtue of Section 20(a) of the CPC, as, by providing services over the e-commerce platform Zomato, which could be accessed and availed by customers located in Delhi, AGH has, with respect to its Dakshin restaurant, purposefully availed the jurisdiction of this Court.

104. We now turn to Section 20(c) of the CPC.

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105. ITC has also sought to justify the invocation of the territorial jurisdiction of this Court on the basis of Section 20(c) of the CPC. Section 20(c) allows a suit to be filed before every court within the local limits of whose jurisdiction the cause of action arises, wholly or in part. For this purpose, ITC has sought to press, into service, the "dynamic effect" principle. It is sought to be contended that, as a consumer would be inclined to associate the Dakshin outlets of ITC, including that at Delhi, with the Dakshin outlet of AGH at Chennai, it results in confusion and deception and, therefore, the cause of action to institute the suit arises at every place where ITC has a Dakshin outlet, including Delhi.

106. The learned Single Judge has ruled that the "dynamic effect" principle applies only to rectification petitions. We find no basis for this assumption. No doubt, in earlier decisions, the Court may have applied the "dynamic effect" principle in rectification actions; that would not, however, constitute the basis to hold that the principle applies only in cases of rectification.

107. We do not feel, however, that it is necessary to advert to any "dynamic effect" principle. Section 20(c) refers to the "cause of action". Every Court, within whose jurisdiction the whole, or part, of the cause of action, arises, can be approached by way of an infringement or passing off proceeding.

108. The "cause of action", it is well-settled, refers to the bundle of facts which, if traversed, a plaintiff would have to establish in order to

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succeed in a suit.[48] In a passing off action, the three main ingredients are goodwill, misrepresentation by the defendant, and damage which arises to the plaintiff as a result of such misrepresentation.[49] The fact that the Dakshin outlet of AGH is situated in Chennai, and has no branches or outlets elsewhere cannot, therefore, be determinative of whether a part of the cause of action has arisen outside Chennai. If, because of the use of the DAKSHIN mark by AGH at Chennai, injury or damage is suffered by a plaintiff elsewhere, the suit could be legally instituted at such other place as well.

109. To succeed in a passing off action, ITC would have to establish, *inter alia*, that it has suffered damage – or injury – owing to AGH's use of the DAKSHIN mark. One of the facts that ITC would have to prove is, therefore, the existence of such injury or damage. AGH has, in fact, specifically raised, as a defence, the plea that ITC has *not* suffered any injury as a result of the use of the DAKSHIN mark by AGH. One of the facts which ITC would have to establish to succeed in its suit is, therefore, the suffering of injury by it. This, therefore, becomes part of the "cause of action" – in fact an inescapable part thereof – for instituting the suit.

110. ITC has no Dakshin outlet at Chennai. The functioning of the Dakshin restaurant by AGH at Chennai does not, therefore, result in any injury to ITC at Chennai. ITC's contention is that the association which a customer who visits a Dakshin outlet of ITC located in another city, with the Chennai Dakshin outlet of AGH, makes, results

[48] Refer **A.B.C Laminart Pvt Ltd. v. A.P. Agencies, Salem, AIR 1989 SC 1239, South East Asia Shipping Co. Ltd v. Nav Bharat Enterprises (P) Ltd., (1996) 3 SCC 443**
[49] Refer **Pernod Ricard v. Karanveer Singh Chhabra 2025 SCC OnLine SC 1701**, **Colgate Palmolive v. Hindustan Lever, (1997) 7 SCC 1**

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in confusion and brand dilution of ITC's Dakshin brand. Such association would necessarily be made only at the place, and in the city, where ITC has its Dakshin outlet. The injury that ITC would suffer would also be where ITC's Dakshin outlets operate.

111. Mr. Nigam is, therefore, correct in his submission that the entire cause of action, insofar as ITC's grievance is concerned, arose outside Chennai and, *inter alia*, at Delhi.

112. Whether, in fact, the opening and running of the Dakshin restaurant by AGH at Chennai result in any injury to ITC, or to its Dakshin restaurant at Delhi, or does not so result, is a matter of trial, which would have to be established by ITC in evidence. That cannot constitute a determinative consideration, at least at the Order XXXIX stage, while examining the *prima facie* aspect of existence of territorial jurisdiction. Inasmuch as the Dakshin outlet of ITC is located in Delhi, it cannot be said that no part of the cause of action has arisen in Delhi.

113. Mr. Ramanujan also sought to contend that, even if a part of the cause of action has arisen at Delhi, a part has also arisen at Chennai. In such circumstances, he submits that the judgment of the Supreme Court in ***IPRS***, and the judgment of the Division Bench of this Court in ***Ultra Home Construction***, would require the suit to be instituted at Chennai, and not at Delhi.

114. Paras 18 to 20, 25 and 26 of ***IPRS*** read as under:

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"18. On a due and anxious consideration of the provisions contained in Section 20 CPC, Section 62 of the Copyright Act and Section 134 of the Trade Marks Act, and the object with which the latter provisions have been enacted, it is clear that if a cause of action has arisen wholly or in part, where the plaintiff is residing or having its principal office/carries on business or personally works for gain, the suit can be filed at such place(s). The plaintiff(s) can also institute a suit at a place where he is residing, carrying on business or personally works for gain dehors the fact that the cause of action has not arisen at a place where he/they are residing or any one of them is residing, carries on business or personally works for gain. However, *this right to institute suit at such a place has to be read subject to certain restrictions, such as in case the plaintiff is residing or carrying on business at a particular place/having its head office and at such place cause of action has also arisen wholly or in part, the plaintiff cannot ignore such a place under the guise that he is carrying on business at other far-flung places also*. The very intendment of the insertion of provision in the Copyright Act and the Trade Marks Act is the convenience of the plaintiff. The rule of convenience of the parties has been given a statutory expression in Section 20 CPC as well. The interpretation of provisions has to be such which prevents the mischief of causing inconvenience to the parties.

19. The intendment of the aforesaid provisions inserted in the Copyright Act and the Trade Marks Act is to provide a forum to the plaintiff where he is residing, carrying on business or personally works for gain. The object is to ensure that the plaintiff is not deterred from instituting infringement proceedings "because the court in which proceedings are to be instituted is at a considerable distance from the place of their ordinary residence". The impediment created to the plaintiff by Section 20 CPC of going to a place where it was not having ordinary residence or principal place of business was sought to be removed by virtue of the aforesaid provisions of the Copyright Act and the Trade Marks Act. Where the corporation is having ordinary residence/principal place of business and cause of action has also arisen at that place, it has to institute a suit at the said place and not at other places. *The provisions of Section 62 of the Copyright Act and Section 134 of the Trade Marks Act never intended to operate in the field where the plaintiff is having its principal place of business at a particular place and the cause of action has also arisen at that place so as to enable it to file a suit at a distant place where its subordinate office is situated though at such place no cause of action has arisen*. Such interpretation would cause great harm and would be juxtaposed to the very legislative intendment of the provisions so enacted.

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20. In our opinion, in a case where the 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.

*****

25. Considering the first aspect of the aforesaid principle, the common law which was existing before the provisions of law were passed was Section 20 CPC. It did not provide for the plaintiff to institute a suit except in accordance with the provisions contained in Section 20. The defect in existing law was inconvenience/deterrence caused to the authors suffering from financial constraints on account of having to vindicate their intellectual property rights at a place far away from their residence or the place of their business. The said mischief or defect in the existing law which did not provide for the plaintiff to sue at a place where he ordinarily resides or carries on business or personally works for gain, was sought to be removed. Hence, the remedy was provided by incorporating the provisions of Section 62 of the Copyright Act. The provisions enabled the plaintiff or any of them to file a suit at the aforesaid places. But if they were residing or carrying on business or personally worked for gain already at such place, where cause of action has arisen, wholly or in part, the said provisions have not provided additional remedy to them to file a suit at a different place. The said provisions never intended to operate in that field. The operation of the provisions was limited and their objective was clearly to enable the plaintiff to file a suit at the place where he is ordinarily residing or carrying on business, etc. as enumerated above, not to go away from such places. The legislature has never intended that the plaintiff should not institute the suit where he ordinarily resides or at its head office or registered office or where he otherwise carries on business or personally works for gain where the cause of action too has arisen and should drag the defendant to a subordinate office or other place of business which is at a far distant place under the guise of the fact that the plaintiff corporation is carrying on business through branch or otherwise at such other place also. If such an interpretation is permitted, as rightly submitted on behalf of the respondents, the abuse of the provision will take place. Corporations and big conglomerates, etc. might be having several subordinate offices throughout the country. Interpretation otherwise would permit them to institute infringement proceedings at a far-flung place and at an unconnected place as compared to a

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place where the plaintiff is carrying on their business, and at such place, cause of action too has arisen. In the instant cases, the principal place of business is, admittedly, in Mumbai and the cause of action has also arisen in Mumbai. Thus, the provisions of Section 62 of the Copyright Act and Section 134 of the Trade Marks Act cannot be interpreted in a manner so as to confer jurisdiction on the Delhi Court in the aforesaid circumstances to entertain such suits. The Delhi Court would have no territorial jurisdiction to entertain it.

26. The avoidance of counter-mischief to the defendant is also necessary while giving the remedy to the plaintiff under the provisions in question. It was never visualised by the lawmakers that both the parties would be made to travel to a distant place in spite of the fact that the plaintiff has a remedy of suing at the place where the cause of action has arisen where he is having head office/carrying on business, etc. The provisions of the Copyright Act and the Trade Marks Act provide for the authors/trade mark holders to sue at their ordinary residence or where they carry on their business. The said provisions of law never intended to be oppressive to the defendant. The Parliamentary debate quoted above has to be understood in the manner that suit can be filed where the plaintiff ordinarily resides or carries on business or personally works for gain. Discussion was to provide remedy to the plaintiff at convenient place; he is not to travel away. Debate was not to enable the plaintiff to take the defendant to farther place, leaving behind his place of residence/business, etc. The right to remedy given is not unbridled and is subject to the prevention of abuse of the aforesaid provisions, as discussed above. Parliament never intended that the subject provisions be abused by the plaintiff by instituting suit in wholly unconnected jurisdiction. In the instant cases, as the principal place of business is at Mumbai the cause of action is also at Mumbai but still the place for suing has been chosen at Delhi. There may be a case where the plaintiff is carrying on the business at Mumbai and cause of action has arisen in Mumbai. The plaintiff is having branch offices at Kanyakumari and also at Port Blair, if interpretation suggested by the appellants is acceptable, mischief may be caused by such plaintiff to drag a defendant to Port Blair or Kanyakumari. The provisions cannot be interpreted in the said manner devoid of the object of the Act."

(Emphasis supplied)

115. It is apparent, on a bare reading of the above passages from ***IPRS***, that they intend to curb mischief, by a plaintiff, on the basis of Section 134 of the Trade Marks Act or Section 62 of the Copyright

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Act. They clearly do not envisage a situation in which neither Section 134 of the Trade Marks Act nor Section 62 of the Copyright Act would apply, and the aspect of territorial jurisdiction would have to be decided solely by reference to Section 20 of the CPC.

116. Clearly, the afore-extracted passages from ***IPRS*** forbid the filing of a suit where the cause of action has arisen at the place where the plaintiff has its principal place of business, but may also have arisen at some distant place where the plaintiff has a subordinate office. In such a case, the Supreme Court holds that the plaintiff cannot elect to file the suit at the distant place where it has its subordinate office, even though a part of the cause of action has arisen at the principal place of business of the plaintiff.

117. Besides, paras 25 and 26 of ***IPRS*** place the matter beyond the pale of controversy. In the said passages, the Supreme Court has clearly held that a plaintiff was entitled to file a suit where the whole or part of the cause of action arose, and that Section 134 of the Trade Marks Act and Section 62 of the Copyright Act were never intended to dilute that right. These passages make it further clear that, if a plaintiff carries on business at a place where the whole, or part, of the cause of action has arisen, it is *ipso facto* entitled to institute a suit at that place, by virtue of Section 20 of the CPC.

118. We cannot, therefore, agree with Mr. Ramanujan in his submission that, as ITC has a subordinate office at Chennai, or as ITC has its head office at Kolkata, it would have to institute the suit either at Chennai or at Kolkata. Inasmuch as part – in fact the determinative

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part – of the cause of action has arisen at Delhi, where ITC's Dakshin restaurant is situated and where, therefore, the injury resulting from the use, by AGH, of the "Dakshin" Mark would be felt by ITC, we are of the opinion that ITC cannot be foreclosed from filing the present suit at Delhi.

119. We are not in agreement, therefore, with the learned Single Judge in his view that the suit instituted by ITC was bad for want of territorial jurisdiction.

IV. Whether AGH obtained registration of the DAKSHIN trade mark, in its favour, in Class 42, by misrepresentation

120. Mr. Nigam sought to submit that AGH had obtained registration of the DAKSHIN trade mark in Class 42, with effect from 23 April 2004, on a misrepresentation that the mark belonged to a "group Company".

121. The learned Single Judge has addressed this submission thus:

> "101. It has been contended on behalf of the plaintiffs that the defendant has obtained registration of the mark 'DAKSHIN' by misrepresentation. It is submitted that in response to the objection raised by the Trade Marks Registry citing the plaintiffs' registration, the defendant falsely stated that the cited mark belongs to a group company of the defendant and therefore the refusal may be waived.
>
> 102. Admittedly, the plaintiffs and the defendant were in a collaboration at that point of time. Therefore, the defendant loosely referring to the plaintiffs as a group company cannot be said to be an act of misrepresentation. In fact, in the affidavit filed by the defendant before the Trade Marks Registry, the defendant has categorically stated that it has been using the mark 'DAKSHIN'

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since 14th April 1989 and has also provided its annual sales turnover in respect of the said mark.

103. To be noted, the plaintiffs never filed any opposition petition against the defendant's trademark application. It is also a matter of record that plaintiffs have not filed any rectification in respect of the defendant's registration of the trademark 'DAKSHIN'. Therefore, in my view, it cannot be stated that the defendant obtained the registration of the mark 'DAKSHIN' by way of misrepresentation."

122. We find the reasoning of the learned Single Judge to be unexceptionable. There is no dispute about the fact that, at the time when AGH applied for registration of the DAKSHIN mark, AGH and ITC were in collaboration. If, therefore, AGH referred to ITC as a "group company", it is not necessarily fatal to the registration. In any event, this is a plausible understanding of the representation made by AGH, and does not merit interference within the ***Wander*** parameters.

123. More significantly, however, the impugned judgment adjudicates an application under Order XXXIX of the CPC. The matter has, therefore, to be viewed *prima facie*. Section 31(1) of the Trade Marks Act clearly stipulates that the very fact of registration operates as *prima facie* evidence of the validity of the mark. Thus, at the *prima facie* stage, the fact that the DAKSHIN mark was registered in favour of AGH operates as *prima facie* evidence of the validity of the registration.

124. Again, we are in agreement with the learned Single Judge that AGH's contention could not be countenanced at the *prima facie* stage, in view of the fact that ITC never chose to challenge the validity of

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AGH's registration of the DAKSHIN trade mark under Section 57[50] of the Trade Marks Act, or to seek removal of the mark from the Register of Trade Marks. Neither was the mark opposed at the stage when it was proceeding to registration, nor was any post-grant proceeding initiated under Section 57 to nullify the registration.

125. At the *prima facie* stage, therefore, we are in agreement with the learned Single Judge that it is not possible to hold that AGH obtained registration of the DAKSHIN trade mark in its favour, in Class 42, by misrepresentation.

V. Interpretation of the OSA, ownership of the DAKSHIN trade mark and aspect of passing off

126. These are intrinsically interconnected issues, and have, therefore, to be considered together.

V.A The OSA

127. Before adverting thereto, however, we deem it appropriate to reproduce the relevant clauses of the OSA dated 12 February 1985, as an estimation of the *prima facie* merits of the case must necessarily

[50] **57. Power to cancel or vary registration and to rectify the register.—**
(1) On application made in the prescribed manner to the Appellate Board or to the Registrar by any person aggrieved, the tribunal may make such order as it may think fit for cancelling or varying the registration of a trade mark on the ground of any contravention, or failure to observe a condition entered on the register in relation thereto.
(2) Any person aggrieved by the absence or omission from the register of any entry, or by any entry made in the register without sufficient cause, or by any entry wrongly remaining on the register, or by any error or defect in any entry in the register, may apply in the prescribed manner to the Appellate Board or to the Registrar, and the tribunal may make such order for making, expunging or varying the entry as it may think fit.
.

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largely pivot on its covenants. The relevant clauses read thus (sequentially as contained in the OSA):

> "WHEREAS The Owner owns a complete modern fully equipped first class and quality hotel named Adayar Gate Hotel at 132 TTK Road, in the city of Madras catering to International Tourist and Business Trade (such hotel hereinafter being referred to as the 'hotel').
>
> AND WHEREAS
>
> The Owner is of the view that in the light of the obtaining trends in the Industry particularly in the field of marketing and sales of Hotels Services among the foreign travelling public it would be its interest and advantage to associate with a competent Company having a chain of hotels under its operations and service and having already established a wide and well organised sales and marketing network.
>
> AND WHEREAS
>
> The Owner has confidence that ITC has sufficient specialized knowledge expertise and experience to be able to offer expert consultancy services in the field of hoteliering and the Owner has been satisfied that ITC is possessed of skilled export organisation for offering its personal services in a consultancy and advisory capacity for the Hotel post-opening Project Technical Personnel Financial Hotels Supplies Operating Marketing Advertising and Reservations Services (for brevity referred to hereinafter as "Operating Services") and all other incidental services.
>
> AND WHEREAS
>
> The Owner contemplates to retain the personal services of ITC in a Consultancy and advisory capacity for such Operating Services in which the Owner has full trust and confidence.
>
> AND WHEREAS
>
> ITC through its Hotels Division owns and/or services the 'WELCOM GROUP' chain of over (20) Twenty Hotels in major cities and tourist centres in India and abroad and has developed modern and sophisticated techniques for operating technical servicing personnel services purchasing hotel supplies selling and marketing hotels through marketing technical operational and other specialists and well-run marketing sales and reservation offices at

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all its hotels and in different parts of India and has developed sophisticated advanced hotel reservation system and in instant reservation network within India for making and confirming of reservations at all ITC-owned and/or serviced hotels."

*****

1. "Hotel" shall mean the entire structure and all buildings and equipment installed therein to be used for the purpose of the Hotel including but not limited to all plumbing, heating and lighting equipment, elevators, air conditioning equipment, exterior and interior design, telephone equipment (except that leased from the Telephone Board or any telephone company) furniture and equipment, operating equipment, operating supplies and all related facilities, shops, shopping arcades, salons, galleries, recreation areas, car parking, space etc., constructed, installed or kept in or appurtenant to the Hotel as also all additions extensions modifications thereto as may be effected by the Owner after written approved by ITC. For the purposes of this Agreement 'Hotel' shall be distinct from the Owner or the Owning Company).

*****

12. "Gross Operating Expenses" for each Fiscal Year shall mean all amounts elsewhere in the Agreement expressly provided to be included therein relating to the operation of the Hotel in addition to the following amounts :-

a) Salaries wages and employees benefits in relation to the personnel employed in the operation of the Hotel according to the terms and conditions of their employment:

b) Salaries wages and employee benefits and all other terms and conditions of services of personnel of ITC seconded or assigned to the Hotel;

c) All Administrative and general expenses relating to the running and operation of the Hotel;

d) Charges for heat water pool light power other facilities and related services

e) cost of food and beverages

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l) Cost of Advertisements sales kits brochures tariff sheets sales promotion and public relations and publicity

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material including the proportionate cost to the Hotel of and for 'cluster advertising' and/or 'package' promotion and other expenses as more specifically referred in Appendix II to this Agreement;

*****

ARTICLE II - ENGAGEMENT OF ITC

Subject to the terms and conditions herein contained the Owner hereby agrees to engage ITC to render personal services as Technical Operational Personnel Hotel Supplies including Purchasing Marketing Advertising and Reservations services and Technical Consultants and Advisors for operation of the hotel and ITC agrees to render such personal services.

*****

ARTICLE IV - RESPONSIBILITIES AND OBLIGATIONS OF THE PARTIES HERETO

PART A. - RESPONSIBILITIES AND OBLIGATIONS OF THE OWNER

The Owner expressly agrees and declares that :-

*****

3. The selection of all furniture and equipment and operating equipment operating supplies to be ordered installed in or supplied to the Hotel shall be as per schedules and specifications approved by ITC.

4. It shall be the responsibility of the Owner to provide all tools plant and machinery furniture and equipment operating supplies and all other ancillary or necessary parts stores equipment to enable ITC to render services under this Agreement. ITC will not be required to provide the Owner with any such equipment and tools. ITC will only be required to provide their personal skill and expertise in their Consultancy and Advisory capacity.

*****

PART B - RESPONSIBILITIES and OBLIGATIONS OF ITC

1. ITC's services to be rendered under this Agreement in respect of the Hotel will consist of the serviced specified in

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Appendices I, II, III, IV and V hereto which shall form part of this Agreement covering respectively:

a) PRE-OPENING SERVICES AS CONTAINED IN: APPENDIX I

b) MARKETING ADVERTISING AND RESERVATION SERVICES AS HEREIN CONTAINED IN: APPENDIX II

C) OPERATING AND PERSONNEL SERVICES AS HEREIN CONTAINED IN: APPENDIX III

d) TECHNICAL SERVICES AS HEREIN CONTAINED IN: APPENDIX IV

e) HOTEL SUPPLIES PURCHASING SERVICES AS HEREIN CONTAINED IN: APPENDIX V

IT BEING HEREBY EXPRESSLY AGREED AND DECLARED that the performance and discharge of such services by ITC will be subject to the owner carrying out and discharging all the responsibilities, obligations and conditions herein specified on the owner's part to be observed, performed, carried out and discharged and that ITC shall operate the Hotel and shall within the limits stipulated in this Agreement be specifically responsible for the operation of the Hotel and shall in conformity with this Agreement formulate, execute and implement policies in respect of the above-stated services.

2. Without limiting the generality of the foregoing IT IS HEREBY FURTHER AGREED AND DECLARED that the Owner will observe perform and discharge those preconditions specified in Appendices I II III IV and V hereto as would enable ITC to initiate and render the services therein specified and fulfil and discharge the responsibilities and obligations accepted by it under these terms. Such pre-conditions are binding on the owner and shall be carried out by it and any failure on the Owner's part to observe, discharge, carry out or fulfil such pre-conditions will be treated as a breach of this Agreement.

3. In addition to the forgoing in Appendix VI are specified the acts deeds matters and things which ITC would carry out and fulfil in order to give effect to and implement the provisions of this Agreement in so far as they relate to the performance and discharge of the responsibilities and obligations undertaken by ITC and specified in Appendices I II III IV and V hereto.

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ARTICLE V - ITC'S SERVICE FEE AND INCENTIVE FEE SERICES RENDERED UNDER THIS AGREEMENT

1. The owner shall pay to ITC in consideration of the services to be rendered by ITC under this Agreement, the following fees :

a. For the services to be rendered by ITC under appendix II of this Agreement, the Owner shall pay to ITC each fiscal year or part thereof a comprehensive marketing advertising and reservations services fees “Service Fee” equivalent to 3 (three) percent of the Gross Operating Income of the hotel in that Fiscal Year or part thereof; and

b. In consideration of the services to be rendered by ITC pursuant to Appendices I, III, IV and V of this Agreement, the Owner shall pay to ITC during each fiscal year of the Operating terms of this Agreement (and proportionately for a fraction of such fiscal year) an annual incentive fee at the rate of 10 (ten) percent of the Gross Operating Profit as defined in Article I of this Agreement. Fifty percent (50%) of such Incentive Fee shall be deemed to be in consideration of the services rendered by ITC as specified in Appendices I, IV and V hereto and the remaining fifty percent (50%) shall be deemed to be in Appendix III hereto (Technical Services).

*****

2. In the event there is an operating loss in any fiscal year such loss shall be borne exclusively by the owner and will not be applied against the Gross Operating Profit of any other fiscal year for the purpose of determining ITC’s Incentive Fee.

*****

ARTICLE VI – FINANCING FUNDS AND PAYMENT TO ITC OF ITC’s SERVICE FEES AND INCENTIVE FEES AND ITC’s COSTS AND EXPENSES

1. ITC shall not be promoter or a co-promoter nor shall it invest in the Hotel in any way. ITC shall not be party to any Financing arrangement nor shall ITC be a lender to or guarantor for the Hotel or owner.

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6. It will be the responsibility of the owner to maintain at all times sufficient funds in the Hotel Receipts Saving Account for transfers to the Hotel Operating Current Account and the Renovation and Refurbishing Saving Account respectively to meet the disbursements and outgoing as specified above.

7. The Owner hereby expressly authorises ITC to open in the name of the Hotel such Bank Accounts as are specified in Appendix VI hereto and to operate the said Bank Accounts as are specified in Appendix VI hereto and to operate the said Bank Accounts in the manner indicated therein.

*****

ARTICLE XIII - TRADE NAMES, MARKS, SIGNS ETC.

1. To facilitate recognition of quality of standing and acceptance of the Hotel through ITC's India-wide network and subject to the Hotel and all its facilities being certified by ITC as meeting the standards and specifications of the WELCOMGROUP chain ITC shall allow the utilisation and use by the Hotel of such of ITC's Trade Names Trade Marks and Signs and any other identifying marks sign, logos, emblems present and future as may be decided by ITC's Hotels Division at its sole discretion.

2. ITC shall have the right to determine and withdraw such permitted use by the Hotel at ITC’s sole discretion depending upon the standard image reputation efficiency and goodwill of the Hotel.

3. Any use or the right to use by the Hotel of any such trade names, trade marks, signs, logos, emblems and other identifying symbols shall cease upon the termination or earlier determination or expiry of this Agreement.

4. The above-stated trade names, trade marks, signs, logos, emblems and other identifying symbols shall at all times be and remain the exclusive property of ITC and Owner undertakes not to sub-lease or sub-licence or utilise any or all of such trade names, trade marks, signs, logos, emblems etc, for the benefit of any other Hotel of the Owner or any other business of the Owner present and future.

5. The Owner agrees that it will always acknowledge and recognise both before and after the expiration of this Agreement the exclusive right of ITC to use or to grant to others the right or licence to use whether separately or as part of or in connection with other words, slogans, symbols, designs any of the trade names,

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trade marks, emblems, signs, logos or other identifying symbols which may now or in the future be generally used in connection with the operation of any of the ITC-owned and/or serviced Hotels restaurants, motels, resorts, palaces indovilles etc.

6. Upon termination or earlier determination or expiry of this Agreement the Owner shall forthwith cease to use or utilise the said above marks in connection with the Hotel or any of its Operating Supplies operating equipment or furniture and equipment including but not limited to all silver linen cutlery tools utensils crockery glassware uniforms furniture and movable equipment.

7. The patent rights of ITC in any innovations inventions processes plant and equipment operating equipment etc., shall remain vested in ITC and the Owner will have no right to the use, enjoyment or benefit of the same except with the consent and licence of ITC during the operating term of this Agreement and the same shall stand automatically revoked on the termination of this Agreement for any reason whatsoever.

*****

ARTICLE XVI – INDEMNITY

1 In taking any action pursuant to this Agreement ITC shall be deemed to be acting entirely for the benefit of and assistance to the Owner and the Owner shall indemnify ITC and any of ITC's personnel/staff or ITC's authorised representatives) or agent(s) acting under this Agreement harmless from and against any and all claims actions and demands whatsoever.

*****

ARTICLE XIX- MISCELLANOUS

*****

8. It is expressly understood that this Agreement is a contract of personal service to be rendered by ITC to the Owner and must not be construed in any form and manner to be otherwise. ITC shall not have any managerial powers other than such as are expressly delegated to ITC and also such as are necessarily required by ITC in rendering proper services in its capacity as Marketing Operational and Technical Consultants and Advisors and Operators of the Hotel in respect of the Hotel and in respect of the services mentioned herein.

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11. Nothing herein shall constitute a partnership or joint venture between the Owner and ITC. All debts and liabilities to third persons incurred by ITC in the course of their operation of the Hotel shall be the debts and liabilities of the Owner and ITC may so inform third parties with whom it deals on behalf of the Owner.

*****

APPENDIX I

PRE-OPENING SERVICES

1. Prior to the Opening of the Hotel ITC shall have the following duties and responsibilities ('Pre-Opening Services') hereby delegated by the Owner provided that sufficient funds as hereinafter specified by ITC are made available to ITC by the Owner to defray the necessary expenditure and provided that the owner fulfils and discharges all the pre-conditions to be fulfilled and discharged by it as hereinafter specified:

*****

APPENDIX II

MARKETING ADVERTISING AND RESERVATIONS SERVICES.

A Preamble

1. The totality of the Marketing Function is a complex weave of various elements in the Marketing mix, specifically comprising of the following elements:

1. Product
2. Product Development
3. Pricing
4. Terms and Conditions of sale
5. Direct Sales
6. Advertising
7. Promotion
8. Merchandising
9. Public Relations
10. After sales service
11. Market knowledge and intelligence including competition
12. Distribution of material.

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ITC's background knowledge goodwill and expertise as a leading Marketing Organisation both in the national and international context of tobacco consumer products Hotels paper board printed materials marine foods and products and general exports will be made available to the Owner specifically as relevant to the sphere of Hotel Marketing.

2. ITC will render to the Hotel the services herein stated in connection with the Marketing Advertising and Publicity of the Hotel in the local national and international markets through its chain of Regional Sales Offices Hotel Sales Offices Travel Industry Sales Office and Control Head Quarters Marketing Services such as Advertising Department Entertainment and Promotion Department Data and Statistics Cell Provided always that the Owner fulfils his obligations and pre-conditions herein stated in this Appendix and elsewhere in this Agreement.

3. All Services herein stated in connections with the above Marketing Advertising Reservations Public Relations Reservation Systems Direct Sales etc. will be strictly in accordance with a complete Marketing Plan developed by ITC in all detail, projecting both revenue and cost as related to each element of the marketing mix presented to the owner by ITC as part of the Annual Plan as detailed hereto in Appendix VI, a minimum of three months in advance of the Fiscal Year. Such plan shall cover the fiscal year in terms of strategy and action and present a prospective for the next two years.

4. ITC shall endeavour to adhere to the Plan unless market conditions necessitate a change in which event such action as deemed necessary by ITC in the interest of the Hotel shall be taken by ITC to ensure corrective action. However, any additional financial outlays as and if necessitated for such corrective action subject to such additional outlays being within ten percent (10%) of the approved Marketing Plan Budget shall form part of Gross Operating Expenses of the Hotel. In the event of extraordinary circumstances necessitating even further expenditure, such further expenditure shall be undertaken after the approval of the Owner.

B. SERVICES TO BE RENDERED BY ITC.

I. In consideration of the Service Fee as specified in Article V of this Agreement payable by the owner to ITC, the following services shall be made available to the Hotel:

1. Use of the WELCOMGROUP name as a prefix to the Hotel Brand name in the manner as decided by ITC Including Hotel frontage Hotel Graphics all advertising and

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publicity material developed for or by the Hotel and public relations campaigns released for or by the Hotel in the international, national and local market in order that the Hotel shall at all times benefit from the goodwill attached to the Welcomgroup name with its positive association of quality, standard and consumer confidence.

2. Use of ITC's Welcomgroup ‘Namaste’ logo in relation to all above in the international, national and local markets but always in the form manner and style approved in all respects by ITC.

3. Use of ITC's Welcomgroup slogans related to all aspects of Marketing Advertising and Public Relations in the international, national and local markets so that the good-will related to such slogans as developed by ITC may by association be of benefit to the Hotel.”

4. Use of such other signs and symbols of ITC as may be deemed by ITC to be in the interest of the Hotel in all aspects of Marketing Advertising and Public Relations thereof in the international national and local markets with the intention of a positive association for the Hotel with Welcomgroup good-will.

Provided always that the use by Hotel of such Welcomgroup names logos, signs symbol, slogans mottos designs etc. in the manner above-stated shall at all times be subject to and, in accordance with the provisions contained in Article XIII of this Agreement and ITC shall at all times have the exclusive right to direct or withdraw the use of such signs symbols logos slogans mottos designs etc. as it may in its sole discretion decide.

5. Use of the extensive and widespread ITC Marketing and sales infrastructure/offices present and future for the benefit of the Hotel through.

*****

21. Use of personalisation systems as developed by ITC for in-house selling from time to time in line with Welcomgroup chain policy.

II. The following services in connection with Marketing Advertising and Reservations will be made available to the Hotel by ITC provided always that the proportionate cost of such services

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as related to the Hotel's share of the total expenses incurred by ITC in respect of such activities shall be borne by the Hotel and shall be paid out of the Hotel Operating Current Account as detailed hereinafter. All such costs and expenses will be pro-rated directly to the account of the Gross Operating Expenses of the Hotel in the proportion that the number of rooms of the Hotel bears to the total number of rooms advertised promoted or marketed in the Welcomgroup chain as a whole. All such cost and expenses as are to be part of Gross Operating Expenses of the Hotel in relation to such activities as herein mentioned shall be estimated in advance by ITC and built into the above mentioned Marketing Plan and payments of such expenses shall be made from the Hotel Operating Current Account to ITC's Hotels Division Head Quarters at New Delhi in advance in order to enable ITC to undertake the necessary activities in accordance with the annual Plan and more specifically the Marketing Plan therein presented to and approved by the Owner as hereinafter stated:

1. Cluster advertising whether in the national or international context and circumstance which allows groups of Hotels with like facilities and/or like markets to advertise together with a cost lower than that which would have been incurred by the Hotel doing the same on its own independent account.

2. Representation of the Hotel on all brouchers, booklets and other printed or published material depicting the Hotel along with other Hotels in the Welcomgroup chain such printed material including:

(a) Welcomgroup's Chain Brochure
(b) Welcomgroup's Chain Facilities Guide
(c) Welcomgroup's Chain GIT Tariff Sheet
(d) Welcomgroup's Chain FIT Tariff Sheet
(e) Welcomgroup's Film
(f) Welcomgroup Audio Visual
(g) Welcomgroup' s Instant Reservation Campaign
(h) Welcomgroup Image Campaign

*****

III. The following marketing advertising and reservation services shall be provided by ITC to the Hotel provided always that the cost of such services shall entirely be to the account of the owner and shall be part of the Gross Operating Expenses of the Hotel and specifically built into the above stated Marketing Plan thereof and Payable from the Hotel's Operating Current Account and Payable to ITC Welcomgroup in advance when the

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disbursement of such expenses is against any such service to be subsequently developed and executed by ITC.

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7. Promotion Publicity and Advertising of the Hotel overseas or nationally with the explicit understanding and agreement herein that all Travel, Living, Hospitality and other' costs in connection with such overseas or national activities carried out directly for the Hotel shall be to the account of the Owner and shall Form part of the Gross Operating Expenses of the Hotel payable from the Hotel Operating current account.

*****

APPENDIX VI
EXPLANATORY NOTES AND BANKING ARRANGEMENTS

*****

B. Bank Accounts:

1. The Hotel operating -accounts shall always be maintained separate and distinct and shall
be maintained as such from the Owner's own accounts and ITC's own accounts.

2. For the maintenance of Hotel operating Accounts there shall be kept three bank accounts
to be designated respectively:

i) Hotel Receipts savings Account
ii) Hotel Operating Current Account
iii) Hotel Renovation and Refurnishing savings Account.

all of which will be operated solely by ITC through two authorised signatories of ITC in the following manner:

(a) Receipts savings account-2 joint signatories one of whom will be either the ITC's appointed General Manager or Unit Financial Controller of the Hotel and the other designated signatory in the ITC's Finance Department at its Hotels Divisional Headquarters.

(b) Operating Current Account- 2 joint signatories one of whom will be the General Manager and the other the

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Unit Financial Controller of the Hotel both being employees of ITC.

(c) Renovation and Refurbishing savings Account- as in 'a' above namely Hotel Receipts savings Account.

3. All revenues forming part of the Gross Operating Income of the Hotel for each fiscal year as defined above in Article I shall immediately on receipt be credited exclusively into the above-stated Hotel Receipts Saving Account.

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5. Notwithstanding anything herein contained, it shall be responsibility of the owner to maintain at all times sufficient funds in the Hotel Receipts Savings Account for transfers to the Hotel Operating Current Account and the Renovation and Refurnishing Saving Account sufficient in quantum to meet the disbursement and outgoings as specified above."

V.B A Prefatory Overview

The three ingredients of passing off are (i) goodwill of the plaintiff in the mark in question, (ii) misrepresentation by the defendant, so as to exploit the plaintiff's goodwill in the mark, in the result passing off the goods or services of the defendant as those of the plaintiff, and (iii) resultant damage to the plaintiff[51].

128. The onus to establish the existence of these three ingredients is on the plaintiff. Existence of goodwill in the mark has to be established by the plaintiff *prior to commencement of user of the mark by the defendant*.[52]

[51] Refer **Syed Mohideen v. P. Sulochana Bai, (2016) 2 SCC 683, Toyota Jidosha Kabushiki Kaisha v. Prius Auto Industries Ltd, Cadila Health Care v. Cadila Pharmaceuticals Ltd, (2001) 5 SCC 73, Brihan Karan Sugar Syndicate**

[52] Refer **Toyota Jidosha Kabushiki Kaisha v. Prius Auto Industries Ltd, (2018) 2 SCC 1, N.R. Dongre v. Whirlpool Corporation, (1996) 5 SCC 714**

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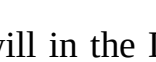
129. AGH's stand, before us, is that the user of the DAKSHIN/  mark by AGH commenced on 14 April 1989, when the Dakshin restaurant in the Park Sheraton commenced operations. Prior thereto, submits AGH, there is no user of the DAKSHIN/  mark either by AGH or ITC. ITC has, therefore, no goodwill in the DAKSHIN/  mark prior to commencement of user of the mark by AGH. The very first requirement, for a case of passing off to sustain is, therefore, not made out.

130. ITC contends, *per contra*, that AGH's user of the mark DAKSHIN/  can be said to commence only after the expiry of the OSA in 2015. The entire user of the DAKSHIN/  mark, during the currency of the OSA, contends ITC, as well as the goodwill earned thereby, has to enure to the benefit of ITC.

131. Learned Counsel have, on both sides, placed extensive reliance on the covenants of the OSA, with each lending his own interpretation. The covenants of the OSA, therefore, assume pre-eminent significance.

132. AGH has also sought to contend, in context, that there has been no misrepresentation by it, and no damage to ITC as a consequence. None of the ingredients of the passing off, therefore, are satisified, according to AGH.

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133. With that prefatory recital, the various submissions of Mr. Nigam for ITC, and Mr. Ramanujan for AGH, may be enumerated as under.

V.C Rival submissions

134. Mr. Nigam submits thus:

(i) The opening recital in the OSA revealed that the OSA was intended to reinvent the real estate owned by AGH under the guidance of ITC and to unveil it as an ITC hotel.

(ii) Clause 1, read with Article II in the OSA, made it clear that the OSA was only for the purpose of running the "hotel". The rights under the OSA, therefore, subsisted so long as the hotel was in operation.

(iii) The opening recitals in the OSA made it clear that the purpose of the OSA was to leverage ITC's long standing goodwill and reputation.

(iv) In Article IV of the OSA, AGH acknowledged that all facilities, public spaces, etc., as well as any structural changes thereto, could be made only as advised and approved by ITC. Thus, opening of the new Dakshin restaurant would also be advised and approved by ITC and the creation and operation of the restaurant would also be attributable to ITC.

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(v) Article XIII of the OSA stipulated that all trade marks, present or future, would be owned by ITC, and AGH would only have a limited right of user thereof. Under the OSA, ITC permitted AGH to use its trade marks and trade names. ITC's brands identified the quality and source of the services provided at Dakshin. Article XIII, therefore, made it clear that AGH was only a permissive user of the "Dakshin" trade mark.

(vi) The learned Single Judge has held, in this regard, that DAKSHIN/  is not one of the trade marks mentioned in the OSA. In fact, the only trade marks of ITC, to which the OSA made reference, were "Welcomgroup" and "Namaste". If the interpretation of the learned Single Judge were to be accepted, AGH would be able to lay claim to all trade marks and trade names of ITC.

(vii) The expenses for running the Dakshin restaurant were, as per the OSA, to be met from the account of the Hotel, and were not met independently by AGH. Reliance was placed, for this purpose, on

(i) Clauses 1 and 7 of Article VI,

(ii) sub-clauses 1 to 3 and 5 of Clause B in Appendix VI,

(iii) sub-clauses 1 to 3 of Clause A (Preamble) in Appendix II,

(iv) sub-clauses 1 to 5 and 21 of Clause B(I) in Appendix II,

(v) sub-clauses 1 and 2 of Clause B(II) in Appendix II,

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(vi) Clause B(III) of Appendix II, and

(vii) sub-clause 7 of Clause B(IV) of Appendix II, of the OSA.

(viii) AGH obtained registration of the DAKSHIN mark, in its favour, in Class 42, on an admission that the mark belonged to ITC. The registration was, therefore, granted subject to association with ITC's DAKSHIN trade mark. AGH could not, therefore, claim user of the DAKSHIN trade mark independent of its user by ITC.

(ix) The DAKSHIN/  trade mark was coined by ITC.

(x) The Conceptualization Note and other documents, on which AGH sought to rely to support its stand that the DAKSIN/  mark was devised by it, were unsigned, undated and unstampted, and could not, therefore, be relied upon. The said documents, too, in fact, emphasized the expertise and role of ITC in conceptualizing the DAKSHIN mark.

(xi) The reference, in the invoices raised in respect of the Dakshin restaurant, to the GST and VAT details, and the registered office address of AGH, were as per the requirements of the OSA. Nonetheless, each invoice prominently carried the "Welcomgroup" logo. The customer would, therefore, certainly associate the restaurant with ITC.

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(xii) News articles, too, were cited, which indicated that the "Dakshin" mark was associated with ITC.

(xiii) The reputation of ITC in the DAKSHIN/  mark could not be disputed. Sales turnover figures, by use of the mark, were provided for the period 2012 to 2024. The sales turnover, during the said period, was to the tune of ₹ 84 crores. Reference was also invited to sales invoices, promotional material, awards and reviews, to vouchsafe ITC's reputation in the DAKSHIN/  mark.

(xiv) Reference was also made to the following photographs filed with the suit which, according to ITC, demonstrated that the evolution of the "Dakshin" mark was intrinsically linked with ITC, and was also used in conjunction with "ITC":

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Chef Paramasivam Iyer

1330

The Dakshin restaurant at Welcomgroup Park Sheraton in Madras celebrates the cuisine of the four southern states with authenticity and a superb range of exciting flavours and textures. And, an intrinsic part of the Dakshin experience is the crisp-edged rice flour appams and melt-in-the-mouth banana savouries that are made individually for each guest by Paramasivam Iyer, a chef in the grand tradition.

Our Mascot.
PARAMASIVAM IYER

1331

Performing Musicians

A view of the Restaurant.

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(xv) The invoices, on which AGH placed reliance, also bore the "Sheraton" watermark.

(xvi) These documents clearly indicated that "Dakshin" was an ITC brand.

(xvii) In these circumstances, the entire goodwill earned by use of the DAKSHIN/Dakshin mark, during the running of the restaurant in the Park Sheraton, had to enure to the benefit of ITC. Reliance was specifically placed, in this context, on

(a) Clause 1 in Part B in Article IV,

(b) Clause A (Preamble) and B(I)(1) to (4) in Appendix II, and

(c) Article XIII

of the OSA.

(xviii) ITC was paid 3% of the Gross Operating Income and 10% of the Gross Operating Profit of the Hotel, under the OSA, as consideration for ITC running the hotel and sourcing customers using its goodwill and reputation. This payment did not convert ITC into a service provider.

(xix) At the time when ITC obtained its Class 29 registration of the mark DAKSHIN/Dakshin on 13 September 2000, restaurant services were not included in Class 42. No substantial consequence, therefore, arose out of the fact that ITC did not seek any amendment in the date of user of 11 April

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1996 declared by ITC in respect of its Class 42 registration with effect from 10 February 2004.

135. Mr. Ramanujan submits, *per contra*, as under:

(i) Under the OSA, ITC was merely a service provider, who provided consultancy services. The OSA was in the nature of a contract of personal service. Reliance was placed, in this context, on

(a) Clause 4 in Part A in Article IV,

(b) Clause 1 in Article V, and

(c) Clause 1 in Article XVI,

of the OSA.

(ii) The services were provided by ITC in return for a Service Fee (equal to 3% of the Gross Operating Income[53]) and Incentive Fee (equal to 2 to 10% of the Gross Operating Profit) as provide in Clause 1 in Article V of the OSA.

(iii) As per Article IV of the OSA, salaries to employees of the Hotel, operation and maintenance costs and payments for furniture purchase, repairs, etc., were all borne by AGH. The Clause further clarified that ITC was only providing its personal skill and expertise in consultancy and advisory capacity.

(iv) Articles IV (10), VII and VIII(1) of the OSA provided that all licences, permits, etc., were to be obtained by AGH.

[53] "GOI" hereinafter

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(v) Clause 2 in Article V of the OSA required any operating loss to be exclusively borne by AGH.

(vi) Clause 1 in Article VI of the OSA specifically provided that ITC was not a promoter, co-promoter or investor in the Hotel in any way.

(vii) Clause 6 in Article VI of the OSA required AGH to maintain sufficient funds in the Hotel Receipts Savings Account for transfer to the Hotel Operating Current Account to meet specified disbursements and outgoings. AGH, therefore, financed the running of the Hotel.

(viii) Clause 7 in Article VI of the OSA further provided that AGH authorized ITC to operate and maintain the accounts of the Hotel.

(ix) Article XVI of the OSA provided that AGH assumed all risks and indemnified ITC from all claims.

(x) Clause 11 in Article XIX of the OSA specifically provided that

(a) the OSA did not constitute a partnership between ITC and AGH,

(b) all debts and liabilities were of AGH, and

(c) ITC was acting on behalf of AGH.

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(xi) Clauses 3 and 4 of the Preamble to Appendix II of the OSA provided for ITC's goodwill in its marks being of benefit to the Hotel against payment.

(xii) Article XIX of the OSA provided that ITC was to act for the benefit and assistance of AGH, against which AGH indemnified ITC and its staff from any and all claims.

(xiii) There was no splitting of profits between ITC and AGH.

(xiv) The marks to which Article XIII of the OSA referred were the self-branding marks of ITC. The clause could not cover all marks conceived by the parties during the currency of the OSA, which were not even in existence at the time of its execution. This was supplemented by Appendix II Part B of the OSA which permitted use of the "Welcomgroup" and "Namaste" logos of ITC for the purposes of the Hotel.

(xv) The Conceptualization Note relating to the Park Sheraton clearly indicated that the DAKSHIN mark was conceptualized and owned by AGH.

(xvi) Reliance was also placed on a later Business Transfer Agreement[54] executed between AGH and Devee Horizon LLP[55] with respect to the Vishakapatnam property of AGH after the OSA with ITC in respect of the said property had come to an

[54] "BTA" hereinafter
[55] "Devee" hereinafter

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end. AGH thereafter sold the property to Devee under the BTA. Clause 4.2(iv) of the BTA provided thus:

> "(iv) Notwithstanding anything to the contrary contained in this agreement, both the parties shall enter into a separate agreement on mutually accepted terms and conditions for permitting the Purchaser the usage of Trademark of "Dakshin" owned by the Seller."

ITC provided a no objection to the execution of the BTA, *vide* its letter dated 4 July 2019, thereby indicating its concurrence with the reference, in Clause 4.2(iv) of the BTA, to DAKSHIN as a brand owned by AGH.

(xvii) As the expenses of the Hotel were entirely met by AGH, and in view of the covenants of the OSA cited *supra*, the goodwill that resulted out of such expenses had necessarily to enure to AGH's benefit.

(xviii)ITC had no pre-existing goodwill in the DAKSHIN/Dakshin mark, prior to 1989 when AGH adopted the mark. Sales Revenue figures had, moreover, been provided by ITC only for the period after 2012-2013.

(xix) Four out of the five registrations obtained by ITC for the DAKSHIN/Dakshin mark were on "proposed to be used" basis, of which the user was later changed to April 1989. The fifth registration, under Class 42, obtained with effect from 11 April 1996, was for hospitality and restaurants. 11 April 1996 was the

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date when ITC used the DAKSHIN/Dakshin mark outside Chennai for the first time in the ITC Kakatiya Hotel in Hyderabad.

(xx) AGH had never misrepresented to the public that the DAKSHIN/Dakshin mark used by it belonged to ITC. AGH was using the mark on its own, and operating without claiming any association with ITC. After the OSA dated 12 February 1985 expired, AGH continued running the Dakshin restaurant with a new service provider, in the Crowne Plaza. The Dakshin restaurant continued to run, in the Crowne Plaza, from 2015 to 2024. It was never, at any point of time, associated with ITC.

(xxi) The invoices placed on record by AGH also indicated that AGH was not claiming any association with, or seeking to capitalize on the goodwill of, ITC.

(xxii) No damages were suffered by ITC as a result of use, by AGH, of the DAKSHIN/Dakshin mark.

(xxiii)None of the three ingredients of passing off were, therefore, satisfied.

V.D Issues that arise – Date of commencement of user of the DAKSHIN/Dakshin mark by AGH and situs of goodwill under the OSA

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136. The only issue to be considered is whether AGH has, or has not, passed off its services as those of ITC, by using the DAKSHIN/  mark.

137. For this, the first question to be addressed is whether ITC had the requisite goodwill, in the DAKSHIN/ mark, *prior to commencement of user of the mark by AGH*, which, in turn, requires a determination of the date from which *user of the* DAKSHIN/ *mark by AGH could be said to commence.*

138. Alternatively, one would have to determine the *date prior to which ITC is required to demonstrate the existence of goodwill, in its favour, in the* DAKSHIN/ *mark.*

139. ITC's case is predicated on the premise that the user of the DAKSHIN/ mark, by AGH, can be said to commence only from 2015, when the OSA expired. The entire goodwill, prior thereto, has, according to ITC, to enure to ITC's credit, as per the express terms of the OSA. AGH was merely a *beneficiary* of the goodwill inherently residing in ITC's mark which, in turn, was a mere fall out of ITC's long standing and enviable reputation.

140. The argument, to our mind, begs the actual issue at hand.

141. To repeat, the issue to be addressed is the *date from which AGH commenced user of the* DAKSHIN/ *mark. If AGH's user is to*

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commence from 14 April 1989, when the Dakshin restaurant in the Park Sheraton commenced operations, ITC's plea of passing off has necessarily to fail, as, admittedly, there is no user, by ITC, of the DAKSHIN/  *mark prior to 14 April 1989. What matters, here, is not the reputation or goodwill that ITC commanded, but the reputation or goodwill that the* DAKSHIN/  *mark commanded.* This is clear from, *inter alia*, the judgment of the Supreme Court in ***Toyota,*** in which the Supreme Court negatived the plea of passing off, by Toyota, of its PRIUS mark by the opposite party, on the ground that the PRIUS mark, individually, had not acquired the necessary goodwill and reputation, in India, as could sustain a claim for passing off.

142. The issue of whether the goodwill attributable to the DAKSHIN/  mark, which could have been earned only *after 1989*, would lie to the credit of AGH or ITC would, therefore, actually arise only if the date of commencement of user of the DAKSHIN/  mark by AGH is to be regarded as 2015. In case AGH is to be regarded as having commenced use of the DAKSHIN/  mark in 1989, the goodwill earned by the mark *after 1989*, whether by AGH or by ITC, would obviously become irrelevant.

143. The date of commencement of user of the DAKSHIN/  mark by AGH, therefore, assumes pre-eminent significance.

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V.E Date of commencement of user, by AGH, of the DAKSHIN/Dakshin mark

144. The date of commencement of user, by AGH, of the DAKSHIN/Dakshin mark would have to be determined from the covenants of the OSA. On its plain reading, we find ourselves unable to subscribe to the view that AGH should not be treated as having used the mark till 2015.

145. The learned Single Judge has held that ITC was a service provider for AGH as per the OSA, working for a pre-fixed fee, and we are in agreement with him.

146. The position appears, *prima facie*, to be inescapable, from a reading of the covenants of the OSA, that ITC was engaged by AGH as a service provider. The opening recitals of the OSA clearly state that AGH was the owner of the building in which the Park Sheraton was to be run, and had entered into the OSA "to associate with a competent Company having a chain of hotels under its operations". It goes on to state that ITC was chosen by AGH as AGH had "confidence that ITC has sufficient specialised knowledge expertise and experience to be able *to offer expert consultancy services* in the field of hoteliering", and that it could "*(offer) its personal services* in a consultancy and advisory capacity for the Hotel". The recitals further go on to state that AGH, as the owner of the building, contemplated "treating the personal services of ITC in a Consultancy

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and advisory capacity for such Operating Services". Article II of the OSA is clear and explicit:

> "Subject to the terms and conditions herein contained *the Owner hereby agrees to engage ITC to render personal services as Technical Operational Personnel Hotel Supplies including Purchasing Marketing Advertising and Reservations services and Technical Consultants and Advisors for operation of the hotel and ITC agrees to render such personal services.*"

Clause 4 in Part A in Article IV of the OSA required AGH, as the owner, to provide all tools, plant and machinery, furniture and equipment, operating supplies and other ancillary or necessary parts, stores and equipment "to enable ITC to render services" under the OSA. Clause 1 in Part B in Article IV enumerated the "services to be rendered" by ITC under the OSA. Following this, Clause 1 stipulated that "the performance and discharge of such services by ITC" would be subject to AGH performing its obligations. Clause 2 referred to the reciprocal obligations of AGH, which it was required to observe, perform and discharge "as would enable ITC to initiate and render the services therein specified". Clause 1 in Article VI further clarified that ITC would not be a promoter, a co-promoter or an investor in the Hotel.

147. Article V of the OSA specifically provided for payment, by AGH to ITC, of "Service Fee" and "Incentive Fee" "in consideration". Article XVI stipulated that ITC would be "deemed to be acting entirely for the benefit of *and the assistance to*" AGH. AGH was, therefore, clearly the prime actor under the OSA. As if to make matters clearer, Clause 8 in Article XIX of the OSA once again provided:

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> "8. It is expressly understood that this Agreement is a contract of personal service to be rendered by ITC to the Owner and must not be construed in any form and manner to be otherwise. ITC shall not have any managerial powers other than such as are expressly delegated to ITC and also such as are necessarily required by ITC in rendering proper services in its capacity as Marketing Operational and Technical Consultants and Advisors and Operators of the Hotel in respect of the Hotel and in respect of the services mentioned herein."

Clause 11 under Article XIX once again clarified that nothing in the OSA would "constitute a partnership or joint venture between the Owner and ITC".

148. The Appendices to the OSA further clarify the position. Under the head "Pre-Opening Services" in Appendix I, it is provided that, "prior to the opening of the Hotel, ITC shall have the following duties and responsibilities *hereby delegated by the Owner*". In exercising and performing the pre-opening services, therefore, ITC was acting as AGH's delegatee. Clause 2 in Appendix II again repeats that ITC would render to the Hotel "the services herein stated in connection with the Marketing Advertising and Publicity of the Hotel". Clause B in Appendix II details the nature of the services to be rendered by ITC, and the opening words of the Clause are significant:

> "B. SERVICES TO BE RENDERED BY ITC:
>
> I. In consideration of the Service Fee as specified in Article V of this Agreement payable by the owner to ITC the following services shall be made available to the Hotel:"

Significantly, the very first "service" which ITC was required to make available to the Hotel, under the above head, was use of the

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WELCOMGROUP name as a prefix to the Hotel Brand Name… "in order that the Hotel shall at all times benefit from the goodwill attached to the Welcomgroup name with its positive association of quality, standard and consumer confidence". The permission to use ITC's brand names was also, therefore, one of the services which ITC was to render, as a service provider under the OSA, against consideration in the form of service fee paid by AGH to ITC. Sub-clauses II and III under Clause B again referred to the services to be provided by ITC to AGH, against consideration.

149. ITC was, therefore, merely a service provider under the OSA, engaged by AGH of providing services against service fee. Mr. Nigam's contention that AGH was merely the owner of the real estate in which the Park Sheraton was being run, and that ITC was the prime mover under the OSA is, therefore, clearly unacceptable.

150. In conjunction, the debate with respect to the date of commencement of user, by AGH, of the DAKSHIN/Dakshin mark *prima facie* stands concluded by the covenants of the OSA themselves. Article XIII of the OSA specifically deals with "trade names, marks, signs, etc." Clause 1 thereunder specifies that ITC would "allow the utilisation and use by the Hotel of such of ITC's Trade Names Trade Marks and Signs and any other identifying marks, sign, logos, emblems present and future as may be decided by ITC's Hotels Division at its sole discretion". Clause 2 empowered ITC to "determine and withdraw such permitted use by the Hotel" at its sole discretion, and Clause 3 provided that "any use or the right to use by

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the Hotel of any such trade names, trademarks, signs, logos, emblems and other identifying symbols" would cease on termination of the OSA.

151. Clearly, therefore, the OSA envisaged use, by AGH, of the trade marks of ITC, even if on a permissive basis. Though Mr. Nigam seeks to distinguish between the "Hotel" and the "Owner", relying, for the said purpose, on the opening recital in Clause 1 of the OSA, this distinction can make no difference in view of Clause 6 in Article XIII of the OSA, which provides that "upon termination or earlier determination or expiry" of the OSA, "*the Owner shall forthwith cease to use or utilise the said above marks* in connection with the Hotel…" Use of the trade marks of ITC, therefore, even in terms of the OSA, was by AGH, albeit for the benefit of the Hotel.

152. Use of ITC's trade marks and tradenames, even under the OSA was, therefore, by AGH. In that view of the matter, Mr. Nigam's attempt at postponing the date of user, by AGH, of the DAKSHIN/Dakshin mark till 2015, *prima facie* cannot sustain.

153. The sequitur would be that the allegation of passing off, by ITC against AGH, would *prima facie* be liable to fail even on the ground that the use of the DAKSHIN/Dakshin mark by AGH commenced on 14 April 1989, prior to which date there is no user, by ITC, of the said mark. No pre-existing goodwill in the mark, as would enure to the benefit of ITC can, therefore, be said to have existed.

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V.F In whose favour did goodwill of the DAKSHIN/ Dakshin mark, under the OSA, enure?

154. We have also independently applied ourselves to Mr. Nigam's contention that the goodwill earned by the DAKSHIN/ Dakshin mark between 1989 and 2015 has entirely to be to the benefit of ITC, and AGH can claim no part thereof. This argument is predicated on the premise that ITC was always the owner of the DAKSHIN/ Dakshin mark and that AGH was, at the highest, a mere permissive user of the mark.

155. Mr. Ramanujan submits, *per contra*, that, under the OSA, the goodwill residing in the DAKSHIN/ Dakshin mark, or in any other trade mark of ITC stood transferred to AGH against consideration. AGH was, therefore, entitled to seek the benefit of the said goodwill.

156. On a reading of the various covenants of the OSA, we are inclined to agree with Mr. Ramanujan.

157. Even while providing that ITC's trade marks, trade names and logos would remain its exclusive property, the OSA, in Appendix II, in Clause 1 under the head "Preamble", provided that ITC's goodwill would "*be made available to the Owner* specifically as relevant to the sphere of Hotel Marketing". We have already noted, earlier, that Clause 1(1), under the heading "Services to be rendered by ITC" in Appendix II, provided for permission to use its brand names and

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trademarks as one of the services which ITC was to provide to AGH under the OSA, against payment of service fee. Clause 1(3) again provided, with respect to "goodwill", that the use of ITC's Welcomgroup logo was to be permitted as, developed by ITC, it could, by association, *be of benefit to the Hotel*". Similarly, Clause 5 envisaged "use of the extensive and widespread ITC Marketing and sales infrastructure/offices present and for the future benefit of the Hotel".

158. Thus, the OSA itself envisaged AGH as being a beneficiary, during the currency of the OSA, of the goodwill associated with ITC's trade marks and trade names. ITC cannot seek, therefore, to arrogate, to itself and to its own credit, the entire goodwill earned in the DAKSHIN/  mark, between 1989 and 2015.

159. There is yet another, and more empirical, reason as to why Mr. Nigam's contention that the goodwill associated with the DAKSHIN/  mark, during its use between 1989 and 2015, had necessarily to enure to the benefit of ITC, cannot sustain. Under the OSA, the expenses for running the Hotel were essentially met by AGH, and not by ITC as Mr. Nigam would seek to contend. The Service Fee and Incentive Fee payable to ITC was also AGH's responsibility, as per Clause 1 in Article V of the OSA. Clause 2 provided that, if there was any operating loss in any fiscal year, that loss would be borne exclusively by AGH. Article VI provided, in Clause 1, that ITC "*would not invest in the Hotel in any way*". Clause 6, under the same Article VI, required AGH "to maintain, at all times,

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sufficient funds in the Hotel Receipts Saving Account", for transfer to the respective Accounts from which the Hotel was to be run. Clause 7 further provided that AGH authorised ITC to open, in the name of the Hotel, the requisite Bank Accounts. The very opening of the Bank Accounts by ITC was itself, therefore, as per authorisation granted by AGH. Clause 5 under the head "Bank Accounts" in Appendix VI to the OSA made matters clear by providing that, notwithstanding anything contained elsewhere in the OSA, it would "be responsibility of the owner to maintain at all times sufficient funds in the Hotel Receipts Savings Account for transfer to the Hotel Operating Current Account and the Renovation and Refurbishing Savings Account sufficient in quantum to meet the disbursement and outgoings" as specified in the OSA.

160. ITC cannot, therefore, seek to contend that expenses under the OSA, for running the Hotel, were borne by it. The OSA specifically obligated AGH to fund the requisite accounts and ensure that sufficient funds were available, at all times, for running the Hotel. The very opening of the Bank Accounts by ITC was as authorised by AGH.

161. In the wake of such extensive financial input, by AGH, into the funds using which the Hotel was run in terms of the OSA, AGH cannot, quite obviously, be denied the benefit of the goodwill earned using the DAKSHIN/Dakshin mark till the expiry of the OSA. Apart from the fact that the covenants of the OSA do not contain anything to the effect that the goodwill earned in the

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DAKSHIN/  mark would enure to the benefit of ITC, AGH, being the prime financier under the OSA, would be entitled to claim the benefit of the said goodwill.

162. It has to be remembered, in this context, that, unlike the Welcomgroup and Namaste marks, which were pre-existing marks of ITC commanding pre-existing goodwill, the DAKSHIN/  mark, with which we are concerned, came into existence four years after the OSA had been executed. There was, therefore, no pre-existing goodwill, of ITC, in the DAKSHIN/  mark. Whatever goodwill the DAKSHIN/  mark came to earn, was owing to use of the mark in terms of the OSA. Thus seen, AGH has also to be regarded as a beneficiary of the said goodwill.

163. Even if, therefore, the aspect of goodwill is to be reckoned as in 2015, AGH had, to its credit, accumulated goodwill in the DAKSHIN/  mark during the period 1989 to 2015.

164. Whether, therefore, one is to treat the date on which ITC is required to satisfy the first condition, for a claim of passing off, of the existence of requisite goodwill in the mark, as 1989 or as 2015, there is no evidence to indicate that any such goodwill in the DAKSHIN/  mark, to which ITC was solely and exclusively entitled, existed.

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165. The very first ingredient of passing off, which is the existence of goodwill is not, therefore, satisfied.

V.G Re. misrepresentation

166. The second ingredient of passing off is misrepresentation. Mr. Ramanujan sought to contend that no misrepresentation can be laid at the door of AGH, and we are inclined to agree.

167. The very essence of the tort of passing off, which is manifest even from the simple etymological understanding of the expression "passing off", is representation of the goods or services of one person as those of another. Confusion is not, therefore, the essence of the tort of passing off, though it is one of the channels by which the tort is committed. Classically, passing off is a tort of deceit, as it embodies the intent of the tortfeasor to represent, to the consumer public, that its goods or services are those of another. With the passage of time and evolution of the law in that regard, the requirement of mala fides or *mens rea* is no longer a *sine qua non* for a case of passing off to sustain. Nonetheless, the misrepresentation by the tortfeasor remains one of the essential ingredients of the tort and, to be satisfied, requires material to indicate that the tortfeasor is misrepresenting his goods or services to be those of another or, at the very least, that the consumer public has been misled into believing the goods or services of the tortfeasor to be those of the other.

168. In the present case, there is nothing to indicate that AGH, at any point of time, represented, to the public, the existence of any

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association between its Dakshin retaurant at Chennai and the various Dakshin outlets of ITC. On the basis of the material on record, we are *prima facie* inclined to agree with Mr. Ramanujan that AGH was running its Dakshin restraurant in Chennai independently, claiming no association with ITC. Irrespective of whether AGH was, or was not entitled to do so, it cannot be said *prima facie* that AGH was misrepresenting the services rendered by it as those rendered by ITC.

169. AGH's Dakshin restaurant has no existence outside Chennai. ITC does not run any Dakshin restaurant in Chennai. At the very least, therefore, the aspect of whether the consumer public is misled into believing an association between the two restaurants is a matter of trial.

V.H Re. Injury/damage

170. The third ground of passing off is resultant injury or damage to the plaintiff as a consequence of the tortious act of the defenant. Though Mr. Nigam has sought to contend that customers who visited the ITC Dakshin outlet at Delhi would be confused and would presume an association with the Chennai Dakshin outlet of AGH, there is nothing to substantiate this contention. We have to bear in mind, in the present case, that the fact that we are dealing with a passing off suit and not a suit for breach of contract. In the absence of any material to indicate that any damage to ITC, or to the reputation of its Dakshin outlet in Delhi had resulted as a consequence of the use, by AGH, of the mark Dakshin for its outlet at Chennai, the

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requirement of injury and damage also becomes, at the very least, a triable issue.

171. Within the ***Wander*** parameters, it cannot be said that any case for interference with the view expressed by the learned Single Judge in this regard exists.

V.I The sequitur

172. As a result, primarily because the very first requirement of pre-existing goodwill of ITC, in the Dakshin mark, prior to commencement of the use of the mark by AGH is not satisfied, we are in agreement with the learned Single Judge that no *prima facie* case of passing off can be said to exist against AGH and in favour of ITC.

VI Acquiescence

173. We are also in agreement with the learned Single Judge in his view that ITC's claim for injunction against AGH has to fail on the ground of acquiescence, in view of Section 33(1) of the Trade Marks Act.

174. ITC applied for registration of the Dakshin mark in Class 42 on 10 February 2004, and the certificate of registration was issued on 17 December 2005. AGH applied for the grant of registration of the

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Dakshin mark in Class 42 on 23 April 2004 and the certificate was issued on 16 September 2005.

175. Section 33(1) prohibits the owner of an earlier trademark, who has acquiesced to the use of a registered trademark by another, for a period of five years or more, thereafter seeking to injunct such use. The scope and ambit of the expression "acquiescence" stands well delineated from the following passages of the Supreme Court in ***Power Control Appliances v. Sumeet Machines***[56] thus:

> "26. Acquiescence is sitting by, when another is invading the rights and spending money on it. It is a course of conduct inconsistent with the claim for exclusive rights in a trade mark, trade name etc. It implies positive acts; not merely silence or inaction such as is involved in laches. In ***Harcourt v. White***[57] Sr. John Romilly said: "It is important to distinguish mere negligence and acquiescence." Therefore, acquiescence is one facet of delay. If the plaintiff stood by knowingly and let the defendants build up an important trade until it had become necessary to crush it, then the plaintiffs would be stopped by their acquiescence. If the acquiescence in the infringement amounts to consent, it will be a complete defence as was laid down in ***Mouson (J.G.) & Co. v. Boehm***[58]. The acquiescence must be such as to lead to the inference of a licence sufficient to create a new right in the defendant as was laid down in ***Rodgers v. Nowill***[59].
>
> 27. The law of acquiescence is stated by Cotton, L.J. in ***Proctor v. Bannis***[60] as under:
>
> > "It is necessary that the person who alleges this lying by should have been acting in ignorance of the title of the other man, and that the other man should have known that ignorance and not mentioned his own title."
>
> In the same case Bowen, L.J. said:

[56] **(1994) 2 SCC 448**
[57] **(1860) 28 Beav 303**
[58] **(1884) 26 Ch D 406**
[59] **(1847) 2 De GM&G 614**
[60] **(1887) 36 Ch D 740**

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> "In order to make out such acquiescence it is necessary to establish that the plaintiff stood by and knowingly allowed the defendants to proceed and to expend money in ignorance of the fact that he had rights and means to assert such rights."

28. In ***Devidoss and Co***[61] at pages 33 and 34 the law is stated thus:

> "To support a plea of acquiescence in a trade mark case it must be shown that the plaintiff has stood by for a substantial period and thus encouraged the defendant to expend money in building up a business associated with the mark. In ***Rowland* v. *Michell***[62] Romer J. observed:
>
> > 'If the plaintiff really does stand by and allow a man to carry on business in the manner complained of to acquire a reputation and to expend money he cannot then after a long lapse of time, turn round and say that the business ought to be stopped.'"

In the same case, but on appeal Lord Russel, C.J. said ***Rowland* v. *Michell***[63] at p. 43:

> "Is the plaintiff disentitled to relief under that head by injunction because of acquiescence? Of course it is involved in the consideration of that that the plaintiff has a right against the defendant and that the defendant has done him a wrong and the question is whether the plaintiff has so acted as to disentitle him from asserting his right and from seeking redress from the wrong which has been done to him. Cases may occasionally lay down principles and so forth which are a guide to the court, but each case depends upon its own circumstances.

Dealing with the question of standing by in ***Codes v. Addis and Son***[64] at p. 142, Eve, J. said:

> 'For the purpose of determining this issue I must assume that the plaintiffs are traders who have started in this more or less small way in this country, and have been

[61] **AIR 1941 Mad 31**
[62] **(1896) 13 RPC 464**
[63] **(1897) 14 RPC 37**
[64] **(1923) 40 RPC 130**

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> continuously carrying on this business. But I must assume also that they have not, during that period, been adopting a sort of Rip Van Winkle policy of going to sleep and not watching what their rivals and competitors in the same line of business were doing. I accept the evidence of any gentleman who comes into the box and gives his evidence in a way which satisfies me that he is speaking the truth when he says that he individually did not know of the existence of a particular element or a particular factor in the goods marketed by his opponents. But the question is a wider question than that : ought not he to have known : is he entitled to shut his eyes to everything that is going on around him, and then when his rivals have perhaps built a very important trade by the user of indicia which he might have prevented their using had he moved in time, come to the Court and say : "Now stop them from doing it further, because a moment of time has arrived when I have awakened to the fact that this is calculated to infringe my rights." Certainly not. He is bound, like everybody else who wishes to stop that which he says is an invasion of his rights, to adopt a position of aggression at once, and insist, as soon as the matter is brought to Court, it ought to have come to his attention, to take steps to prevent its continuance; it would be an insufferable injustice were the Court to allow a man to lie by while his competitors are building up an important industry and then to come forward, so soon as the importance of the industry has been brought home to his mind, and endeavour to take from them that of which they had legitimately made use; every day when they used it satisfying them more and more that there was no one who either could or would complain of their so doing. The position might be altogether altered had the user of the factor or the element in question been of a secretive or surreptitious nature; but when a man is openly using, as part of his business, names and phrases, or other elements, which persons in the same trade would be entitled, if they took steps, to stop him from using, he gets in time a right to sue them which prevents those who could have stopped him at one time from asserting at a later stage their right to an injunction.'

In ***Mc. Caw Stevenson & Orr Ltd.*** **v.** ***Lee Bros.***[65] acquiescence for four years was held to be sufficient to preclude the plaintiff from succeeding. In 1897 the plaintiffs in that case registered the word 'glacier' as a trade mark in respect of transparent paper as a substitute for stained glass. As the result of user the word had become identified with the plaintiffs' goods. In 1900 the defendants

[65] **(1960) 23 RPC 1**

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commenced to sell similar goods under the name ‘glazine.’ In 1905 the plaintiffs commenced an action for infringement. The defendants denied that the use of the word ‘glazine’ was calculated to deceive and also pleaded acquiescence. A director of the plaintiff company admitted that he had known of the use of the word ‘glazine’ by the defendants for four years — he would not say it was not five years. It was held that the plaintiffs failed on the merits and by reason of their delay in bringing the action.

Delay simpliciter may be no defence to a suit for infringement of a trade mark, but the decisions to which I have referred to clearly indicate that where a trader allows a rival trader to expend money over a considerable period in the building up of a business with the aid of a mark similar to his own he will not be allowed to stop his rival's business. If he were permitted to do so great loss would be caused not only to the rival trader but to those who depend on his business for their livelihood. A village may develop into a large town as the result of the building up of a business and most of the inhabitants may be dependent on the business. No hard and fast rule can be laid down for deciding when a person has, as the result of inaction, lost the right of stopping another using his mark. As pointed out in ***Rowland*** each case must depend on its own circumstances, but obviously a person cannot be allowed to stand by indefinitely without suffering the consequence.”

29**.** This is the legal position. Again in ***Halsbury's Laws of England,*** Fourth Edn., Vol. 24 at paragraph 943 it is stated thus:

> “943. *Acquiescence*.— An injunction may be refused on the ground of the plaintiff's acquiescence in the defendant's infringement of his right. The principles on which the court will refuse interlocutory or final relief on this ground are the same, but a stronger case is required to support a refusal to grant final relief at the hearing. **[*Patching* v. *Dubbins*[66]; *Child* v. *Douglas* [67]; *Johnson* v. *Wyatt*[68]; *Turner* v. *Mirfield*[69] ; *Hogg* v. *Scott*[70] ; *Price* v. *Bala and Festiniog Rly. Co.*[71]]** The reason is that at the hearing of the cause it is the court's duty to decide upon the rights of the parties, and the dismissal of the action on the ground of acquiescence amounts to a decision that a right which once existed is absolutely and for ever lost: ***Johnson* v. *Wyatt***[72] at 25; and

[66] **(1853) Kay 1 : 69 ER 1**
[67] **(1854) 5 De GM&G 739**
[68] **(1863) 2 De GJ&Sm 18**
[69] **(1865) 34 Beav 390**
[70] **(1874) LR 18 Eq 444**
[71] **(1884) 50 LT 787**
[72] **(1863) 2 De GJ&Sm 18**

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see ***Gordon* v. *Cheltenham and Great Western Union Rly. Co.***[73] per Lord Langdale MR."

30. In ***Aktiebolaget Manus v. R.J. Fullwood & Bland, LD.***[74] at pp. 338-39 it was held thus:

> "Apart from this point the case of ***Fullwood* v. *Fullwood***[75] shows that the injunction in a passing-off case is an injunction sought in aid of a legal right, and that the Court is bound to grant it if the legal right be established unless the delay be such that the Statute of Limitations would be a bar. That case apparently concerned some predecessors of the defendants. The delay was one of rather under two years and the relief sought was an injunction to restrain the use by the defendants of cards and wrappers calculated to induce the belief that his business was connected with the plaintiff. Fry, J., in the course of his judgment said this:
>
> > 'Now, assuming, as I will, for the purpose "of my decision, that in the early part of 1875 the plaintiff knew of all the material facts" which have been brought before me today, he commenced his action in November 1876. "In my opinion that delay, and it is simply delay, is not sufficient to deprive the plaintiff of" his rights. The right asserted by the plaintiff in this action is a legal right. He is, in "effect, asserting that the defendants are liable to an action for deceit". It is not suggested in the defence that the delay here involves a question under or analogous to the period under the Statute. The defendants did suggest that there had been something more than mere delay on the part of the plaintiffs, and that the plaintiffs had lain by and allowed the goodwill which the plaintiffs now propose to acquire, but this point was not seriously pressed. It was suggested that Mr Evans Bajker, the plaintiffs' solicitor, knew from 1941 onwards what the defendants were doing, but it is impossible to impute to a busy solicitor a knowledge which he could only acquire by seeing advertisements in local or farming papers advertising the defendants' activities. No direct information was afforded to him; on the contrary it will be remembered that when in 1942 he made enquiries on behalf of his clients information was studiously withheld from

[73] **(1842) 5 Beav 229, 233**
[74] **(1948) 55 RPC 329**
[75] **(1878) 9 Ch D 176**

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> him. I conclude therefore that there has been no acquiescence to disentitle the plaintiff to relief.'""

176. Both sides cite ***Power Control Appliances***. Mr. Nigam submits, however, that, in a case of *ex facie* infringement, an injunction must follow and relies, for this purpose, on the judgment of the Supreme Court in ***Midas Hygiene***.

177. This Bench has had an occasion to juxtapose and harmonize ***Power Control Appliances*** and ***Midas Hygiene*** in its decision in ***Saurabh Gupta v. Sheopals Pvt Ltd***[76], from which we, with humility, deem it appropriate to reproduce the following paragraphs:

> "17.4 Even if, however, one were to presume that some time had elapsed between the filing of opposition, by Saurabh, to SPL's application dated 23 November 2018, and the institution of the suit, Saurabh's claim for relief against infringement cannot be rejected on that ground. This position of law stands settled by the judgment of the Supreme Court in ***Midas Hygiene Industries (P) Ltd. v. Sudhir Bhatia***, thus:
>
> > "5. The law on the subject is well settled. In cases of infringement either of trade mark or of copyright, normally an injunction must follow. Mere delay in bringing action is not sufficient to defeat grant of injunction in such cases. The grant of injunction also becomes necessary if it prima facie appears that the adoption of the mark was itself dishonest."
>
> Thus, the Supreme Court has held that, where infringement is found to exist, injunction must follow and that delay in bringing the action is no ground to reject the prayer for injunction.
>
> 17.5 The learned Commercial Court has, in this context, relied on the judgment of the Supreme Court in ***Power Control Appliances*** and of this Court in ***Intex Technologies***[77]. These decisions deal with the principles of acquiescence, and not merely the principle of delay. ***Power Control Appliances*** holds that mere

[76] **(2026) 105 PTC 10443**
[77] **Intex Technologies Ltd v. AZ Tech (India), 2017 SCC OnLine Del 7392**

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inaction does not connote acquiescence but that, if the plaintiff has sat back and consciously allowed the defendant to continue to use the allegedly infringing mark for a long period of time, thereby generating goodwill and reputation, he cannot, thereafter, seek to injunct such use.

17.6 Thus, mere inaction does not amount to acquiescence. Acquiescence implies positive conduct on the part of one party, sitting back and allowing the other to continue the injurious act and, thereby, build up a reputation. In the ultimate analysis, the question of whether the plaintiff, in fact, sat back and allowed the defendant to continue his business, using the infringing mark, over an extended period of time and thereby build up his goodwill and reputation, would be a question of fact, which might necessitate a trial.

17.7 Harmonising the decisions in ***Midas Hygiene*** and ***Power Control Appliances***, the position that emerges is that, *wherever a prima facie case of infringement is made out, an injunction must follow, and delay in bringing the action cannot be a ground to disentitle the plaintiff to injunction. If, however, the defendant is able to establish, through evidence which ordinarily would have to be led in trial, that the plaintiff has sat back and knowingly allowed the defendant to continue using the infirming mark for an extended period of time, thereby building up the defendant's reputation, the plaintiff might ultimately fail in obtaining an injunction*. To our mind, in a clear cut case of infringement, the Court has ordinarily to grant an injunction, and denial of an injunction on the ground of acquiescence can, if at all, only be a conclusion which follows a trial."

(Emphasis supplied)

178. ***Midas Hygiene*** dealt with infringement, not passing off. Even if one were, *arguendo*, to extrapolate the *ratio decidendi* of ***Midas Hygiene*** to a case of passing off, the position nonetheless remains that, in a clear case of acquiescence, Section 33(1), which is in the nature of a statutory interdict, cannot be overlooked. Where, however, the plea of acquiescence requires, even for its *prima facie* satisfaction, a trial, the Court would not refuse an injunction in a clear case of infringement.

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179. ITC, in the present case, condescended to the continued use, by AGH, of the Dakshin mark not only between 1989 and 2015, but also, thereafter, from 2015 till 2023. Though ITC seeks to wish away its acceptance of such use till 2015 on the ground that there was an existing arrangement between ITC and AGH in the form of the OSA, there is no explanation worth the name for ITC's continued silence between 2015 and 2023. In the process, AGH continued to accumulate goodwill in the Dakshin mark, as has been correctly observed by the learned Single Judge.

180. The silence on the ground of ITC amounts to tacitly allowing AGH to continue to use the Dakshin mark till 2023 and, thereby, build up a reputation therein. In such circumstances, Section 33(1) specifically proscribes grant of any injunction against the continued use of the mark, at the instance of such an indolent plaintiff, who has sat back and allowed the mark to be used by the defendant for a continued length of time, much above the statutorily envisaged period of five years.

181. Significantly, even after the registration of the Dakshin mark in favour of AGH, ITC has not chosen, till date, to file any application seeking rectification of the register of trademarks by removal, therefrom, of the registered mark of AGH. ITC has also, therefore, allowed the registration to continue, unchallenged.

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182. We, therefore, agree with the learned Single Judge that ITC's prayer for injunction against AGH has also to fail on the ground of acquiescence.

VII Re. Copyright Infringement

183. ITC also pleaded that, by use of the Dakshin logo, AGH had infringed the registered copyright of ITC therein. Reliance was placed, by ITC, in this context, on the certificate of registration dated 15 November 1989, issued under the Copyright Act.

184. The learned Single Judge has correctly dealt with this submission, by noting that the certificate of registration identified the author of the copyrighted artistic work as Indu Balachandran. Indu Balachandran was an employee of HTA and, therefore, by operation of clause (c) of the proviso to Section 17 of the Copyright Act, HTA was the first owner of copyright in the Dakshin mark.

185. Though Mr. Nigam sought to contend that, in so holding, the learned Single Judge failed to note that the mark had been assigned to ITC by HTA, no written document of assignment is on record. Section 19(1)[78] of the Copyright Act requires any document of assignment of copyright to be in writing. Section 91 of the erstwhile Evidence Act, 1872, requires that, where the law requires any matter to be reduced to the form of a document, no evidence shall be given of such matter

[78] **19. Mode of assignment**.—
(1) No assignment of the copyright in any work shall be valid unless it is in writing signed by the assignor or his duly authorised agent.

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except by way of the document itself. In the absence of any such written document assigning copyright in the Dakshin mark, by HTA in favour of ITC, we find no reason in exercise of our appellate jurisdiction to interfere with the finding of the learned Single Judge that ownership of copyright in the Dakshin mark cannot, *prima facie*, be said to vest in ITC.

186. The learned Single Judge has also correctly noted, in this context, the distinction between Section 48 of the Copyright Act and Section 31(1) of the Trade Marks Act. While Section 31(1) deems the very fact of the registration of a trademark to operate as *prima facie* evidence of the validity of such registration, no such presumption arises under Section 48 of the Copyright Act. Section 48 of the Copyright Act merely treats the register of copyright to be *prima facie* evidence of the particulars entered in the register. The existence of the certificate of registration cannot, therefore, amount to proof of ownership, by ITC, of the copyright in the Dakshin mark.

187. We, therefore, agree with the learned Single Judge that ITC has not made out a *prima facie* case for injunction even on the ground of infringement of copyright.

D. Summarizing our findings

188. We may summarize our findings thus:

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(i) There is no infirmity in the learned Single Judge proceeding to pronounce *prima facie* on the merits of the dispute before him, even after having held, again *prima facie*, that he had no territorial jurisdiction.

(ii) On the aspect of territorial jurisdiction, while Section 134 of the Trade Marks Act would not apply, the suit would lie within this Court under clause (a) and clause (c) of Section 20 of the CPC.

(iii) Under the OSA, ITC was merely a service provider, providing service for a pre-determined service fee. Providing, to AGH, the benefit of the goodwill in its trade marks and trade names was, in fact, itself envisaged as among the services which ITC would provide to AGH under the OSA.

(iv) No *prima facie* case of passing off is made out, as

(a) the user of the DAKSHIN/Dakshin mark, by AGH, commenced on 14 April 1989, prior to which there was no goodwill of ITC in the said mark,

(b) even otherwise, AGH is also entitled to the benefit of the goodwill in the DAKSHIN/Dakshin mark, as earned during the currency of the OSA, and

(c) the aspects of misrepresentation and injury and damage are, at the very best, arguable and warrants a trial.

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(v) Having chosen to maintain silence during the entire currency of the OSA from 1989 to 2015 and even thereafter from 2015 to 2023, when AGH was using the DAKSHIN/Dakshin mark, in the full knowledge of ITC at the Crowne Plaza Hotel, ITC was statutorily barred, by Section 33(1) of the Trade Marks Act, from seeking to injunct such use at this stage.

(vi) The plea of copyright infringement was also, *prima facie*, not sustainable, as the Copyright Registration certificate was in the name of Indu Balachandran, who was an employee of HTA. HTA was, therefore, by operation of clause (c) of the proviso to Section 17 of the Copyright Act, the first owner of copyright therein. No written document by HTA assigning the copyright to ITC being on record as required by Section 19(1) of the Copyright Act.

(vii) No case for grant of interim injunction, as sought by ITC against AGH is, therefore, made out.

E. Conclusion

189. For all the above reasons, while we are not in agreement with the learned Single Judge with respect to his findings on the aspect of territorial jurisdiction, we agree with the learned Single Judge that no case for grant of interlocutory injunction against use of Dakshin mark by AGH, pending disposal of the suit, exists on merits.

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190. We, therefore, do not find this to be a case deserving of interference.

191. The appeal is accordingly dismissed.

C. HARI SHANKAR, J.

OM PRAKASH SHUKLA, J.

JULY 01, 2026
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