

## Special Legal Issues Seminar

### *Scope For and Limits of Combining Contract-based Causes of Action in IP Law Suits*

# Concepts and Relevant Provisions under Code of Civil Procedure, 1908

## ❖ Cause of Action

- A bundle of facts which are necessary to be proved in a given case.
- Pivotal ingredient for successfully establishing a legal claim- relevant for other purposes such as computation of limitation period, determination of the proper forum for filing of claim.
- Encompasses both the legal provision of what legal wrong the plaintiff claims to have suffered, and the remedy, which is the relief a court is asked to grant.

2 ❖ Order II Rule (2) – “Suit to include the whole claim – *Every suit shall include the whole of the claim which the plaintiff is entitled to make in respect of the cause of action; but a plaintiff may relinquish any portion of his claim in order to bring the suit within the jurisdiction of any Court.”*

## Concepts and Relevant Provisions under Code of Civil Procedure, 1908 (Contd.)

### ❖ Joinder of Causes of Action

- A plaintiff may unite several causes of action against the same defendant in the same suit.

### ❖ Order II Rule (3) – “Joinder of causes of action –

*(1) Save as otherwise provided, a plaintiff may unite in the same suit several causes of action against the same defendant, or the same defendants jointly; and any plaintiffs having causes of action in which they are jointly interested against the same defendant, or the same defendants jointly may unite such causes of action in the same suit.*

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*(2) Where causes of action are united, the jurisdiction of the Court as regards the suit shall depend on the amount or value of the aggregate subject-matters at the date of instituting the suit.”*

## Concepts and Relevant Provisions under Code of Civil Procedure, 1908 (Contd.)

❖ Order II Rule (6) – "Power of Court to order separate trials –

*“Where it appears to the court that the joinder of causes of action in one suit may embarrass or delay the trial or is otherwise inconvenient, the court may order separate trials.”*

❖ Section 20 – Provides the rights to the plaintiff to institute suit proceedings at a place where the defendant actually and voluntarily reside or carry on the business for gain, or cause of action arises.

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## Concepts and Relevant Provisions under Indian Contract Act, 1872

- ❖ **Section 37** provides that the parties to the contract are under obligation to perform or offer to perform, their respective promises under the contract, unless such performance is dispensed with or excused under the provisions of the Indian Contract Act or of any other law.
- ❖ **Section 73** states that, *“When a contract is broken, the party who suffers from the breach of contract is entitled to receive from the party who has broken the contract, compensation for any or damaged caused to him, which naturally arose in the normal course of things from the breach or which the parties knew when they made the contract to be likely to result from the breach of it.”*
- 5 ❖ Breach of contract is a legal cause of action in which a binding agreement is not honored by one or more parties by non-performance of its promise by him renders impossible.

## Limitations to Joinder of Causes of Action

### ❖ Jurisdiction

- The court must have jurisdiction over both causes of action.
- The court shall not readily presume the existence of jurisdiction of a court, which was not conferred by the statute.
- Joinder of cause of action would not mean that jurisdiction can be conferred upon a court which had jurisdiction to try only the suit in respect of one cause of action and not the other.

### ❖ Forum inconvenience

- This is the discretionary power of the court to not exercise jurisdiction in a matter because there exists a more appropriate forum to try the matter.
- Joinder of cause of action could be refused if the cause of action professed to be joined is arising elsewhere and unconnected with the original cause of action. [*Harman Overseas v. Dongguan TR Bearing Company Limited* [2018 (2) Bom CR 167].

## Limitations to Joinder of Causes of Action (Contd.)

### ❖ Arising from same transaction

- Joinder of cause of action can be refused if causes of action do not arise out of same set of transactions.
- When the matters complained of pertain to the same transaction or the same series of transactions, causes of action can be combined.
- In cases where splitting the two causes of action would be artificial, joinder may be permissible.

### ❖ Barred by Law

- Where one set of causes of action may be clearly barred by law.
- Where the Court obviously cannot decide such disputes being expressly barred by a statute the question of joinder of such causes of action would not arise.
- It may be a case where the Court may not have the jurisdiction over the subject-matter of dispute, or the limitation period has passed.

## Relevant Case Laws

❖ ***ITC Limited v. Godfrey Phillips India Ltd.*** [AIR 2015 Cal 19]

- “..... causes of action in respect of infringement as also passing off against the defendant are so closely interconnected and inter-linked that it would be just and convenient to try both the issues jointly.”

❖ ***M/s. Paragon Rubber Industries v. M/s. Pragathi Rubber Mills & Ors.*** [2014 (57) PTC 1 (SC)]

- “...for the purpose of invoking the jurisdiction of the court in a composite suit, both the causes of action must arise within the jurisdiction of the court which otherwise had the necessary jurisdiction to decide all the issues. However, the jurisdiction cannot be conferred by joining two causes of action in the same suit when the court has jurisdiction to try the suit only in respect of one cause of action and not the other.”
- The existence of jurisdiction over one cause of action in a composite suit will not annul the effect of lack of jurisdiction over the other causes of action.



## Relevant Case Laws (Contd.)

### ❖ *M/S. Dhodha House v. S.K. Maingi* [AIR 2006 SC 730]

- The Court dealt with the issue of maintainability of a composite suit.
- *“By necessary implication, a cause of action for infringement of Copyright and a cause of action for infringement of Trade Mark or a cause of action of passing off would be different. Even if one cause of action has no nexus with another, indisputably Order II Rule 3 may apply... by reason of application of Order II Rule 3 of the Code ipso facto would not confer jurisdiction upon a court which had none ...”*
- When the causes of action in a case under two pieces of legislation are overlapping, the territorial jurisdiction under the CPC shall apply.

## Relevant Case Laws (Contd.)

### ❖ *Mohan Lal v. Sona Paint & Hardwares* [2013 (55) PTC 61 (Del) (FB)]

- Design infringement and passing off based on different claims.
- The causes of action for bringing remedies are different, and cannot be combined.

### ❖ *Carlsberg Breweries v. Som Distilleries And Breweries Ltd.* [2017 (70) PTC 413 (Del)]

- Overruled Mohan Lal judgement.
- Plaintiff can join two causes of action: one of infringement of the registered design of the plaintiff and the second of the defendant passing off its goods, against one defendant in a composite suit.
- Causes of action arise out of the same transaction i.e., sale of the goods.
- The judgement upholds the fundamental rationale behind the provision of joinder of causes of action i.e. avoiding needless multiplicity of suits and promote convenient disposal of such disputes.

## Relevant Case Laws (Contd.)

### ❖ *Shambhu Nath and Brothers and Ors. v. Imran Khan* [2018 (76) PTC 365 (Cal)]

- “...the Court would grant joinder of causes of action provided there is no inconvenience faced by the parties at the trial of the suit.”
- “...it could be that the cause of action is not arising out of same set of transactions...”
- “Forum inconvenience is the other ground on which such leave could be refused...”
- “one set of causes of action may be clearly barred by law, that is to say, by a statute and the Court obviously cannot decide such disputes being expressly barred by a statute and, accordingly, the question of joinder of such causes of action would not arise.”

## Relevant Case Laws (Contd.)

❖ ***Prem Lata Nahata v. Chandi Prasad Sikaria* [(2007) 2 SCC 551]**

- *“the rights to relief claimed in the suits are in respect of or arise out of the same transaction or series of transactions; or that for some other reason it is desirable to make an order consolidating the suits”.*
- *“.... the ultimate question for decision in all the suits is the nature of the transactions that were entered into between the parties and whether the evidence in those transactions would be common.”*

# THANK YOU!

## Questions?

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