



**IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION**

SALES TAX REFERENCE NO. 9 OF 2012

M/s. Duphar Interfran Ltd.
F/5, Shivsagar Estate,
Dr. A. B. Road,
Mumbai – 40 018

...Applicant

Vs.

The State of Maharashtra
Mumbai, Maharashtra through Government
Pleader, High Court (OS), Bombay.

...Respondent

Mr. Ishaan V. Patkar, a/w Mr. Vinit V. Raje i/by Jindagi Shah, for the
Applicant.

Ms. Jyoti Chavan, Addl. G.P a/w Mr. Himanshu Takke, AGP, for
Respondent.

**CORAM : M.S. Sonak &
Advait M. Sethna, JJ.**

**RESERVED ON : 07 November 2025
PRONOUNCED ON : 21 November 2025**

JUDGMENT : (Per Advait M. Sethna, J.)

1. Heard Mr. Patkar, learned counsel for the Applicant and Ms. Jyoti Chavan, learned Additional Government Pleader for the

Respondent. With the assistance of the learned counsels, we have perused the record and proceedings before us.

Issue for Consideration:

2. The Sales Tax Reference (“**STR**” for short) arises from judgment and order dated 5 May 2010 of the Maharashtra Sales Tax Tribunal at Mumbai (5th Bench) (“**Tribunal**” for short) in Reference Application Nos.186 and 187 of 2008. The Tribunal framed the following question for reference to this Court:-

“Whether on the facts and in the circumstances of the case, the Tribunal was justified in law in holding that the Brand Acquisition Agreement dated 18/01/1996 in respect of trademark ‘Crocin’ entered into by M/s. Duphar Interfran Ltd. with M/s. SKB Play PLC, London is an agreement to sale and such sale is a sale within the State of Maharashtra liable to tax at 4% in terms of Schedule Entry C-I-26 appended to the Bombay Sales Tax Act, 1959?”

3. Apropos the above, an interesting point arises for our determination in the given factual complexion concerning the well-known trademark ‘Crocin’. By this Reference, we are called upon to determine whether the sale of the said trademark has taken place within the State of Maharashtra or is deemed to have taken place

during export outside India, under the canopy of Section 5(1) of the Central Sales Tax Act, 1956 (**'CST Act'** for short).

Factual Matrix:

4. The facts relevant for adjudication of this reference are summarized as under:-

5. The Applicant is a Company incorporated under the laws of India having its registered office at Mumbai. It is engaged, *inter alia*, in the business of manufacture and/or marketing of pharmaceuticals, consumer healthcare products, etc.

6. The Applicant/Company owned and held the trademark "Crocin" registered under the Trade and Merchandise Marks Act, 1958 with the Registrar of Trademarks, Mumbai.

7. By a Brand Acquisition Agreement dated 18 January 1996 (**"Agreement"** for short), the Applicant sold the said trademark to SKB, a Company incorporated under the Laws of United Kingdom and having its registered office in Milddlesex. The said Company is also engaged, *inter alia*, in the manufacture and marketing of

pharmaceuticals and healthcare products. Such Agreement was executed in London.

8. Pursuant to the execution of the Agreement on 18 January 1996, SKB i.e. the buyer/assignee of the trademark – ‘Crocin’, preferred an application dated 19 January 1996 to the Registrar of Trademarks, Mumbai, who was apprised of the Agreement/Deed of Assignment. Accordingly, the Registrar was requested to enter the name of SKB in the trademark register w.e.f. 18 January 1996 as Proprietor of the said trademark – ‘Crocin’.

9. The Commissioner of Sales Tax, Mumbai issued a determination of disputed question order dated 31 August 1998. This is in the nature of an advance ruling. By the said order, it is held that the assignment of the said trademark is a local sale in Maharashtra liable to sales tax @ 4% as per the Schedule Entry C-I-26 appended to the Bombay Sales Tax Act, 1959. (“**BST Act**” for short).

10. The Applicant, being aggrieved by the aforesaid determination order dated 31 August 1998 passed by the Commissioner of Sales Tax, Mumbai, preferred an Appeal before the Tribunal. During the

pendency of the said Appeal, an Assessment order dated 11 March 1999 was passed by the Assistant Commissioner of Sales Tax, Worli Division, Mumbai for the period 1995-1996. It resulted in an extra demand on the Applicant to the tune of Rs.99,67,880/-, which had arisen mainly due to levy of sales tax at 4% on the said monetary consideration in terms of the Agreement dated 18 January 1996.

11. The Applicant being aggrieved by the Assessment order dated 11 March 1999, challenged it by filing an Appeal before the Deputy Commissioner of Sales Tax (Appeals-VII), Mumbai who by an order dated 16 February 2000 upheld/confirmed the Assessment order (supra) and dismissed the Applicant's Appeal.

12. The Applicant challenged the order dated 16 February 2000 passed by the Deputy Commissioner of Sales Tax (Appeals-VII), Mumbai (supra) before the Tribunal being the Appellate Authority, which was also decided along with the Appeal preferred against the Determination order dated 31 August 1998 passed by the Commissioner of Sales Tax, Mumbai. The Tribunal dismissed both the Appeals of the Applicant by a common judgment dated 26 June 2008 (**'Impugned Judgment'** for short) and held that the sale of the

trademark – ‘Crocini’ which was effected in terms of the Agreement dated 18 January 1996 was eligible to tax, being local sale within the State of Maharashtra at 4% on the sale consideration, in terms of Schedule Entry C-I-26 appended to the BST Act.

13. From the above Impugned Judgment and order of the Tribunal, the Applicant filed a Reference Application which was decided on 5 May 2010, wherein the Tribunal framed the Question (supra) which is now before us, for consideration and adjudication.

Rival Contentions:

Submissions of the Applicant:-

14. Mr. Patkar would, at the very outset, refer to the question of law framed by the Tribunal (supra) for the deliberation of this Court. He would submit that primarily the issue is whether the taxation of assignment of trademark by the State of Maharashtra is prohibited as a ‘Sale outside the State’, by referring to Section 4 of the CST Act read with Article 286(1)(a) of the Constitution and/or as a sale in the course of export by referring to Section 5(1) of the CST Act read with Article 286(1)(b) of the Constitution.

15. Mr. Patkar would fairly agree that the Agreement dated 18 January 1996 in respect of the trademark – ‘Crocin’ is an Agreement to Sale. However, he would contend that as far as the second limb of the question under reference is concerned i.e. whether such sale is within the State of Maharashtra liable to tax at 4% in terms of Schedule Entry C-I-26 appended to the BST Act or in the course of export is open and ought to be determined by this Court.

16. Mr. Patkar, by relying on the decision in **Mahyco Monsanto v. Union of India**¹ submits that a co-ordinate bench of this Court has held that situs of trademark is location of owner. Such principle applied is “*mobilia sequuntur personam*” – movables follow the owner. He would fairly contend that the protection under Article 286 (1)(a) read with Section 4 of the CST Act would not be available to the Applicant, in terms of this judgment.

17. Mr. Patkar would place reliance on the Impugned Judgment of the Tribunal dated 26 June 2008 where it was held that the legal efficacy of the trademark depends on its registration. Therefore, the place of registration would be the situs of the trademark. However,

¹. 2016 SCC OnLine Bom 5274

according to him, such finding in the Impugned Judgment of the Tribunal dated 26 June 2008 is contrary to the decision in **Mahyco Monsanto** (supra), though, ultimately the conclusion of the Tribunal has been similar to that in the decision of **Mahyco Monsanto** (supra).

18. Mr. Patkar would urge that the reasoning as set out in the Impugned Judgment dated 26 June 2008 is legally untenable as it runs contrary to well-settled law having percolated in the following decisions/judgments:-

(a) Mr. Patkar would first rely on the judgment of **Rustom and Hornsby v. Zamindara Engineering**², where the Supreme Court held that unregistered trademark is the basis of passing off action and registered trademark allows for statutory remedy by way of infringement.

(b) Mr. Patkar would now rely on the decision in the case of ***In Re The Century Spinning and Manufacturing Co. Ltd.***³ where a co-ordinate bench of this Court held that mere registration neither creates a new trademark nor alters the one which is already existing

². 1969(2) SCC 727

³. (1947) ILR Bom 659

prior to registration. In this regard, he has made reference to the judgment of the Supreme Court in *Commissioner of Income Tax, Bombay vs. Finlay Mills Ltd.*⁴.

(c) Mr. Patkar would further rely on the decision in the case of *Parksons Cartamundi v. Suresh Kumar Jasraj Burad*⁵, where a coordinate bench of this Court held that the assignment of trademarks is not dependent on subsequent registration. The assignee acquires title by virtue of the assignment and the acquisition of title is not postponed to the stage of registration by the Registrar of Trademarks.

(d) Mr. Patkar would submit that the decision of the Kerala High Court in the case of *Lal Products v. Intelligence Officer*⁶, has reiterated and duly followed the principle of “*mobilia sequuntur personam*” i.e. trademark follows the owner. He would accordingly submit that ownership of the trademark has changed across borders between India and U.K., in the given factual situation. As the owner of the trademark is situated in London, there is a movement from India to London, in the given facts, to constitute export as per Section 5(1) of

⁴. (1951) 20 ITR 475 (SC)

⁵. 2012 SCC OnLine Bom 438

⁶. 2018 SCC OnLine Ker 5304

the CST Act read with Article 286(1)(b) of the Constitution, which would not render the Applicant liable to any tax on such exports.

19. Mr. Patkar would urge that it cannot be that the “goods” under Section 4 of CST Act covers intangibles without physical attributes but goods under Section 5 only covers goods with such physical attributes in the context of movement across customs frontiers. Sections 3, 4, 5 of the CST Act emanates from the same Constitutional Scheme under Article 286 read with Article 269 and therefore, different meaning could not have been assigned to the same words i.e. “goods” as it appears in these statutory provisions. In other words, the “goods” i.e. trademark in this case is an intangible, for all purposes, in the given facts.

20. Mr. Patkar would finally submit that in light of the above the reference ought to be answered in favour of the Applicant and against the Revenue.

Submissions of the Respondent:-

21. Ms. Chavan would refute the submissions and contentions as urged by Mr. Patkar to submit that this is a clear case of sale of goods

within India, which has not moved outside India to constitute export of goods. Thus, the trademark - 'Crocin' is clearly taxable at 4% of its sale consideration as rightly held by the Tribunal in its Impugned Judgment dated 26 June 2008.

22. Ms. Chavan would draw the attention of the Court to the Agreement dated 18 January 1996. She would submit that a bare perusal of the Agreement, more particularly the clause on assignment on trademark (2.1), would clearly demonstrate that the assignment of the said trademark has taken place in India. In fact, she would add that the said Agreement categorically provided that it ought to be construed in accordance with the provisions of the laws of India.

23. Ms. Chavan would submit that it is the registration of trademark which would determine the situs as opposed to that of the owner. Thus, the situs of the said trademark has never changed. For all purposes, it always remained in India. She would submit that the Tribunal in its Impugned Judgment dated 26 June 2008, has rightly relied on the judgment in *M/s. Vikas Sales Corporation and Anr. Vs. Commissioner of Commercial Taxes and Anr.*⁷

⁷ (1996) 4 SCC 433

24. According to Ms. Chavan, the consideration for sale of the said trademark was agreed to be paid/received in Indian rupees and accordingly, the Applicant did receive such consideration in India. This is yet another factor to show that the situs of the said trademark never moved out of the Indian frontiers.

25. Ms. Chavan would submit that the sale of the said trademark- 'Crocin' is very much characterized as goods of intangible or incorporeal character. This would be covered by Schedule Entry C-I-26 appended to the BST Act and hence governed under said Act. Accordingly, this is a case of Sale of Goods i.e. the Sale of the said trademark itself as against the right to use such trademark by way of transfer and/or assignment.

26. Ms. Chavan would draw support and adopt the findings of the Impugned Judgment of the Tribunal dated 26 June 2008. She would submit that there is no irregularity, much less illegality in the said Judgment of the Tribunal and the same, thus, ought not to be interfered with.

27. For all the above reasons, in her view this is a clear case where there is no movement of the goods i.e the said trademark – ‘Crocin’ outside India, in any manner whatsoever. Thus, there is no question of construing such sale as sale in the course of export as per Section 5(1) of the CST Act read with Article 286(1)(b) of the Constitution as contended by the Applicant.

28. Ms. Chavan would thus submit that the reference should accordingly be answered in favour of the Revenue/Sales Tax Department and against the Applicant.

Analysis:

29. On careful examination of the factual canvass, submissions made before us, and the pleadings on record, we find that the Agreement dated 18 January 1996 is significant. Some undisputed facts which would have a direct bearing on our adjudication are noted as under: -

A. The goods in question are a trademark subsequently assigned to SKB, a company incorporated under the laws of the United Kingdom. The assignee of the said trademark i.e. SKB has its registered office in

Middlesex, UK.

B. The said trademark is an intangible and/or incorporeal property.

C. Such assignment of the said trademark- 'Crocin' is governed by the Agreement, more particularly clause 2.1 thereof, which refers to the assignment of trademarks.

30. During our analysis, we are mainly concerned with Sections 3, 4 and 5 of the CST Act, which read thus:-

“3. When is a sale or purchase of goods said to take place in the course of inter-State trade or commerce-A sale or purchase of goods shall be deemed to take place in the course of inter-State trade or commerce if the sale or purchase-

(a) occasions the movement of goods from one State to another; or

(b) is effected by a transfer of documents of title to the goods during their movement from one State to another.

Explanation 1.-Where goods are delivered to a carrier or other bailee for transmission, the movement of the goods shall, for the purposes of clause (b) , be deemed to commence at the time of such delivery and terminate at the time when delivery is taken from such carrier or bailee.

Explanation 2.-Where the movement of goods commences and terminates in the same State it shall not be deemed to be a movement of goods from one State to another by reason merely of the fact that in the course of such movement the goods pass through the territory of any other State.

Explanation 3.- Where the gas sold or purchased and transported through a common carrier pipeline or any other common transport

or distribution system becomes co-mingled and fungible with other gas in the pipeline or system and such gas is introduced into the pipeline or system in one State and is taken out from the pipeline in another State, such sale or purchase of gas shall be deemed to be a movement of goods from one State to another.

4. When is a sale or purchase of goods said to take place outside a State.-(1) *Subject to the provisions contained in section 3, when a sale or purchase of goods is determined in accordance with sub-section (2) to take place inside a State, such sale or purchase shall be deemed to have taken place outside all other States.*

(2) A sale or purchase of goods shall be deemed to take place inside a State, if the goods are within the State-

(a) in the case of specific or ascertained goods, at the time the contract of sale is made; and

(b) in the case of unascertained or future goods, at the time of their appropriation to the contract of sale by the seller or by the buyer, whether assent of the other party is prior or subsequent to such appropriation.

Explanation .-Where there is a single contract of sale or purchase of goods situated at more places than one, the provisions of this sub-section shall apply as if there were separate contracts in respect of the goods at each of such places.

5. When is a sale or purchase of goods said to take place in the course of import or export.-(1) *A sale or purchase of goods shall be deemed to take place in the course of the export of the goods out of the territory of India only if the sale or purchase either occasions such export or is effected by a transfer of documents of title to the goods after the goods have crossed the customs frontiers of India.*

(2) A sale or purchase of goods shall be deemed to take place in the course of the import of the goods into the territory of India only if the sale or purchase either occasions such import or is effected by a transfer of documents of title to the goods before the goods have crossed the customs frontiers of India.

(3) Notwithstanding anything contained in sub-section (1), the last sale or purchase of any goods preceding the sale or purchase occasioning the export of those goods out of the territory of India shall also be deemed to be in the course of such export, if such last sale or purchase took place after, and was for the purpose of complying with, the agreement or order for or in relation to such export.

(4) The provisions of sub-section (3) shall not apply to any sale or purchase of goods unless the dealer selling the goods furnishes to the prescribed authority in the prescribed manner a declaration duly filled and signed by the exporter to whom the goods are sold in a prescribed form obtained from the prescribed authority.

(5) Notwithstanding anything contained in sub-section (1), if any designated Indian carrier purchases Aviation Turbine Fuel for the purposes of its international flight, such purchase shall be deemed to take place in the course of the export of goods out of the territory of India.

Explanation .-For the purposes of this sub-section, "designated Indian carrier" means any carrier which the Central Government may, by notification in the Official Gazette, specify in this behalf."

Thus, Sections 3 and 4 address inter-state trade or commerce and outside-state sales. Whereas Section 5 governs the sale or purchase of goods during import or export, which is relevant in the given factual context.

31. At this juncture, based on the above statutory provisions, we note that the question under reference arises in two parts. The first concerning whether the Agreement in respect of the trademark-

‘Crocin’ was an Agreement to sale, to which Mr. Patkar does not dispute, is covered by the Impugned Judgment of the Tribunal in the affirmative. What requires determination is that whether the sale in respect of the said trademark is within the State of Maharashtra or would qualify as an export in terms of Section 5(1) of the CST Act. The implication being that in the event the transaction is construed as a sale within the State of Maharashtra, it would attract 4% tax, more particularly in terms of schedule entry C-I-26 appended to the BST Act. This is what Ms. Chavan would contend. However, in the event, the movement of the goods i.e. trademark – ‘Crocin’ in the given case constitutes as ‘export’, then there would be no tax leviable. In this context we refer to the relevant portion of the 6th constitutional amendment in Article 286, post 11 September 1956. Pursuant thereto, it becomes clear that the state shall not impose any tax more particularly on sale or purchase of goods when it takes place in the course of import or export, out of the territory of India. It is further pertinent to note that pre-amendment in the said Article, the sale or purchase, in relation to goods, was restricted to physical goods, which is, post the amendment, not confined to only tangibles but would also

include intangibles. Such a position is clearly reflected in Section 5 of the CST Act, which would apply to intangibles equally in the context of the expression ‘goods’, during export out of the territory of India. We find much force in the submission of Mr Patkar in this regard.

32. It is a well-settled principle of interpretation that individual words are not considered in isolation but may have their meaning determined by other words in the section in which they occur, as held in the decisions in *Jewish Blind Society Trustees vs Henning*⁸, *Ratcliffe vs. Ratcliffe*⁹, *Cumberland Court (Brighton), Ltd vs. Taylor*¹⁰ and *R. vs. Price*¹¹.

33. We may also refer to another decision of the Supreme Court in the case of *Reserve Bank of India vs. Peerless General Finance and Investment Co. Limited*¹², wherein it was observed thus :-

“Interpretation must depend on the text and the context. They are the bases of interpretation. One may well say if the text is the texture, context is what gives the colour. Neither can be ignored. Both are important. That interpretation is best which makes the textual interpretation match the contextual.

⁸. (1961) 1 W.L.R. 24

⁹. [1962] 1 W.L.R. 1455

¹⁰. [1964] Ch. 29

¹¹. [1964] 2 Q.B. 76

¹². (1987) 1 SCC 424

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No part of a statute and no words of a statute can be construed in isolation.”

34. Further, in ***N.K. Jain vs. C.K. Shah***¹³, the Supreme Court has categorically observed that in gathering the meaning of a word used in the statute, the context in which that word has been used has significance and the legislative purpose must be noted by reading the statute as a whole and bearing in mind the context in which the word has been used in the statute.

35. Similarly, the Coordinate Bench of this Court in the case of ***Code Engineers Pvt. Ltd vs. Union of India***¹⁴ in paragraph 37 of the said decision has categorically observed thus :-

“37. It is a settled principle of interpretation that words and expressions used in a legislation must take their colour from the context in which they appear. For ascertaining the true meaning of words and expression used in a legislation, it is therefore necessary that the legislation must be read or understood as a whole.”

The decisions referred to in paragraphs 32 to 35 (supra) would be squarely applicable in the given facts, as we interpret Section 5 of the

¹³. (1991) 2 SCC 495

¹⁴. 2021 (46) G.S.T.L. 400 (Bom.)

CST Act.

36. Mr. Patkar would submit that whether the transaction is of sale within Maharashtra or export, is covered in favour of the Assessee by the decision of a coordinate Bench of this Court in ***Mahyco Monsanto*** (supra). In this context, to appreciate the submission, it would be apposite to refer to the relevant portion of the said decision which reads thus:-

“77. Once we arrive at this conclusion, then the argument on situs, which is really one of jurisdiction, is entirely irrelevant. If the franchise agreement is not liable to sales tax, then it is not liable to sales tax by any state agency anywhere, irrespective of location. Sales tax is under the purview of the State List, while service tax comes under the ambit of the Central List. Since this transaction is held to be a service, the service tax levied will be assessed and payable to the Central Government. Therefore, a detailed discussion of situs is unnecessary. In any event, had it fallen for decision, we would have been inclined to accept Mr. Shroff's submission that the situs for such agreements executed in Delhi would not be in Maharashtra, but in Delhi. While considering tangible assets, there is no doubt as to where their situs is. It is where the goods are physically located. But, an intangible asset does not have any physical form or existence in any physical location. The legislature could have, by some appropriate deeming fiction, expressly provided for the situs of an intangible asset. This it has not done, so far as intellectual property is concerned. It has, however, specifically so provided for shares. Therefore, where the legislature thought it necessary to make express provisions for intangible assets, it has done so. In this legislative vacuum, the internationally accepted principle of mobilia sequuntur personam

would apply, i.e., the situs of the owner of an intangible asset would be the closest approximation of the situs of his intangible asset. This is the principle widely used, unless there is a local legislation to the contrary; there is not. This is also the thrust of the Delhi High Court's decision in Cub Pty Limited v Union of India & Others. Therefore, the situs of Subway's agreement, as Mr. Shroff rightly says, would be Delhi.”

37. It is thus clear that this Court has categorically held that in the determination of *situs* of an intangible asset, which does not have a physical form, one needs to follow the internationally accepted legal principle of “*mobilia sequuntur personam*”. Applying this principle and juxtaposing it to the given facts, it is undisputed that the *situs* of SKB, i.e. the assignee of the trademark, is in the UK. The Agreement in question was executed with the Assignee, i.e. SKB, which is based/situated in the UK.

38. Therefore, applying the ratio in **Mahyco Monsanto** (supra), it would follow that the trademark, which is an intangible, by way of deeming fiction, on assignment, moved with the owner/assignee. Such movement of the trademark outside India to UK, following the *situs* of the owner would make it fall within the scope and ambit of ‘export’ as contemplated under Section 5 of the CST Act (supra).

39. This Court in **Mahyco Monsanto** (supra) has gainfully referred

to an earlier decision of the Delhi High Court in **CUB PTY Ltd. Vs. Union of India**¹⁵, relevant portion of which reads thus:-

“22. Thus, the legislature, where it wanted to specifically provide for a particular situation, as in the case of shares, where the share derives, directly or indirectly, its value substantially from assets located in India, it did so. There is no such provision with regard to intangible assets, such as trademarks, brands, logos, i.e., intellectual property rights. Therefore, the well accepted principle of 'mobilia sequuntur personam' would have to be followed. The situs of the owner of an intangible asset would be the closest approximation of the situs of an intangible asset. This is an internationally accepted rule, unless it is altered by local legislation. Since there is no such alteration in the Indian context, we would agree with the submissions made on behalf of the petitioner that the situs of the trademarks and intellectual property rights, which were assigned pursuant to the ISPA, would not be in India. This is so because the owner thereof was not located in India at the time of the transaction.”

A bare perusal of the above would lead to an inevitable inference that the trademark – ‘Crocin’, in the given facts pursuant to its assignments has moved its situs to UK.

40. We would now advert to the decision of the Kerala High Court in **Lal Products** (supra), where the High Court endorses the well-accepted principle of “*mobilia sequuntur personam*”, which ought to be followed to determine the *situs* of the intangible asset which

¹⁵ (2016) 388 ITR 617

follows the *situs* of the owner. The High Court held that the transfer in respect of an intangible property like a trademark is not a transfer of a right to use but a transfer of property in goods, vesting complete rights with the transferee, and the transferor would have no subsisting rights thereafter.

41. Considering the evolving jurisprudence and juxtaposing the above with the given facts, in a situation of assignment where the said trademark is assigned in favour of the assignee who is based in the UK, the assignor, even though based in India, would have no subsisting right thereafter. All prior rights of the existing/erstwhile owner (Assignor in India), on assignment, shall stand extinguished.

42. Ms Chavan, as also considered by the Tribunal, would emphasise that the place of registration of a trademark is the most important factor in determining the *situs* of a trademark. In the given facts, we are dealing with a situation where such a trademark is registered in India. However, what is considered and appreciated is that, upon registration under the Agreement, there is a clear assignment of the said trademark, 'Crocin', in favour of SKB, a UK-based entity. Application for registration of a trademark would be

governed by Section 18 of the Trade and Merchandise Marks Act, 1958, the violation of which confers a statutory remedy of infringement under Section 29 of the Trade and Merchandise Marks Act, 1958. It is pertinent to note that registration is not compulsory under the said legislation, though it is legally advisable. It is in this context that the said trademark, even if it is not registered, would not assist the contention of Ms Chavan, in the given factual complexion.

43. A party exercising rights in respect of an unregistered trademark, in the case of violation thereof, has common law remedies in an action for passing off, which is a tortious action/claim. Thus, the concept of registration and its legal implications are completely distinct and different under the Trade and Merchandise Marks Act, 1958, as also under the amended 1999 Act. Even from this perspective, Ms. Chavan's thrust being that the trademark is registered in India, will not be of any assistance to the Revenue in claiming that even after its assignment, it has always remained in India. If such contention of Ms Chavan is to be accepted, the expression 'sale in the course of export', which ought to be premised based on situs and none other, would render the said provision redundant and otiose, which

cannot be countenanced.

44. We may now advert to a decision of a learned Single Judge of the Delhi High Court in *Sun Pharmaceuticals Industries Ltd. Vs. Cipla Ltd.*¹⁶ The Court, dealing with an assignment under Section 2(b) of the Trade and Merchandise Marks Act, 1958, observed that an assignment in writing by the act of the parties concerned does not require registration. For the assignment to be complete, the registrar is not involved. In terms of Section 45(1) of the said Act, the Assignee acquires title to a registered trademark on assignment and not by registration. The Court pertinently observed that if the person in whom the title has been vested by assignment, is precluded from exercising rights merely because of non-registration of an otherwise registered trademark, that would create a havoc with assignability and trading in trademarks though being expressly permitted under the Act and confer a premium to third parties, which is not what the law prescribes and/or contemplates. These observations of the Delhi High Court in *Sun Pharmaceuticals Industries Ltd.* (supra) are apposite in the given factual complexion.

¹⁶ 2009 (108) DRJ 207

Conclusion:

45. In light of the foregoing discussion, we hold that the Brand Acquisition Agreement dated 18 January 1996 in respect of trademark- 'Crocina' entered into between the parties is an Agreement to Sale and such sale is not a sale within the State of Maharashtra, but shall be deemed to have taken place in the course of export of the said trademark- 'Crocina' outside India, as contemplated under Section 5(1) of the Central Sales Tax Act, 1956.

46. The reference is answered in the above terms, and Sales Tax Reference No.9 of 2012 is accordingly disposed of. All parties are to act on an authenticated copy of this judgment.

(Advait M. Sethna, J)

(M.S. Sonak, J)