



INTERNATIONAL JOURNAL OF CREATIVE RESEARCH THOUGHTS (IJCRT)

An International Open Access, Peer-reviewed, Refereed Journal

ISSUE OF JURISDICTION IN TRADEMARKS AND COPYRIGHT DISPUTES

¹Manjusha Tiwari, ²Rishi Shukla

¹Ph.D Scholar (Law), Dr. Ram Manohar Lohiya National Law University, Lucknow, India

²Ph.D Scholar (Law), Dr. Ram Manohar Lohiya National Law University, Lucknow, India

ABSTRACT

Jurisdiction is the gateway for any grievance to enter the portals of the dispute settlement and be transformed into litigation. The common understanding in the absence of any precise definition prescribes jurisdiction to be the authority or competence of any court to entertain the matter placed before it. Section 62 of the Copyright Act, 1957, Section 134 of the Trademark Act, 1999 and Section 20 of Code of Civil Procedure, 1908, are applicable for adjudicating Intellectual Property Rights violations. Section 20 CPC lays down the general rule of territorial jurisdiction. The first part, basing jurisdiction on the defendant's residence, is prompted by the rationale that the defendant, not being the person who instituted the suit, should not be put to undue hardship in defending such a suit when the suit may not be maintainable at all and the second part, basing jurisdiction on the cause of action. Section 62 of the Copyright Act and the identical Section 134(2) of the Trade Mark Act carve out an exception to the general rules of jurisdiction contained in CPC. Section 62 and Section 134 give an option to the plaintiff to file a suit in a court under whose jurisdiction the plaintiff himself is based, irrespective of where the defendant is based or where the cause of action has arisen. Consequently, for violations of the Copyright Act and the Trade Mark Act, in addition to the jurisdictional grounds available under CPC, an additional ground has been provided.

A very pertinent issue of the jurisdiction of courts to adjudicate suits for infringement of trademarks or copyright came up for consideration before the Hon'ble Supreme Court of India in the case of *IPRS vs. Sanjay Dalia and Anr.* In which the Court interpreted the provisions of section 62 of the Copyright Act, 1957 and section 134 of the Trade Marks Act, 1999 in view of the provisions of section 20 of the Code of Civil Procedure, 1908 to determine the jurisdiction of the courts to entertain infringement suits/proceedings.

Consequently, the jurisdictional challenges in today's age of fast communication, have invited various viewpoints for their resolution including significant changes in the existing legal framework. Internet being one of the most radical changes in the field of information technology demands much more than a mere adjustment in the law governing it. One cannot overlook the requirement of appropriate changes in the law. Failing to do so would give way to new complex legal issues. Cause of action as a basis for jurisdiction in cases of intellectual property violations via internet was discussed in detail in *Banyan Tree Holdings (P) Ltd. v. Murali Krishna Reddy*.

Index Terms: Jurisdiction, Copyright, Trademark, IPRS v Sanjay Dalia

I. INTRODUCTION

According to WIPO, Intellectual property (IP) refers to "creations of the mind, such as inventions; literary and artistic works; designs; and symbols, names and images used in commerce". Intellectual Property is protected in the eyes of law as patents, copyright and trademarks, which allow people to gain recognition or financial benefit from what they create or invent. Unauthorised use of a trademark or copyright or service mark on or in connection with goods and/or services in a manner that is likely to cause confusion, deception, or mistake about the source of the goods and/or services is trademark or copyright infringement. For any such IP violations, a person can seek appropriate remedy in the competent court having jurisdiction for the same.

The term 'Jurisdiction', one of the most important questions of law and the core of litigation, is not defined under any statute. It, simply, means the extent of power which is conferred upon the court by its constitution to try a proceeding. Section 20 of CPC lays down the general rule of territorial jurisdiction and Section 62 of the Copyright Act and the identical Section 134(2) of the Trade Mark Act are exceptions to it in a way that they do not whittle down the provisions of Section 20 of the CPC but only provide an additional forum. In the absence of any other specific section of the law other than Section 20, plaintiff cannot choose to file suit at the court within local limits of which he "resides, or carries on business, or personally works for gain".

II. MISCHIEF

The controversy arises because in both Section 62 and Section 134 of the Copyright Act and the Trade Marks Act respectively, the phrase, "*notwithstanding anything contained in the Code of Civil Procedure*" is used. Some interpret this to mean a complete exclusion of the provisions of S.20 of the Code of Civil Procedure and take Section 62 and Section 134 as an additional remedy which is clearly over and above S.20 of the Code of Civil Procedure. If this was true, then it would cause a great deal of hardship to potential defendants as they would have to travel the lengths and breadths of the country to fight their case actions and this can be a method to harass such potential defendants. And in the absence of Section 62 and Section 134, according to Section 20, the plaintiffs would have to often travel across the country to protect their works or marks, to the site of the cause of action or the Defendant's jurisdiction. A very important issue regarding the jurisdiction of courts to entertain suits for infringement of trademarks/ copyright arose for consideration before Hon'ble Supreme Court in the case discussed below.

III. IPRS V SANJAY DALIA

The decision dealt with two different matters clubbed on appeal owing to similar factual circumstances. The first was a case where the plaintiffs/appellants (IPRS), with head office in Mumbai, sued in Delhi for infringement of their copyright by the defendants/respondents who owned theatres in Maharashtra where the cause of action arose. Another suit was filed for Trademark infringement and the registered office of such plaintiffs was in Mumbai. They sued in Delhi for infringement without clarifying where the cause of action arose. The issue in both the cases is basically the same – "when the cause of action arises in a place where the plaintiff has an office (head or subordinate), can they sue in another jurisdiction?"

SUPREME COURT'S ANALYSIS OF SECTION 20 INTERACTING WITH SECTION 62 AND SECTION 134

The explanation of Section 20 of the Code is actually a deeming provision.

- Section 20 identifies where a corporation can be sued and without this the provisions of Section 62 and Section 134 that use the phrase, "carry on business" cannot be accurately interpreted and therefore cannot be excluded.
- The explanation has the added advantage of using the phrase "corporation" and clarifies the phrase, "person" in the original section, for it to include companies registered under the Companies Act. It is, therefore not appropriate to omit the Explanation to S.20 in any interpretative exercise concerning Ss.62 and 134.
- Ss.62 and 134 are fundamentally linked to the jurisdiction where "the cause of action" takes place. Court holds that the explanation to S.20 specifically states that in case where a corporation has a subordinate office in the jurisdiction where the "cause of action" arose, it is to be sued there. The intention is to connect the place of the cause of action with the presence of the plaintiff and not to grant them an additional forum to sue merely. If such was not the case, then, merely the set of provisions Ss.62, 134 and 20(a), (b) and (c) would have been sufficient to convey that intention and then in that case the second part of the explanation to S.20 would have been rendered otiose.
- The Court also went on to distinguish the cases mentioned by the plaintiffs as the questions presented in these cases were significantly different. In *Dhodha House*, The principal office of the plaintiff was located elsewhere and there was no subordinate office in that jurisdiction where "the cause of action arose", and thus takes it out of the of the second part to the explanation to S.20. In *Exphar*, the court did not concern itself with the question at hand in our case."

SUPREME COURT'S HOLDING:

Section 62 of the Copyright Act and Section 134 of the Trade Marks Act are to be interpreted in a purposive manner. The plaintiff need not travel to file a suit to a place as mentioned in Section 20. The interpretation of the provisions "has to be such which prevents mischief". Similarly, avoidance of counter-mischief by the defendant is also necessary, while providing a remedy to the plaintiff. Parliament never intended that the subject provisions to be abused by the plaintiff by instituting suits in completely unconnected jurisdiction. A plaintiff's 'special right' under the Copyright Act and the Trade Mark Act is subject to the rider that, where the "*plaintiff resides or is carrying on business at a place where the cause of action has also arisen, wholly or in part, the suit should be filed at that place, and not at other places where the plaintiff has a branch office*". The legislature certainly did not intend to allow a plaintiff

to indulge into the mischief of bringing suits in far-flung places where the plaintiff has subordinate offices but where no cause of action has arisen.

IV. IMPLICATION OF THE JUDGMENT

<u>S.no.</u>	<u>Place of Plaintiff's Principal Office</u>	<u>Place of Plaintiff's Subordinate Office</u>	<u>Place where cause of action arose</u>	<u>Under Sec. 62(2) and Section 134(2)</u>
1.	A (sole office)	-	C	A
2.	A	B	A	A
3.	A	B	B	B
4.	A	B	C	A

- If plaintiff's principal place of business is at place 'X', and the "cause of action" has arisen at 'Y' where there is no branch office, the Plaintiff may sue at place 'X' based on Sections 62 or Section 134, and at place 'Y' based on Section 20(c) of the CPC.
- If plaintiff's principal place of business is at place 'X', and the "cause of action" has arisen at place 'Y' where there is a branch office, the Plaintiff may sue only at place 'Y', not at place 'X', in case the suit relates to the said "cause of action".
- If plaintiff's principal place of business is at place 'X', and the "cause of action" has arisen at place 'Y', and the branch office is at place 'Z', then the plaintiff may rely on Section 62 or Section 34 to sue at place 'X' and Section 20(c) of the CPC to sue at place 'Y', but cannot sue at place 'Z' under any circumstances invoking Section 62 or Section 134 or Section 20.
- The plaintiff can have its principal place of business at place 'X' and one single defendant may give rise to two "causes of action" simultaneously at place 'Y' (where there is a branch office), and 'Z' (where there is no branch office). In so far as place 'Y' is concerned, the plaintiff cannot sue at place 'X' or place 'Z', going by the ratio of the IPRS case.

The branch office within which the cause of action arises must have some correlation to the cause of action, and not every branch office is to be deemed relevant for the purposes of considering the same. This is how the Supreme Court drew the line for a plaintiff's privilege to elect a forum and also removed the mischief caused.

V. MEANING OF CARRYING ON BUSINESS

In the case of *WWE v. Reshma Collections*, the Delhi HC held that this expression is not just confined to the head office but can also include a branch office. In arriving at its decision, the Division Bench of the Delhi HC relied upon the SC's decision in *Dhoda* and Madras HC's decision in *Wipro*. The High Court of Bombay observed in *Manugraph India Ltd v Simarq Technologies Pvt Ltd*, that the Plaintiff has an unbridled right to sue at the place of its registered office. Bombay HC also held that the "cause of action" is inconsequential.

According to *Dalia* case, the place where a corporate plaintiff principal place of business, i.e. where the place where it "carries on business", is the location of its registered office since the controlling power exists there or the subordinate office only if the cause of action arose there. The convenience of the defendants has not been totally done away with by enacting the Section 62 of Copyright Act or Section 134 of Trademark Act since the fine balance is struck by using "cause of action" as the parameter for determining jurisdiction in so far as the branch office of the plaintiff is concerned.

VI. JURISDICTIONAL ISSUES IN CASES OF ONLINE/VIRTUAL VIOLATION

Internet diminishes the significance of physical location and territorial jurisdiction principles. At present there is no comprehensive treaty on intellectual property and the rules of private international law. The question of jurisdiction in online case is not a new one. In the times when India and the world has undergone a significant digital revolution and territorial boundaries have blurred, it is imperative to have clarity on the issue of jurisdiction in case any dispute arises. In absence of any specific legal framework for cyberspace, traditional principles of domestic and international jurisdiction are developed and adopted, and much reliance is placed on the judicial pronouncements. In the face of such uncertainty, the rules of jurisdiction in Indian jurisprudence are very clear. There are three statutes to consider while deciding the court's power to adjudicate over intellectual property violations occurring in cyberspace:

1. Code of Civil Procedure, 1908 (CPC)
2. Copyright Act, 1957 (Copyright Act)
3. Trade Marks Act, 1999 (TM Act)

The burning question is which court has jurisdiction in the case because a website can be accessed from anywhere in the country. The place from which the work is posted on internet, the place from which the user downloads the work and the place where the server is located, all these places play a role in determining jurisdiction. *Casio India Co. Limited*, The issue of territorial jurisdiction over the internet was taken into consideration for the first time. The notable case of Dow Jones and Company Inc. was referred to which held that due to the ubiquity, universality and utility of the Internet, any matter associated with it is subject to global jurisdiction. High Delhi High Court held that “the mere ability to access the website gave the court territorial jurisdiction to decide on the matter at hand.”

A contrary view was taken by court in *Independent News Service Pvt. Ltd* The court held that, “the mere fact that a website is accessible in a particular place may not itself be sufficient for the courts of that place to exercise the personal jurisdiction on the owners of the website.”

In *Banyan Tree Holding Pvt Ltd*, the Delhi High Court Division Bench laid down the following guidelines:

- “In order to establish jurisdiction, the plaintiff must prove that the defendant engaged in commercial activity by targeting its website specifically at customers in the place of the court’s jurisdiction. Simply posting an advertisement on a website does not allow consumers to enter into commercial transactions and therefore is not enough to invoke jurisdiction.”
- “The plaintiff must show that this specific targeting of customers caused “damage or inconvenience” to the plaintiff.”

In *World Wrestling Entertainment, Inc. v. M/S Reshma Collection* the Delhi HC held that jurisdiction in e-commerce cases involving copyright and trademark disputes will be determined by the buyer’s place of residence. The court held that as a result of the technological advancements and the fast growth of new online business models, the entity can have a virtual presence at any place which is located at a distance from that place where it has physical presence. Concluding transactions using a website at a particular place is virtually identical to a seller selling in his shop located at that place in the physical world. So, a court within the jurisdiction, where “a plaintiff resides or carries on business”, will have the authority to adjudicate the intellectual property violation irrespective of whether the “cause of action” arose there or whether the defendant resides there.

There are two questions that need answering:

- With respect to an entity having an online presence, where particularly can a plaintiff or a defendant be said to “carry on business”?
- In respect of infringing goods/services offered or sold over the internet, where exactly does the ‘cause of action’ arise?

With respect to the first issue, in *Millennium & Copthorne International Ltd. V Aryans Plaza Services (P) Ltd.*, the Court held that service providers would also attract jurisdiction at places where customers can make a reservation (even through third-party websites), even if the reservation does not conclude into a transaction. As an example, suppose there is a hotel located at Ahmedabad, and using tourism website, customers at Bangalore and Chennai can book a room at the Ahmedabad hotel, the hotel would be said to be “carrying on business at Bangalore and Chennai, and will attract the jurisdiction on such ground at both of those places in addition to Ahmedabad.

With respect to the second issue, the determination of the cause of action, and thereby, jurisdiction under Section 20 CPC in an online context has been examined extensively in *Banyan Tree Holding (P) Ltd. v. A. Murali Krishna Reddy*. Seeing the common law developments in the UK and the USA, the following elements were important to show that the “cause of action” partly arose in a specific place using internet:

- Specific targeting of customers in such a place.
- Conclusion of commercial transactions with customers; and
- Injury to the plaintiff’s business, reputation or goodwill in that place.

Thus, a stringent standard to determine “cause of action” and the issue of jurisdiction in cases of online transactions was set up. Over years of adjudication this standard stands diluted. In the case of *Sholay Media and Entertainment (P) Ltd. v. Yogesh Patel*, the Court considered that a mere display of a trademark at an exhibition confers jurisdiction and observed that the act of advertising counterfeit products or soliciting customers in a place would amount to “cause of action”, and thereby courts in will have jurisdiction. Similar

views have been held in *Exxon Mobil Corpn. v. Exxoncorp (P) Ltd* As per these decisions, the “cause of action” arises in each and every place where the infringement/passing off takes place.. It is to be noted that actual sales, advertisements and promotions too, constitute infringement and the “cause of action” partly arises in all places where such advertisements and promotions are made. The courts exercising jurisdiction in all those places would thus be appropriate for the institution of proceedings.

In the recent case of *Bulgrai Spa v Nutandas Gems Pvt Ltd*, in deciding the territorial jurisdiction of the Delhi High Court, the Court held “the jurisdiction test relevant for the e-commerce platforms. It was given that where the website or the platform only provides information, the court would not have the jurisdiction to deal with the case. Unless and until it is shown that such information has been accessed by a person located within the jurisdiction of the court resulting in creation of “cause of action” within the jurisdiction of the court. However, in this case, the court pointed out that the defendant’s website was actually interactive in nature and permitted commercial transactions through it.

In such cases, the courts which have jurisdiction in the places from which such commercial transactions can be entered into and concluded will have the jurisdiction to deal with trademark violation. Court relied on the principle given in the *V. Guard Industries Ltd. v. Sukan Raj Jain*, where it was held that “once the defendant has made its goods, or services, available for consideration, online, it has, prima facie, purposefully availed the jurisdiction of Courts in all territories where such transactions can be carried out and consummated.”

VII. CONCLUSION

Section 62 and Section 134 are exceptions to the general rule of territorial jurisdiction of section 20, CPC and all the three provisions are interpreted in a purposive manner. The place where the “cause of action” arose is a must in determining jurisdiction under Section 62 and Section 134 and this is how the mischief was cured by the Supreme Court. The decision gives an additional remedy to the plaintiff without putting the defendants at the risk of harassment. It is also clarified that it is not the convenience of the lawyers or their expertise that decides the territorial jurisdiction and this would lead to the distribution of intellectual property cases across India and not only concentrated in Delhi, as has been the case till now.

In context of disputes over the internet, the scope of “carrying on business” has been elucidated in *World Wrestling Entertainment Inc. v. Reshma Collection*. While the scope of “cause of action” has been expounded in *Banyan Tree* case. The ratios of the above decisions have been applied and further clarified in other judgments to hold that the jurisdiction is conferred even in places where a website can be accessed and it advertises infringing goods and services or facilitates the mere making of reservations or bookings. These decisions have significantly widened the ambit of jurisdiction in cases of online/virtual intellectual property violations. They were also applied in *HT Media v. Brainlink International* towards the exercise of extra-territorial jurisdiction for injuncting the infringing activities of a defendant located in New York. Therefore, Section 20 CPC has a broader scope than jurisdiction under these Acts, and in the context of intellectual property violations on the internet, the right-holders would be able to invoke jurisdiction based on “cause of action” under Code of Civil Procedure with greater ease than on the ground of “carrying on business”.

REFERENCES

- [1] ‘What is intellectual Property?’, <http://www.wipo.int/about-ip/en/>.
- [2] Copyright covers literary works (such as novels, poems and plays), films, music, artistic works, and architectural design. Rights related to copyright include those of performing artists in their performances, producers of phonograms in their recordings, and broadcasters in their radio and television programs.
- [3] Trade mark” means a mark capable of being represented graphically and which is capable of distinguishing the goods or services of one person from those of others and may include shape of goods, their packaging and combination of colours.
- [4] *Raja Soap Factory v. S.P. Shantharaj*, A.I.R. 1965 S.C. 1449.
- [5] 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.
- [6] *Intas Pharmaceutical Ltd. v. Allergan Inc.*, A.I.R. 2007 Delhi 108; *I.P.R.S. v. Sanjay Dalmia*, 2009 (39) PTC 1; *Caterpillar Inc. v. Kailash Nichani*, (2002) D.L.T. 304.
- [7] The Civil Procedure Code, 1908 §20.
- [8] The Copyright Act, 1957 § 62.
- [9] The Trade Marks Act, 1999 § 134.
- [10] 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.

- [11] The Civil Procedure Code, 1908 §20.
 [12] The Copyright Act, 1957 § 62.
 [13] The Trade Marks Act, 1999 § 134.
 [14] *Dhodha House v. S.K. Maingi*, (2006) 9 S.C.C. 41.
 [15] *Expfar S.A. v. Eupharma Laboratories Ltd.*, (2004) 3 S.C.C. 688.
 [16] *Dhodha House v. S.K. Maingi*, (2006) 9 S.C.C. 41.
 [17] *Dhodha House v. S.K. Maingi*, (2006) 9 S.C.C. 41.
 [18] *Wipro Ltd. v. Oushadha Chandrika Ayurvedic India (P) Ltd.*, (2008) 37 P.T.C. 269 (Mad.).
 [19] *Manugraph India Limited v. Simarq Technologies Pvt. Ltd.*, A.I.R. 2016 Bom. 217
 [20] *I.P.R.S. v. Sanjay Dalmia*, 2009 (39) PTC 1; *Caterpillar Inc. v . Kailash Nichani* (2002) D.L.T. 304.
 [21] J. Sai Deepak, *Supreme Court's Interpretation of Special Jurisdiction Provisions in I.P.R.S. v. Sanjay Dalia* ,
<https://thedemandingmistress.blogspot.in/2015/08/supreme-courts-interpretation-of.html>.
 [22] Nidhi H. Buch, *A Study of Jurisdictional Issues in the Post Trips IP Regime in India with Particular Reference to Trademark Violations*.
 [23] *Casio India Co. Limited v. Ashita TeleSystems Pvt. Limited*, 2003 (27) PTC 265 (Del).
 [24] *Dow Jones & Co. Inc. v. Gutnic*, [2002] HCA 56
 [25] *Independent News Service Pvt. Limited v. India Broadcast Live Llc And Ors.*, 2007 (35) PTC 177 (Del)..
 [26] *Banyan Tree Holding (P.) Limited v. A. Murali Krishna Reddy and Anr.*, 2010 (42) P.T.C. 361 (Del.).
 [27] *World Wrestling Entertainment, Inc. v. M/S Reshma Collection.*, CS (OS) 1801/2014 and I.A Nos. 14958-59/2013.
 [28] Sneha Jain, *Jurisdiction Issues in Intellectual Property violations over Internet*, (2011) P.L.
 [29] Sneha Jain, *Jurisdiction Issues in Intellectual Property violations over Internet*, (2011) P.L. (I.P.) January S-14.
 [30] 2018 SCC OnLine Del 8260
 [31] 2014 SCC OnLine Del 7704
 [32] 2019 SCC Online 9193
 [33] CS(COMM) 658/2021 & I.A. 16751/2021
 [34] MANU/DE/1209/2021
 [35] (2014) 60 PTC 452 ...
 [36] 2020 SCC OnLine Del 1703

