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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**
+ **CS(COMM) 118/2016**
MOBILE TELESYSTEMS OJSC & ANR

..... Petitioner

Through: None.

versus

MAHESH BHATTI & ORS

..... Respondent

Through: Mr. Sumit Nagpal and Mr. Sanjay Shah,
Advocates.

CORAM:

MS. DEEPALI SHARMA (DHJS), JOINT REGISTRAR (JUDICIAL)

ORDER

% **13.10.2017**

I.A.No. 9120/2016 under Order 1 Rule 10 r/w Section 151 CPC filed on behalf of counter-claimants

The instant application has been filed by the counter-claimants seeking impleadment of M/s Shyam Telecom Ltd. (hereinafter referred to as “STL”) as defendant no.3 in the instant suit.

The counter-claim has been filed by the defendants/counter-claimants against the plaintiffs, who are the Directors of Manisha Tele Sanchar and the company itself i.e Manisha Tele Sanchar Pvt. Ltd. The counter-claimants have sought a decree of permanent injunction restraining the defendants from infringing the trademark “MTS” of the counter-claimants, passing off, damages and rendition of accounts, delivery up etc.

The instant application has been filed by the counter-claimants stating that it received a reply dated 01.12.2015 from the Ministry of Communications & IT to



the complaint filed by the counter-claimants in which the Department of Telecom has disclosed that the trademark of the counter-claimants was being infringed by defendant no. 2.

It is further stated by the counter-claimants/applicants that in response to the application filed under the RTI Act, the Ministry of Communication and IT disclosed that defendant no. 2 is a separate entity and a separate body STL is responsible for importing the handsets from the manufacturers and marketing it in India. It is accordingly stated that since the counter-claimant has now come to know of the infringement of its registered trademark “MTS” by STL in connivance and collusion with defendant no.2, therefore, STL is a necessary party to the instant suit.

Replies have been filed by the plaintiffs/defendants in the counter-claim and proposed defendant no.3, which are on similar lines.

In the replies, it is contended that defendant no.1 & 2 are the proprietors of the trademark “MTS” and in order to provide its telecommunication services in India, defendant no.2 entered into agreements with STL which imports telecommunication devices such as mobiles phones, which are compatible with the telecommunication services provided by defendant no.1 & 2. It is stated that the branding of the mobile phones so imported is carried out in terms of the services agreement and supply agreement dated 22.01.2014 entered into between defendant no.2 and STL. An authorisation letter dated 23.12.2013 for right to use the copyrights and the trademark of defendant no.2, registered in India, has also been executed by defendant no.2 in favour of STL. It is stated that the said agreement between STL and defendant no.2 to import or market and sell such devices has been terminated by defendant no.2 on 31.05.2016. It is accordingly pleaded that STL is only an ex-licencee of defendant no.2 for the purposes of procurement and branding of handsets and is therefore neither a necessary nor a proper party to the instant counter-claim.



I have heard the counsels for the parties and perused the record.

Perusal of the reply to the RTI application of the Ministry of Communication and IT indicates that defendant no.2 represented before the Ministry of Communication and IT that STL is a separate body corporate which is importing of handsets from the manufacturers and marketing it in India. The Agreement dated 22.01.2014 entered into between defendant no.2 and STL prescribes that defendant no.2 has agreed to authorise STL as the authorised dealer to procure and sell telecom devices which were compatible with telecom services provided by SSTL (Sistema Shyam Tele Services Ltd) i.e. defendant no.2. In terms of the said agreement, STL was to sell these products to the distributors/retailers for further sale to the customers subscribing to SSTL services. It is further provided thereunder that in order to augment the market share of SSTL (defendant no.2), STL shall undertake all necessary activities relating to various sales promotional schemes or marketing plans as introduced by SSTL from time to time. In terms of Schedule 2 of the said agreement, in consideration of the services to be provided by STL to defendant no.2, defendant no.2 was required to pay an amount of Rs. 55 per device to STL as a fixed fee for the services provided by STL under the aforesaid agreement.

An authorisation letter dated 23.12.2013 has also been issued by defendant no. 2 in favour of STL whereby STL described as the authorised national distributor of defendant no.2 and was authorised and granted the right to use the copyrights and trademark of defendant no.2. Thereafter vide letter dated 31.05.2016, defendant no.2 terminated the agreement dated 22.01.2014 executed between defendant no.2 and STL.

In light of the above, it is apparent that STL under its agreement dated 22.01.2014 with defendant no.2 had a substantial role to play in importing, marketing and sales of the device bearing the impugned trademark under the authorisation from defendant no.2. STL was also required to take steps for



augmenting the sales of the defendant no.2 and to undertake necessary activities relating to sales promotion schemes or marketing plans of defendant no.2 from time to time. It is noteworthy that the agreement in clause 7 also provides that the relation between the parties was to be on principle to principle basis. It was further provided thereunder that the agreement does not constitute STL as a servant/employee/partner/joint venture or an entity of SSTL and defendant no.2 is associated with STL for the limited purpose of this agreement only.

The instant counter-claim has been filed by the counter-claimant praying *inter alia* for a decree of permanent injunction, delivery up, rendition of accounts and for declaration. The agreement between defendant no.2 and STL stands terminated on 30.05.2016, however it is not clear as to whether defendant no.2 or STL are still selling the mobile devices, which have been procured prior to the termination of the agreement. Therefore it cannot be stated that a relief of permanent injunction cannot be granted qua STL. The counter-claimant has also quantified the suit for the relief of damages @ Rs. 25 lacs, which can also be claimed against STL, if STL is eventually held to be infringing the trademark of the counter-claimant. Moreover, since the sales of the mobile devices bearing the trademark in issue have been undertaken by STL by way of marketing, selling etc., therefore, the relief of rendition of accounts may be prayed for qua STL in the event it is found that the trademark in issue has been infringed by defendant no.2 and STL. Since the relation between defendant no.2 and STL is on principle to principle basis, therefore, the reliefs have to be claimed against STL in its independent capacity, by the counter-claimant.

In view of the aforesaid, STL is the necessary and proper party to the counter-claim and is accordingly impleaded as defendant no.3 in the counter-claim. Amended memo of parties filed along with the IA is taken on record.

IA stands disposed of.

Counter-Claim (Commercial) No. _____ (un-numbered)



Counter-claim is filed in a commercial nature suit. **Registry is directed to register and give separate number to this counter-claim (Commercial).**

Re-notify for further proceedings qua the counter-claim on **23rd January, 2018.**

**DEEPALI SHARMA (DHJS)
JOINT REGISTRAR (JUDICIAL)**

OCTOBER 13, 2017/nk