

**KILLING ME SOFTLY: THE SLOW DEATH OF LONG – ARM JURISDICTION IN
INTELLECTUAL PROPERTY CASES IN INDIA**

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Intellectual property litigation, especially litigation involving trademarks and copyrights, is highly concentrated in a few courts in India. The Delhi High Court is widely recognized amongst practitioners as the court with maximum number of intellectual property cases in the country. In fact, in tacit recognition of this fact, the Supreme Court recently registered a suo motu writ petition¹ in which it directed the Judges of the Delhi High Court *“to work out ways and means for effective disposal of the IPR matters before it so that a model for disposal of civil suits can be culled out from the ways and means adopted by the Delhi High Court which can form the basis of an uniform action plan for the rest of the country.”*

There are several reasons that some Courts such as the Delhi High Court became a hub for intellectual property litigation in India. The ones which have played the most important role, according to us, are listed below:

Trademark and copyright litigation was long considered ‘luxury litigation’, especially when large parties were involved in the dispute. While many will disagree with this characterization, it can be said that intellectual property litigation, especially enforcement of copyrights and trademarks, may have certain features which led to this understanding of such litigation—such litigation is usually commercial in nature and more often than not, involves at least one large player, which is usually the plaintiff/ right holder. These large corporations typically have their corporate and legal offices in the metropolitan cities. Similarly, foreign corporations usually hire law firms in big cities such as New Delhi and Mumbai. Thus, often such companies find it convenient to litigate in such cities where their offices or the law firms’ offices are located.

Relatively speaking, Indian courts were exposed to high volume intellectual property litigation not too long ago. The newness of these laws, coupled with the facts that there was not enough awareness about the value and importance of intellectual property in India to begin with and

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¹ See Order dated August 16, 2017 in M/s AZ Tech (India) & Anr. v. M/s Intex Technologies (India) Ltd. and Anr., SLP (c) No. 18892 of 2017 and In Re: Case Management of Original Suits, Sua Motu Writ Petition (Civil) No. 8 of 2017 pending before the Supreme Court of India.

the fortuitous presence of lawyers who regularly practiced the subject and developed an expertise in the same, is likely the reason that only a few courts emerged as experts in this field in India.

Over time and largely owing to delays caused during trial, right holders started looking at interim relief in the form of interlocutory injunctions as the most important result in the litigation. However, the practice regarding grant of *ex-parte* and interim injunctions was far from uniform across Courts with certain Courts taking a firm view that not only interim injunctions, but even *ex - parte* injunctions, are crucial in intellectual property cases. There are other Courts which have orally remarked that it would be inappropriate to pass *ex-parte* orders except in the most extraordinary cases. Again, this factor has channeled the traffic of intellectual property litigation in favour of some courts over others.

Therefore, invoking the jurisdiction of such courts has become an increasingly important consideration for right holders while enforcing their rights.

A trademark or copyright owner is aided greatly in deciding a forum for litigation by the long arm jurisdiction provisions in the Copyright Act, 1957 (Copyright Act) and the Trade Marks Act, 1999 (Trade Marks Act). As we will see later, these provisions are in addition to Section 20 of the Code of Civil Procedure, 1908 (CPC). The above long arm provisions, and manner in which they have been interpreted over the years, especially by the Supreme Court in 2015 in the decision of *Indian Performing Rights Society Ltd. v. Sanjay Dalia and Anr.*² ('IPRS decision') are the centerpiece of this article. In part one of the article, we chart through the regime that existed before the *IPRS* decision of the Supreme Court. We then discuss this decision which is one of the most important decisions in this field. Part three is devoted to the aftermath of the *IPRS* decision and we conclude with our recommendations on the way forward.

I. The pre-IPRS v. Sanjay Dalia world:

First, let's examine the statutory provisions. Section 62 (2) of the Copyright Act and Section 134(2) of the Trade Marks Act provide long arm jurisdiction to courts in cases of copyright and trademark infringement. These provisions are *pari materia*.

Section 62 of the Copyright Act is extracted below:

² Indian Performing Rights Society Ltd. v. Sanjay Dalia & Anr., (2015) 10 SCC 161.

“(1) Every suit or other civil proceeding arising under this Chapter in respect of the infringement of copyright in any work or the infringement of any other right conferred by this Act shall be instituted in the district court having jurisdiction.

(2) For the purpose of sub-section (1), a “district court having jurisdiction” shall, notwithstanding anything contained in the Code of Civil Procedure, 1908 (5 of 1908), or any other law for the time being in force, include a district court within the local limits of whose jurisdiction, at the time of the institution of the suit or other proceeding, the person instituting the suit or other proceeding or, where there are more than one such persons, any of them actually and voluntarily resides or carries on business or personally works for gain.”

Sections 62(2) of the Copyright Act and 134(2) of the Trademarks Act begin with ‘non-obstante’ clauses with respect to the CPC. A non-obstante clause is “*generally appended to a section with a view to give the enacting part of the section, in case of conflict, an overriding effect over the provisions of the same or other Act mentioned in the non-obstante clause.*”³ Sections 62 and 134 should, ordinarily, apply notwithstanding anything to the contrary in the CPC. The relevant provision of the CPC under which jurisdiction is normally claimed in intellectual property disputes is Section 20.

Section 20 of the CPC is extracted below:

“20. 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

³ State of Bihar v. Bihar Rajya M. S. E. S. K. K. Mahasangh, (2005) 9 SCC 129.

(c) the cause of action, wholly or in part, arises.

*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.” (emphasis supplied)*

An interesting discussion on Section 134 is found in the Lok Sabha Debate on the Trade Marks Bill, 1999.⁴ The then minister of Commerce and Industry, Shri Murasoli Maran had defended Section 134 with the following argument:

“Regarding clause 134, the law seeks to protect the honest trader and will be beneficial to the petty trader honestly doing his trade on the basis of a registered trademark. That is the intention, if it is not, we will come here with an amendment.”

The first Supreme Court decision that interpreted Section 62 of the Copyright Act or Section 134 of the Trade Marks Act was the Exphar decision⁵ in 2004 (‘Exphar’). In Exphar, the Supreme Court laid emphasis on the word ‘include’ used in Section 62 and held that Section 62 provides grounds for claiming jurisdiction which are in addition to those provided in the CPC.

The Supreme Court relied on the Parliamentary Joint Committee report dated 23 November, 1956⁶ which provides the basis for Section 62. This committee had opined that *“many authors are deterred from instituting infringement proceedings because the court in which such proceedings are to be instituted is situated at a considerable distance from the place of their ordinary residence. The Committee feels that this impediment should be removed and the new sub-clause (2) accordingly provides that infringement proceedings may be instituted in the District Court within the local limits of whose jurisdiction the person instituting the proceedings ordinarily resides, carries on business etc.”*

The interpretation of the phrase ‘carries on business’ as appearing in Section 62(2) of the Copyright Act and Section 134(2) of the Trade Marks Act fell for consideration of the Supreme Court in the *Dhodha House* case⁷. It first distinguished ‘carries on business’ from ‘personally

⁴ Statement by Minister of Commerce and Industry, Mr. Murasoli Maran, Statement Regarding Trademarks Bill, 1999, Lok Sabha (22/12/1999).

⁵ Exphar SA & Anr. v. Eupharma Laboratories Ltd. & Anr., (2004) 3 SCC 688.

⁶ Joint Committee of Parliament, Rajya Sabha, Copyright Bill, 1955 (19/11/1956).

⁷ Dhodha House v. S.K. Maingi, (2006) 9 SCC 41.

works for gain', implying that presence of a man at a place is required for 'personally works for gain'. On the other hand, business may be carried on through an agent/ manager/ servant.

The Court held that three conditions should be satisfied for holding that an entity is carrying on business at a place, namely:

- a) The agent is an exclusive agent. Therefore, mere sale of goods at a place through a general retailer is insufficient to constitute 'carrying on business';
- b) The person acting as an agent must be an agent in the strict sense of the term. The court explained that the manager of a joint Hindu Family is not an agent for the purpose of this condition.
- c) An essential part of the business must take place at that place.

As we will see later, the explanation to Section 20, CPC has played an important role in the interpretation of Sections 62(2) of the Copyright Act and 134(2) of the Trade Marks Act as explained in later sections of this article. For this reason, we need to discuss the interpretation adopted by the Supreme Court for the explanation to Section 20 in *Patel Roadways Limited, Bombay v. Prasad Trading Company* ('Patel Roadways').⁸

In *Patel Roadways*, the Supreme Court interpreted the word 'or' appearing in the explanation to Section 20 (emboldened and underlined in the above reproduction of the Section) as a disjunctive 'or' i.e. according to the Supreme Court either the first part of the explanation applies in a given case or the second. If the second part of the explanation applies, the first is excluded. Therefore, a corporation, which includes a company, is deemed to carry on business under Section 20(a) either at its sole or principal office or, if there is an overlap of cause of action and the corporation's subordinate office, then only at such place where this overlap exists. In other words, overlap of cause of action and subordinate office ousts the principal office of a corporation as a place of suing.

The Supreme Court justified this interpretation of the explanation to Section 20 of the CPC on two arguments. Firstly, that had the legislature intended a corporation to carry on business at both sole/ principal office and at the place of overlap of cause of action and subordinate office, it would have explicitly stated so like it did in the old explanation I to Section 20 of the CPC.⁹

⁸ *Patel Roadways Limited, Bombay v. Prasad Trading Company*, (1991) 4 SCC 270.

⁹ The old Explanation I to Section 20, CPC was deleted in 1976 and provided as follows:

According to the Supreme Court, the difference in the language of the two explanations was dispositive of the legislative intention. Secondly, if the 'or' in the explanation was not read disjunctively, then the second part of the explanation, i.e. overlap between cause of action and subordinate office, would be rendered otiose since a suit can always be brought where the cause of action arises.

In 2008, an attempt to limit the scope of Sections 62 and 134 in terms of the explanation to Section 20, CPC and Letters Patent (Madras) was made before the Madras High Court in *Wipro Limited v. Oushadha Chandrika Ayurvedic India (P) Limited*.¹⁰ The Madras High Court held that since the provisions of Section 20, CPC did not apply to the Madras High Court in light of the Letters Patent (Madras), the explanation to Section 20, CPC was inapplicable before the Madras High Court. Further, the court held that since Sections 62 of the Copyright Act and 134 of the Trade Marks Act had a non-obstante clause, these provisions were not limited by Letters Patent (Madras).

Thus the interpretation of Sections 62(2) of the Copyright Act and Section 134(2) of the Trade Marks in the pre – *IPRS v Sanjay Dalia* world was largely in favour of the Plaintiffs/ right holders. The *Exphar* decision coupled with the *Dhodha House* decision meant that Plaintiffs could approach Courts at any place where they had an exclusive agent or a subordinate office carrying on an essential part of the Plaintiff's business, even if no cause of action arose at such a place. The Explanation to Section 20 and the interpretation accorded to it in the *Patel Roadways* decision was not applied to interpret the phrase 'carries on business' in Section 62(2) of the Copyright Act and Section 134(2) of the Trade Marks Act.

II. The change brought about by IPRS v Sanjay Dalia

As became evident from the events that followed, the Supreme Court's IPRS decision is a watershed moment in the development of jurisprudence pertaining to jurisdiction of intellectual property cases.

To better understand the import of the Supreme Court's decision, it is important to first appreciate the facts of this case: the Plaintiff, Indian Performing Rights Society ('IPRS'), is a collecting society that collects royalties for use of copyrighted works on behalf of its members.

"Where a person has a permanent dwelling at one place and also temporary residence at another place, he shall be deemed to reside at both places in respect of any cause of action arising at the place where he has such temporary residence".

¹⁰ *Wipro Limited v. Oushadha Chandrika Ayurvedic India Pvt. Ltd.*, 2008-2-L.W. 430.

The main answering Defendant, Celine Cinemas ('Celine') was in the field of cinema exhibition and operated 33 screens. The Plaintiff claimed that the Defendant was communicating to the public/ publicly performing literary and/ or musical works from the plaintiff's repertoire of works and this amounted to infringement of copyright. Accordingly IPRS filed suit against Celine before the High Court of Delhi seeking an injunction and damages.¹¹

Now, let's examine the facts that were relevant for determination of the question of territorial jurisdiction: IPRS had its principal office in Mumbai¹² and a branch office in New Delhi. The main answering Defendant, Celine Cinemas, had its principal office in Mumbai. Further, the Defendant pointed out that all its cinemas were in Maharashtra/ Mumbai¹³. The agreements between the members of IPRS and IPRS were signed in Mumbai. The notices sent by IPRS to Celine were signed in Mumbai. Accordingly, as per the Defendant, the entire cause of action arose in Mumbai.¹⁴

IPRS claimed that the Delhi High Court had territorial jurisdiction to try the suit by placing reliance on Section 62(2) of the Copyright Act. IPRS stated that its branch office was located in Delhi and accordingly, it was carrying on business within the meaning of Section 62(2) of the Copyright Act in Delhi. Celine objected to the territorial jurisdiction of the Court. It argued that the expression 'carrying on business' under the said Section must be interpreted in the same way under the said Section as it is under the Explanation to Section 20 of the CPC. Under the Explanation, mere presence for a branch office at a particular place is insufficient to invoke the jurisdiction of the Court in that place under Section 20(a) of the CPC *unless* the cause of action also arises at that place. It thus argued that mere presence of IPRS's branch office in Delhi is not sufficient to satisfy the test of 'carries on business' under Section 62(2) of the Copyright Act since no part of the cause of action has arisen in Delhi. IPRS argued that Section 62(2) was intended to provide an additional forum to the Plaintiff. In particular, it relied upon the non-obstante clause appearing in Section 62(2) to argue that the said Section should not be fettered in any way by the CPC and the Section must be given its full meaning.

¹¹ Indian Performing Rights Society Ltd. v. Sanjay Dalia & Anr., (143) 2007 DLT 617.

¹² *Id.*

¹³ *Id.*

¹⁴ *Id.*

The Single Judge of the Delhi High Court agreed with the Defendants' arguments. The Learned Judge found that stated Section 62(2) provides an additional forum and removes the fetter of the Plaintiff having to sue at a place where the Defendant carries on business/ voluntarily resides/ personally works for gain and allows the Plaintiff to file at a place where it itself carries on business/ voluntarily resides/ personally works for gain. However, he found that the Explanation to Section 20 is party – 'neutral' and thus could be applied for interpreting the expression 'carries on business' with reference to a Plaintiff who invokes Section 62(2) of the Copyright Act.¹⁵ Since IPRS only had a branch office in Delhi and no cause of action arose in Delhi, the Court found that IPRS could not be deemed to carry on business in Delhi. Accordingly, it could not invoke Section 62(2) of the Copyright Act and the plaint was accordingly returned.

IPRS appealed to the Division Bench of the Delhi High Court. The Division Bench took the view that Section 62(2) of the Copyright Act and Section 134(2) of the Trademarks Act must be given a 'pragmatic interpretation'.¹⁶ The Court found that the purpose of these Sections is to enable the Plaintiff to "*initiate litigation at a forum conveniens to it*"; it was not to enable it to choose a territorial forum which is not convenient to either of the parties.¹⁷ The Court held that it could not have been the intention of the legislature to enable the Plaintiff to choose a place of suing based on the inconvenience caused to the Defendant. The Court agreed the Single Judge's logic that a Plaintiff corporation would be deemed to carry on business at the place of its branch office only if a cause of action arose at such a place. Accordingly, it dismissed the appeal.

IPRS appealed to the Supreme Court, which while issuing notice on the appeal granted a stay of the order of the Division Bench. The matter thereafter came up for final hearing in the year 2015 and was finally decided on July 1, 2015. The Court focussed on the object and intent of Section 62(2) of the Copyright Act which was to enable the authors to file a suit at a place of their convenience and to remove the impediment of the author having to litigate at a place where it did not have an ordinary residence or principal place of business. The Court however was of the view that the provision must be interpreted purposively and that this right must be

¹⁵ *Id.*, ¶ 13.

¹⁶ *Indian Performing Rights Society Ltd. v. Sanjay Dalia & Anr.*, 155 (2008) DLT 164, ¶ 13.

¹⁷ *Id.*, ¶ 7.

read subject to certain restrictions to ensure that the same is not abused by the Plaintiff by filing in an unconnected jurisdiction. The Court held that it was not the intention of the legislature that the plaintiff instead of instituting a suit at a place where it is carrying on business and where the cause of action too has arisen, drags the defendant to the place of a subordinate office where no cause of action has arisen. Thus, the Court read into Section 62(2) of the Copyright Act and Section 134(2) of the Trademarks Act a restriction that in case the plaintiff is carrying on business at a particular place and the cause of action has also arisen at such place, the plaintiff cannot 'ignore' such a place and claim jurisdiction on the basis of the existence of a branch office in a far-flung place.¹⁸ The Supreme Court did not expressly import the explanation to Section 20 into Section 62(2) of the Copyright Act and Section 134(2) of the Trademarks Act; rather, it created an exclusion from the scope of these Sections based on its interpretation of the legislative intent and with an intent to prevent an abuse of these provisions (this abuse is also referred to by the Court as 'counter mischief'). The Court's concern regarding abuse of these provisions is exemplified by the situation contemplated by the Court in the following manner:

*"There may be a case where plaintiff is carrying on the business at Mumbai and cause of action has arisen in Mumbai. Plaintiff is having branch offices at Kanyakumari and also at Port Blair, if interpretation suggested by appellants is acceptable, mischief may be caused by such plaintiff to drag a defendant to Port Blair or Kanyakumari. The provisions cannot be interpreted in the said manner devoid of the object of the Act."*¹⁹

Based on the aforesaid reasoning, the Court dismissed the appeal.

III. The aftermath of IPRS

Most practitioners agree that the *IPRS* decision is a paradigm shift in the manner in which jurisdiction is viewed in intellectual property cases. This was not only the result of the *IPRS* decision itself but also several decisions of different High Courts that have followed. The *IPRS* decision however certainly put the issue of jurisdiction into limelight and Judges started to closely examine and re-look at previously well-accepted interpretations of Section 62(2) of the

¹⁸ *Supra* note 4, at 18.

¹⁹ *Id.*, ¶ 26.

Copyright Act and Section 134(2) of the Trademarks Act. This section will examine the key decisions that followed the *IPRS* decision.

*Ultra Homes Construction v Puroshottam Kumar Chaubey*²⁰

The facts leading to the dispute were as under: The Plaintiff is a construction and development company which operates hotels and other residential and commercial buildings under the trademark AMRAPALI. The Defendant was using the mark AMBAPALI GREEN with respect to its residential project and accordingly the Plaintiff filed a suit for, *inter alia*, infringement of trademark. The Plaintiffs' registered office was located in Delhi and it also had several exclusive agents in Delhi. The Plaintiff was operating a hotel in Deogarh, Jharkhand. The Defendant had launched its residential project in the same district i.e. Deogarh, Jharkhand. Thus, the cause of action had arisen in Deogarh Jharkhand. The Plaintiff invoked the jurisdiction of the Delhi High Court by relying on (i) Section 134 (2) of the Trademarks Act and (ii) Section 62(2) of the Copyright Act and (iii) the Code of Civil Procedure since (i) its registered office, (ii) exclusive agents were located within the territory of Delhi and (iii) it had extensive goodwill and reputation in Delhi.

A single Judge of the Delhi High Court dismissed the suit by applying the Supreme Court's *IPRS* decision. The Single Judge took the view that since the Plaintiff was carrying on business in Jharkhand (through its hotel) and the cause of action had arisen in Jharkhand, the Plaintiff was required to sue the Defendant in Deogarh, Jharkhand and the Delhi High Court lacked jurisdiction to try the suit. On appeal, the Division Bench upheld the decision of the Learned Single Judge. The Division Bench, on a reading of the *IPRS* decision, took the view that the Supreme Court had read the Explanation to Section 20 into Section 134(2) of the Trademarks Act and Section 62(2) of the Copyright Act. Thus, according to the Division Bench, the expression carrying on business as appearing in these Sections would also be interpreted in the same way as the Explanation to Section 20; according to the Division Bench, the interpretation placed upon the Explanation by *Patel Roadways*²¹ would also equally apply to these Sections. In this backdrop, the Division Bench contemplated four situations:

- i. Where the Plaintiff has a sole office at one place and the cause of action has arisen at another place, the Plaintiff may sue at the place of its sole office.

²⁰ 227 (2016) DLT 320 (DB).

²¹ *Supra* note 4.

- ii. Where the Plaintiff has a principal office at one place and the cause of action has arisen at that place, the Plaintiff may only sue at the place of its principal office and it would not be entitled to sue at the place of its subordinate office.
- iii. Where the Plaintiff has a principal office at one place and a subordinate office at another place and the cause of action has arisen at the place of the subordinate office, the Plaintiff can only file the suit at the place of its subordinate and *not* at the place of its principal place of business.
- iv. Where the Plaintiff has a principal office at one place and a subordinate office at another place and the cause of action has arisen at a third place, the Plaintiff can sue *only* at the place of the principal office and not at the place of the subordinate office.

Let's exemplify each of these situations:

- (i) The Plaintiff has a sole office in Delhi and the cause of action arises in Mumbai. As per *Ultra Homes*, the Plaintiff can file a suit in Delhi based on Section 134(2) of the Trademark Act or Section 62(2) of the Copyright Act, 1957.
- (ii) The Plaintiff has its principal office in Kolkata and the cause of action has also arisen in Kolkata. The Plaintiff also has a subordinate office in Delhi. The Plaintiff can file a suit in Kolkata but not in Delhi based on Section 134(2) of the Trademark Act or Section 62(2) of the Copyright Act, 1957. This situation mirrors the facts of the *IPRS* decision.
- (iii) The Plaintiff has its principal office in Gurgaon, Haryana and the cause of action has arisen in Mumbai. The Plaintiff also has a subordinate office in Mumbai. According to *Ultra Homes*, the Plaintiff may only file a suit in Mumbai since both the cause of action and the subordinate office are located there and cannot file in the relevant district in Haryana.
- (iv) The Plaintiff has its principal office in Gurgaon, Haryana and a subordinate office in Mumbai. The cause of action has arisen in Delhi. The Plaintiff can sue only in the District Court in Gurgaon and cannot sue in Mumbai based on Section 134(2) of the Trademark Act or Section 62(2) of the Copyright Act, 1957.

It is important to remember that Section 134(2) of the Trademark Act or Section 62(2) of the Copyright Act, 1957 provide an additional forum for invoking jurisdiction and in all the above examples, the Plaintiff can sue at the places where the cause of action has arisen under Section 20(c) of the CPC and at the place where the Defendant carries on business, personally works for gain or voluntarily resides under Section 20(a)/20(b) of the CPC.

The *Ultra Homes* decision has had a significant impact on subsequent decisions on jurisdiction in the Delhi High Court and it has been cited in at least 11²² reported decisions in a short span of 22 months (from January, 2016 to October, 2017). Notably, the different situations contemplated in *Ultra Homes* have provided valuable guidance to Courts, particularly the Delhi High Court.

The Manugraph case and the Hindustan Unilever cases

However, some of the other High Courts have struck a discordant note. The most notable of the decisions from other Courts is the decision of the Bombay High Court in *Manugraph India Ltd. v. Simarq Technologies Pvt. Ltd.*²³. In this case, the registered office of the Plaintiffs was located in Mumbai; they also had a branch (subordinate) office in Delhi. According to the Defendants, the cause of action had arisen in Delhi. The Defendants contended that since the Plaintiff had a subordinate office in Delhi and the cause of action had also arisen there, the Plaintiff could not sue at Mumbai, where its principal office was located. The Bombay High Court rejected this contention. In the Court's view, the Supreme Court's decision never intended to oust the jurisdiction of the place where the Plaintiff has its principal place of business. It specifically referred to the 'mischief' that the Supreme Court intended to obviate in the *IPRS* decision; it then found that the Supreme Court only intended to deal with this 'patent mischief' i.e. Plaintiff filing suit in remote locations only because they have branch offices there, although the Defendants were at another location, the cause of action had arisen at another location and the plaintiffs themselves had their own office at that location. The Bombay High Court specifically disagreed with the Delhi High Court's decision in the *Ultra Homes* case. According to the Bombay High Court, the Delhi High Court erred in finding that the explanation to Section 20 had been 'read into' Sections 134(2) of the Trademarks Act and Section 62(2) of the Copyright Act.

²² *Allied Blenders and Distillers Pvt. Ltd. v. Prag Distillery Pvt. Ltd.*, 2017 (70) PTC 1 (Del); *Microsoft Corporation v. Rajesh Kumar and Ors.*, 2017 (72) PTC 474 (Del); *Radico Khaitan v. Nakshatra Distilleries and Breweries Ltd.*, 2017 (70) PTC 316 (Del); See *Allied Blenders and Distillers Pvt. Ltd. v. Prag Distillery Pvt. Ltd.*, 2017 (70) PTC 1 (Del); *HSIL Ltd. v. Marvel Ceramics and Ors.*, 2017 (69) PTC 514 (Del); *Moserbaer India Ltd. v. Modern Cinema*, Civil Suit (OS) No. 324 of 2008 before the High Court of Delhi.

²³ *Manugraph India Ltd. v. Simarq Technologies Pvt. Ltd.*, (2016) 67 PTC 254; the decision in *Manugraph India Pvt. Ltd. v. Simarq Technologies Pvt. Ltd.* was approved by a Division Bench of the Bombay High Court in *Sri Kalpatharu Housing Pvt. Ltd. v. Kalpataru Properties Pvt. Ltd.*, decision dated November 28, 2017 in Commercial Appeal No. 124 of 2017.

Two other High Courts, namely the Madras High Court²⁴ and the Calcutta High Court²⁵ have also taken a divergent view to the *Ultra Homes* decision. However, their basis for taking a different view was peculiar; they found that since these Courts are Charter Courts and are governed by their respective Letters Patent statutes. Since their respective Letters Patent Statutes do not contain any provision analogous to the Explanation to Section 20, the Explanation could also not be used for interpreting Section 62(2) of the Copyright Act and Section 134(2) of the Trademark Act. Interestingly, the Calcutta High Court categorically held that the IPRS decision itself would not apply to Charter Courts which are governed by the respective Letters Patent statutes. The Court found that this aspect regarding applicability of the Letters Patents statutes to Charter Courts had not been considered by the Supreme Court in the *IPRS* decision and ruled that a Plaintiff could sue on the basis of a subordinate office being present in Kolkata.

IV. The IPRS decision: Could the Supreme Court have reached the same conclusion differently?

The *IPRS* decision deals with a peculiar set of facts i.e. both Plaintiffs and Defendants had their registered office at the same place where the cause of action had arisen; despite this, the Plaintiffs had chosen to file the suit in Delhi on the basis that it has its subordinate office at that place. This, according to the Supreme Court, was an abuse of the benefit provided to Plaintiffs under Section 62(2) of the Copyright Act, 1957. While one may agree with this characterization of the Plaintiffs' conduct, it is difficult to agree with the manner in which Supreme Court interpreted Section 62(2) of the Copyright Act and Section 134(2) of the Trademarks Act. The Supreme Court referred to several rules of interpretation including the rule of purposive interpretation as well as the rule of counter mischief in support of its reasoning. As per these rules, if the material words are capable of bearing two or more constructions, then the one which suppresses the mischief and advances the remedy should be followed. The Court in the *IPRS* decision itself stated "*when two interpretations are possible, the court has to adopt the one which furthers the object as provided in the statute itself.*"²⁶ Having said this, the Court was

²⁴ Hindustan Unilever Ltd. v. Andhra Detergents Mac Marketing, Judgment dated December 12, 2016 in Civil Suit No. 202 of 2016 before the High Court of Madras.

²⁵ Hindustan Unilever Ltd. v. Sushil Kumar Sitaldas Dhirani, GA No. 1802 of 2010 in Civil Suit No. 100 of 2016 before the High Court of Calcutta.

²⁶ *Supra* note 4, at 27.

required to specify the words or an expression in these Sections to which it was giving a purposive meaning; however, it failed to do so.

One may argue that the Supreme Court provided an interpretation to the words ‘carrying on business’ and had impliedly held that IPRS was carrying on business at its principal office and not at its subordinate office. The Supreme Court clearly did not do so as is evident from the following paragraph:

*“However, this right to institute suit at such a place has to be read subject to certain restrictions, such as in case plaintiff is residing or carrying on business at a particular place/having its head office and at such place cause of action has also arisen wholly or in part, plaintiff cannot ignore such a place under the guise that **he is carrying on business at other far flung places also.**”²⁷*

*“In our opinion, in a case where cause of action has arisen at a place where the plaintiff is residing or where there are more than one such persons, any of them actually or voluntarily resides or carries on business or personally works for gain would oust the jurisdiction of other place where the cause of action has not arisen **though at such a place, by virtue of having subordinate office, the plaintiff instituting a suit or other proceedings might be carrying on business or personally works for gain.**”²⁸*

The usage of the term ‘carrying on business’ in the above quoted paragraphs indicates that the Supreme Court did not restrict the meaning of the word ‘carrying on business’ only to places where the principal office is located and it in fact acknowledges that a Corporation may be carrying on business at a place where it has a subordinate office. Indeed, the Supreme Court had no occasion to revisit the definition that it accorded to the term ‘carrying on business’ in its *Dhodha House* decision.

The Supreme Court also did not expressly hold that the Explanation to Section 20 of the CPC applies to Section 62(2) of the Copyright Act and Section 134(2) of the Trademarks Act. We will come to this aspect later in this article when we examine the *Ultra Homes* decision.

Thus, while the Supreme Court was clearly inclined to prevent the abuse of these pro – Plaintiff provisions, in our view, it failed to fully identify interpretational underpinnings for reaching its

²⁷ *Id.*, ¶ 18.

²⁸ *Id.*, ¶ 19.

conclusion. In our view, it could have reached the same conclusion without attempting interpretational jugglery. The Supreme Court could have invoked Section 25 of the Code of Civil Procedure for transfer of a civil suit from a Court from one jurisdiction to another. The paramount consideration in transferring the suit from one jurisdiction to another is to meet the ends of Justice. As per Mulla's authoritative treatise on CPC,²⁹ "A party seeking justice may choose a forum most inconvenient to the adversary, with a view to depriving the adversary of a fair trial. The Parliament has, therefore, invested the Supreme Court to transfer the case from one Court to another to meet the ends of justice." In our view, the facts *IPRS* decision presented an apt opportunity for the Supreme Court to exercise its transfer jurisdiction rather than engaging in a complex interpretative exercise which lacks coherence and which failed to provide sufficient guidance for lower Courts.

V. Ultra Homes or Manugraph: Which Court got it right?

As has been mentioned above, the Division Bench in the *Ultra Homes* case relied on the Supreme Court's *IPRS* decision to come to a finding that the Explanation to Section 20 had been read into Section 62(2) of the Copyright Act and Section 134(2) of the Trademarks Act. A close reading of the decision suggests that the Supreme Court did not in fact do so. For instance, the Supreme Court finds that where the Corporation is having ordinary residence/principal place of business and cause of action has also arisen at that place, it 'has' to institute a suit at the said place and 'not at other places'.³⁰ Clearly, this would not be the result under the Explanation 20 of the CPC since as per the *Patel Roadways* doctrine,³¹ even the principal place of business is ousted as a jurisdiction for suing if the subordinate office is located at a place where the cause of action has arisen. In the authors' view, we respectfully disagree with the finding in this regard in the *Ultra Homes* decision and agree with the finding in the *Manugraph* decision. In our view, and with the utmost respect, the *Ultra Homes* decision wrongly finds that a consequence of the Supreme Court's *IPRS* decision was that the Plaintiff cannot sue at its principal place of business, if the cause of action arises at the place of its subordinate office. The Supreme Court in *IPRS* was solely dealing with one situation i.e. where the cause of action arises at the place of the Plaintiffs' principal office and the Supreme Court's decision must be read in that context.

Is the outcome in Patel Roadways ideal?

²⁹ SAVARIA & SAVARIA, MULLA THE CODE OF CIVIL PROCEDURE, 547 (Vol. I, 17th Ed., LexisNexis Butterworths 2007).

³⁰ *Supra* note 1, at 19.

³¹ *Supra* note 4.

Our first point of disagreement with Patel Roadways is the disjunctive reading of ‘or’ in the explanation to Section 20, CPC. Section 20 uses the word ‘or’ more than once. However, the Supreme Court interpreted the ‘or’ in the explanation disjunctively while the rest of the ‘or’s’ are applied conjunctively. For example, clauses (a), (b), and (c) of Section 20 are separated by an ‘or’. Each of these ‘or’s’ is read conjunctively, meaning that each of the clauses are available to a plaintiff and one does not exclude the applicability of the other.

Secondly, the court believed that unless an overlap of subordinate office and cause of action excluded the principal office of a corporation, the second part of the explanation would be redundant in light of Section 20(c) as the Plaintiff can always bring action where the cause of action arises. Another way to interpret the explanation to Section 20 would have been to say that a corporation is deemed to carry on business at its subordinate office only if a part of cause of action arises at the place of the subordinate office. This is particularly important since there is no apparent policy reason, and none was given by the court, for excluding the principal office of a corporation as a place where it can be sued.

What options are left for Plaintiffs?

With the slow death of Sections 62 of the Copyright Act and Section 134 of the Trade Marks Act, right holders are now looking at other avenues for invoking jurisdictions of favourable Courts.

One such avenue is initiating *quia timet* actions. A *quia timet* action is based on an apprehended injury or a threat of an injury, even where actual infringement has not yet taken place.³² These are usually based on credible and imminent apprehension of injury within the jurisdiction of their preferred court.

Courts are also interpreting the phrase ‘cause of action’ broadly. Cause of action is a bundle of rights based on which the right to sue accrues and which are required to be proved to grant relief to the Plaintiff. For instance, in the IPRS decision, the Supreme Court held “*cause of action not only refers to the infringement but also the material facts on which right is founded. Section 20 CPC recognizes the territorial jurisdiction of the courts inter alia where the cause of action wholly or in part arises... Thus, a plaintiff can also file a suit where the cause of action wholly or in part arises.*” Similarly, a Division bench of the Delhi High Court has taken a similar view in

³² Mars Incorporated v. Kumar Krishna Mukerjee, 2003 (26) PTC 60 (Del.).

*Music Broadcast Pvt. Ltd. v. Axis Bank & Ors.*³³ where it held that “...the infraction of a right, coupled with the right itself constitutes a cause of action.” In the facts of this case, the court held that both the issuance of the compulsory licenses and their cancellation constitute the bundle of facts which can be referred to as cause of action. Therefore, based on this wider interpretation of the phrase ‘cause of action’, Plaintiffs may argue that where the right or registration has been granted at a particular place or where the Plaintiffs’ goodwill and reputation at a given place is being affected, cause of action has arisen at that place.

Plaintiffs, who often invoked Section 62 of the Copyright Act and Section 134 of the Trademark Act, 1999, suddenly found that the scope of these provisions had been re-interpreted by the Supreme Court in the *IPRS* decision. This led to complaints being returned in a number of pending suits which had been instituted based on the interpretation of these Sections in the pre-*IPRS* world. Quite apart from the above, the *IPRS* decision has been interpreted in divergent ways by different High Courts and this had to lead to a cleavage of opinions, a conflict which must eventually be resolved by the Supreme Court. The perceptible change in strategy of Plaintiffs is to move away from the murky interpretations of Sections 62 and 134 and instead rely on Section 20 of the Code of Civil Procedure, especially Section 20(c) of the Code of Civil Procedure. The Court’s response to this strategic manoeuvre remains to be seen.

³³ *Music Broadcast Pvt. Ltd. v. Axis Bank & Ors.*, Order dated 28 July, 2016 in FAO (OS) 65/2016.