COCA-COLA COMPANY V. BISLERI INTERNATIONAL PVT. LTD. & OTHERS

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INTRODUCTION

A licensing agreement must be made with the other party in order to legally make use of their trademark if one party desires to do so. The modified Trade Marks Act[1], which is in compliance with worldwide systems and practices, was passed in line with the TRIPS agreement.

India adheres to both codified law and common law principles, as seen by Section 135[2] of the said Act, which recognizes both infringement and passing off activities. The common law doctrine of passing off allows for the enforcement of unregistered trademark rights as well. In India, the registration of a trademark does not constitute a requirement for pursuing a civil or criminal lawsuit for trademark infringement. The landmark trademark case "Coca-Cola Company v. Bisleri International Pvt. Ltd. & Others"[3]brings up a number of legal issues, including the jurisdictional scope of the court, infringement and passing off, as well as breach of contract between the parties, which was committed by the defendants and for which the plaintiff was granted an injunction. The case, often referred to as the "Maaza War", was heard and determined by the Delhi High Court.

FACTS

The plaintiff is the biggest soft drink company with operations in more than 190 nations. It hires bottlers and gives them licenses to sell beverages using certain trademarks that belong to it. Additionally, it appoints other companies to produce beverage bases for sale to the Bottlers.

The owners of the Defendant, Mr. Ramesh Chauhan, and Mr. Prakash Chauhan entered into a master agreement on September 18, 1993, under which they sold the plaintiff the trademarks, formulation rights, know-how, intellectual property rights, goodwill, etc. of their products, including "THUMS UP," "LIMCA," "GOLD SPOT," "CITRA," and "MAAZA," among others. Only the product "MAAZA" is the subject of the current litigation. Despite being the owner of the trademark, the confidential beverage base for the production of "MAAZA" was

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[1] Trade Mark Act, 1999

[2] Trade Mark Act 1999, s 135

[3] Coca Cola Company v. Bisleri International Pvt. Ltd. & Others [2009] 164 DLT 59

held by a defendant subsidiary "Golden Agro Products Ltd." Now, the business merged with the defendant alongside other firms and changed its name to "Bisleri Sales Ltd."

The license agreement for "MAAZA" was signed between the plaintiff and "Golden Agro Products Pvt. Ltd." in October 1994. All trademarks, formulation rights, etc., were unconditionally and permanently transferred to the plaintiff under this arrangement. Regarding other nations where "MAAZA" had been registered, the defendant still had the trademark rights.

The defendant learned in March 2008 that the plaintiff had submitted an application to register the "MAAZA" trademark in Turkey. The defendant revoked the licensing agreement and stopped the plaintiff from producing "MAAZA" and making use of its trademarks, etc., directly or indirectly, by itself or via its affiliated companies, on September 7, 2008, in a legal notice that was delivered to the plaintiff. According to the plaintiff, the notice stated that by trying to register "MAAZA" in Turkey, the plaintiff had violated the terms of the aforementioned agreement since the assignments and agreements between both parties only permitted the plaintiff to use "MAAZA" in India. The defendant's intention to begin using the trademark "MAZA" in India was also revealed in the said notice.

The plaintiff argues that the defendant entirely disregarded the irreversible and full transfer of the intellectual property rights in favor of the plaintiff and brought the current lawsuit in an effort to obtain a permanent injunction, damages, and relief for trademark infringement and passing off.

LEGAL ISSUES

- Whether or not the Delhi High Court has jurisdiction to deal with the matter in this particular case.
- Should the plaintiff be granted a permanent injunction and other damages for trademark infringement and passing off?

ARGUMENTS

Plaintiff's Contentions

According to the plaintiff, the court has the jurisdiction to entertain this suit since the defendant is conducting business inside its territorial limits and because the legal notice of the defendant's illegal intent was issued from New Delhi. Defendant has further intentions to make use of the infringing trademark within its jurisdiction, as shown by its publication of its plan to use the same in the Delhi Edition of the journal Times of India'.

In order to further support his arguments, the plaintiff has argued that the origin of the license agreement dated May 13, 2004, falls within the court's jurisdiction. It is also claimed that the individual with whom the correspondence was exchanged, Mr. Ramesh Chauhan, is currently living in New Delhi. Based on Section 134 (2)[4] of the Act and Section 20(c)[5] of the Code of Civil Procedure (C.P.C.), 1908, the plaintiff claims that this court has the jurisdiction to hear the trademark infringement matter. The defendant's threat to use the mark across India, as stated in the notice, is sufficient to establish the court's jurisdiction.

Defendant's Contentions

According to the defendant, the only place where it conducts business inside the jurisdiction of this court is a plant where mineral water for "Bisleri" is bottled and marketed. Mumbai serves as the defendant's registered office. In addition, all communications between the parties have occurred via the defendant's Mumbai office.

Regarding the issue of whether it intends to use the infringing trademark, it has been argued that since the infringing mark is the plaintiff's registered trademark, the defendant has no such intent within the jurisdiction of this court. The defense claimed that the legal notice only provides the Mumbai address and that the plaintiff is therefore seeking to deceive the court with regard to the notice coming from New Delhi. The defendant has claimed, with respect to the 'Times of India' piece, that the article originally appeared in the Mumbai edition and 'also carried' in the Delhi edition since the Delhi edition is a sister business of the Mumbai edition.

OBSERVATION

The Court has observed that the provisions of Section 20 of the C.P.C. must be interpreted in conjunction with Section 134 of the Act. Section 20(c) states, "(c) the cause of action, whole or in part arises."

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4 Trade Mark Act, 1999, s 134(2)

5 Code of Civil Procedure, s 20(c)

When read together, these two sections establish beyond reasonable doubt that the present suit filed in this Court is within its jurisdiction since the cause of action has arisen completely or partially within the territorial jurisdiction of the same. Section 20 was incorporated to ensure that the trial takes place as close to the defendant as practicable, sparing him the trouble and cost of traveling vast distances to present his defense. The plaintiff company claims that it has the right to sue in Delhi courts because: the defendant is doing business there, has published a news article in the Delhi edition of the 'Times of India,' and that the defendant has a factory at Shivaji Marg, New Delhi.

Even if the defendant's registered office is in Mumbai, the plaintiff is nonetheless within its rights to bring suit in this court since a portion of the cause of action has emerged at this location. The plaintiff here claims that its rights were infringed in the state of Delhi. The plaintiff further contended that the defendant intimidated the plaintiff in Delhi through the notice that was given, therefore the Court is of the opinion that this Court has jurisdiction to entertain the suit at hand.

In order for this court to have jurisdiction over a case, the plaintiff must have been doing business or working for personal gain or voluntarily residing within the court's jurisdiction at the time the suit was filed. It is widely established in the law that advertising or an intent to use a mark counts as the use of the mark at dispute. According to section 2(2)(c)(i)[6];

"*In this Act, unless the context otherwise requires, any reference—*

(c) to the use of a mark, — (i) in relation to goods, shall be construed as a reference to the use of the mark upon, or in any physical or in any other relation whatsoever, to such goods;"

Infringement and passing off are not established only if the goods are actually manufactured by the party concerned. According to established law[7], the injured party may file a "quia timet" action if there is prima facie proof that the party intends to use the impugned mark.

The plaintiff is doing business on a large scale and commercial basis in Delhi. Since the plaintiff is actively marketing and selling its goods within the jurisdiction of this court, there is no prohibition under Section 134(2).

[6] Trade Mark Act, 1999, s 2(2)(c)(i)
[7] Computervision Corporation v Computer Vision Limited, [1975] RPC 171

Secondly, the plaintiff claims that the defendant's notice and newspaper articles issued in the Delhi edition of the Times of India demonstrate that the defendant intends to use the mark by making a “groundless threat” of trademark infringement, which is sufficient to establish the court's jurisdiction.

Thirdly, the plaintiff claims that the court has jurisdiction over the matter since the defendant maintains a place of business within the court's territorial limits. The plaintiff claims that the defendant owns a factory at "66, Shivaji Marg, New Delhi" in support of this claim. The same has also been admitted by the defendant in the present application. The fact that it has its registered office in Mumbai and is engaged in bottling there is irrelevant.

It's important to point out that on October 15, 2008, this court appointed two local commissioners, one of whom went to check out the "M/s. Varma International" factory in Chittor. The defendant allegedly illegally allowed the production of essential ingredients used in the production of "MAAZA" beverage bases. The retrieved invoices from "M/s Varma International" that the Local Commissioner submitted demonstrate that the company has exported "MAAZA" items to one "M/s. Pars Ram Fruit and Spices" in Australia. Documents issued by "M/s. Maaza Beverages Inc.", New York, regarding the purchase of "MAAZA" drinks have also been filed by the Local Commissioner. These documents were addressed to "M/s. Parle Bisleri Pvt. Ltd." and more specifically to "Mr. R.B. Varma," an employee of the defendant and the father of Mr. Vishal Varma, the proprietor of "M/s. Varma International," from whom the Local Commissioner obtained their evidence. These records establish a clear link between the defendant, the foreign party, and Mr. R.B. Varma, whose son, Mr. Vishal Varma, trades as "M/s Varma International" and ships Maaza goods to Australia.

DECISION

The foregoing facts and documents establish that the defendant not only intended to use the trademark "MAAZA," but also participated in activities involving the use of the trademark "MAAZA" by third parties, including "M/s Varma International," "M/s. Pars Ram Bros. Australia Pvt. Ltd.," and "Maaza Beverages Inc." of the United States. Defendant also does not dispute the fact that Mr. R.B. Varma is or was an employee of the defendant. It is established law that the sale of products outside of the nation of origin infringes against the rights of the owner of the trademark for such products. Since the defendants' sister company, "Parle Bisleri Pvt. Ltd.", dealt with the product "MAAZA" with numerous firms situated abroad and also received the orders directly, the documents discovered and submitted by the Local commissioner plainly demolish the claimed defense of the defendants. Similarly, "M/s. Varma International" has been based in Mumbai where it has been receiving export orders and doing commercial operations.

It is undisputed that the Agreement between the parties dated May 13, 1994 is a 'determinable contract' and that the Plaintiff is entitled to an injunction to protect its intellectual property rights under the terms of the Agreement. The defendant's use of the "MAAZA" trademark in India is prohibited under the negative covenant in Section 42[8] of the Specific Relief Act. Keeping in mind the observations of the court as regards the jurisdiction of this court, it is held that this court has the territorial jurisdiction to hear and try/determine the suit. The balance of convenience further favours the plaintiff and against the defendants, since the plaintiff is the registered owner of the "MAAZA" trademark and has therefore established a solid prima facie case for the issue of an injunction. The plaintiff will suffer irreparable harm and loss if the Court does not grant an injunction.

CONCLUSION & ANALYSIS

A trademark serves to safeguard its owner in every country where it is registered. Once a trademark is assigned, the owner retains all rights associated with it regardless of the assignee's location or the identity of the assignee.

The court found in favour of the plaintiff since the defendant had been using the "MAAZA" trademark on the mistaken assumption that the agreement it had signed with the plaintiff was limited to India and that exporting the goods would not constitute a violation of any rights or laws. After executing the assignment deed with the plaintiff, the defendants no longer have any title to the trademark, hence the court has issued an injunction ordering them to immediately cease all production and use of the aforementioned Trademark. According to official records, the plaintiff is the legal owner. In addition to setting a precedent, the case has paved the way for other similar judgements in which various businesses with rights over the same products in different countries would supply to the same manufacturers.

[8] Specific Relief Act, 1963, s 42