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\* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

***Pronounced on: 28<sup>th</sup> April 2023***

+ CS (COMM) 309/2021 & IA 7844/2021 & IA 9228/2021

CABLE NEWS NETWORK INC ..... Plaintiff

Through: Mr. Pravin Anand, Mr. Dhruv Anand, Ms. Udita Patro, Ms. Chitra Subbiah, Ms. Kavya Mammen, Ms. Harini V. And Ms.Sampurnaa Sanyal, Advs.

versus

CTVN CALCUTTA TELEVISION

NETWORK PVT LTD ..... Defendant

Through: Mr. Chaitanya and Mr.Kartik Pant, Advs.

**CORAM:**

**HON'BLE MR. JUSTICE C.HARI SHANKAR**



**JUDGMENT**

**28.04.2023**

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1. By this judgment, I proceed to decide IA 7844/2021, preferred by the plaintiff against the defendant under Order XXXIX Rules 1 and 2 of the Code of Civil Procedure, 1908 (CPC), seeking interlocutory injunctive reliefs and IA 9228/2021, by the defendant against the plaintiff under Order VII Rule 10 of the CPC, seeking the return of the plaint for want of territorial jurisdiction. Needless to say, if IA 9228/2021 is allowed, IA 7844/2021 would not survive for consideration, as this Court would, then, be *coram non judice*, and the plaint would have to be returned to the plaintiff to be presented before the appropriate Court.

## The plaintiff

2. The plaintiff Cable News Network Inc. is a company incorporated in Delaware, US, with its headquarters in Atlanta, Georgia. It is a subsidiary of Turner Broadcasting System, Inc., established in 1980 for running a news channel in English under the brand CNN, with the logo . The device mark  stands registered, in favour of the plaintiff, under Classes


(i) 9, for “video tapes, video cassettes, motion pictures, video discs; tapes and cassettes for reproducing sound and visual images; television and cable transmitting and receiving apparatus and parts thereof; and accessories thereof”, w.e.f. 31<sup>st</sup> December, 1991,

(ii) 16, for “printed matter; books, program guides, program transcripts, photographs; stationery; instructional; and teaching materials (except apparatus); playing cards”, w.e.f. 31<sup>st</sup> December 1991,




(iii) 38, for “telecommunication services, in particular broadcasting and transmission of radio and television programs, of sound and images and information, also via wire, cable, satellite, radio, global or other computer network and similar technical equipment telecommunications of information (including webpages), computer programs and any other data; electronic mail services; providing user access to the Internet (service providers); providing telecommunications connections to the Internet or databases: telecommunication gateway services; online retail services (e-commerce); collection and supply of news, messages and information; agency for press

and non-commercial information”, w.e.f. 23<sup>rd</sup> February, 2004 and

(iv) 41, for “education services; entertainment services particularly television programming, online entertainment and information services, radio and television entertainment, production, reproduction, projecting and rental of motion pictures and videos, production and reproduction of audio and video recordings on audio and/or video carriers of different kind projecting and rental of these video and/or audio carriers, production and arrangement of radio and television programs, information relating to entertainment or education provided online from a computer database or the Internet; providing online electronic publications (not downloadable)”, w.e.f. 23<sup>rd</sup> February 2004.

3. The plaintiff asserts that all its services are made available to the public under the logo .


4. The defendant also provides news broadcasting services under the name CALCUTTA NEWS, through its Satellite TV channel, and has been licensed for providing such services under the name CALCUTTA NEWS and CTVN-AKD-PLUS. The defendant also operates a website <https://calcuttanews.tv/livetv.php>. The defendant


uses the trademarks  and . The plaintiff claims to have come to learn of these activities in September 2020, when the Trade Mark registry advertised Application No 4630507, of the defendant, for registration of the mark . On a search of the database of the


Registry of Trade Marks, the plaintiff claims to have come to learn that the defendant was holding Registration No 2830122 for the mark



, in Class 38, w.e.f. 17<sup>th</sup> October 2014, with a user claim of 1<sup>st</sup> January 2006, for “Television Broadcasting Services”. The plaintiff

has disputed the correctness of the defendant’s user claim of the  mark since 1<sup>st</sup> January 2006, submitting that, in Title Suit 17/2021, filed by the defendant against the plaintiff before the learned Commercial Court, Rajarhat, the defendant has admitted that it had

commenced television broadcasting in 2011 and had coined the  mark only in 2014. Thus, contends the plaintiff, the defendant had

obtained registration of the  mark by fraud.

5. Further research, asserts the plaintiff, revealed that the defendant has also applied, *vide* Application No 4802072, for registration of the

mark .

6. The defendant also operates through its Facebook, Instagram and Twitter social media accounts as well as on YouTube. It is



claimed that the mark  is regularly in use by the defendant.

7. On 27<sup>th</sup> April 2021, the plaintiff addressed a notice to the defendant, calling upon the defendant to cease and desist from further




using the marks ,  or . The defendant was also requested to withdraw Applications number 4630507 and 4802072 submitted by it

to the Registry of Trade Marks and to apply for cancellation of Registration No 2830122 already granted to it.

8. *Vide* response dated 2<sup>nd</sup> June 2021, the defendant declined to accede to the request of the plaintiff, claiming that the marks of the defendant were dissimilar from those of the plaintiff.


9. The plaintiff has also filed oppositions, before the Registry, against registration of the marks  and .


10. The defendant has instituted Title Suit 17/2021 before the Commercial Court at Rajarhat, alleging that groundless threats were being extended by the plaintiff to it.

11. The plaintiff further alleges that, till 2014, the defendant was conducting its business under the name Uttar Bangla, and commenced using the name CALCUTTA NEWS, with the acronym CN only in 2014. This, according to the plaintiff, manifests the intention of the defendant to copy the plaintiff's  logo. The plaintiff alleges that the design of the defendant's  logo, with the C and N joined at the base, clearly approaches the plaintiff's  logo so close as to create confusion. The use of the defendant's mark, according to the plaintiff, is bound to lead the viewer into believing, at the very least, the existence of a nexus, affiliation, endorsement or association with the plaintiff, especially as the services provided by the defendant under the impugned mark are the same as the services provided by the plaintiff. The reputation of the plaintiff, and the extent of its presence in the electronic and virtual media, it is submitted, exacerbates the

possibility of such confusion. Clearly, therefore, submits the plaintiff, the impugned mark of the defendant infringes the plaintiff's registered trademarks within the meaning of Section 29(2)(b)<sup>1</sup> of the Trade Marks Act, 1999.

12. The plaintiff alleges that the defendant is also seeking to capitalize on the plaintiff's reputation, thereby rendering it guilty of passing off its services as those provided by the plaintiff. The plaintiff alleges that, as there is no viable explanation for the defendant changing its name to CALCUTTA NEWS in 2014, adopting the abbreviation CN, and using a logo which is deceptively similar to the logo of the plaintiff with identical letterings, the *mala fides* of the defendant are apparent. The fact that the defendant has, while

applying for registration of the  mark, claimed use since 2006, when it was not even in existence, it is submitted, further indicates *mala fides* on the part of the defendant in adopting a logo similar to that of the plaintiff.

13. It is further submitted that the  logo, with its unique style of lettering, is indelibly associated, in the mind of the consumer and the viewing public, with the plaintiff, and the use of a deceptively similar mark, with similar lettering, is bound to lead to confusion or, at the very least in the viewing public presuming an association between the

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<sup>1</sup> 29. **Infringement of registered trade marks.** –

(2) A registered trade mark is infringed by a person who, not being a registered proprietor or a person using by way of permitted use, uses in the course of trade, a mark which because of—

(a) its identity with the registered trade mark and the similarity of the goods or services covered by such registered trade mark; or

(b) its similarity to the registered trade mark and the identity or similarity of the goods or services covered by such registered trade mark; or






(c) its identity with the registered trade mark and the identity of the goods or services covered by such registered trade mark,

is likely to cause confusion on the part of the public, or which is likely to have an association with the registered trade mark.

defendant and the plaintiff. The repercussions are, it is submitted, far-reaching, as the channels of the plaintiff and the defendant are both engaged in disseminating of news and other information. Any transmission of wrong or misleading information by the defendant would, therefore, irreversibly tarnish the image of the plaintiff, as well as its reputation in the national as well as international market.

**14.** The plaintiff has, in these circumstances, approached this Court with the present plaint, seeking

(i) a decree of permanent injunction, restraining the defendants, and all others acting on their behalf, from using the

impugned marks , ,  or  for their channel, over which news and other material is broadcasted, or for any other purpose whatsoever, as well as from using any other mark which may be deceptively similar to the plaintiff's registered  device mark, and

(ii) a direction to the defendants to remove all information and content uploaded on the Internet, either on their website or Facebook, Instagram or Twitter social media accounts or on YouTube, which bear the impugned mark, or any other mark which is identical or deceptively similar to the plaintiff's registered trademarks,

apart from delivery up, rendition of accounts, costs and damages.

### **The present applications**

**15.** The plaintiff has filed, with the suit, IA 7844/2021, under Order XXXIX Rules 1 and 2 of the CPC, seeking interlocutory injunctive

reliefs against the defendant using the impugned marks. The defendant has filed a reply to the said application, and the plaintiff has filed a rejoinder thereto.

**16.** The defendant has, in its turn, filed IA 9228/2021, under Order VII Rule 10 of the CPC, disputing the territorial jurisdiction of this Court to entertain the present suit and, therefore, seeking that the plaintiff be returned to the plaintiff for presentation before the competent forum. Reply and rejoinder also stands filed in the said application.

**17.** Mr. Pravin Anand and Mr. Chaitanya, learned Counsel, were heard at length on these applications which are disposed of, by the present judgment. The applications are being dealt with seriatim.

### **IA 9228/2021 - by the defendant under Order VII Rule 10, CPC**

#### **Rival contentions**

**18.** An application under Order VII Rule 10, or Rule 11, of the CPC, has to be decided solely on the basis of the averments in the plaint. If the averments in the plaint do not make out a case of proper invocation of forum jurisdiction, the plaint has to be returned for presentation before the appropriate forum. *Allied Blenders & Distillers Pvt Ltd v. R.K. Distilleries*<sup>2</sup>, rendered by a Division Bench of this Court, clearly holds that “in the backdrop of Order VII Rule 10, it is only the averments contained in the plaint that have to be seen” and, further, that the matter proceeds on demurrer, deeming the

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<sup>2</sup> (2017) 69 PTC 493 (DB)

averments in the plaint to be true, relying on the following exordium, to be found in the judgement of an earlier Division Bench in ***R.S.P.L. Ltd v. Mukesh Kumar***<sup>3</sup>:

“It must be stated that it is a settled proposition of law that the objection to territorial jurisdiction in an application under Order 7 Rule 10 CPC is by way of a demurrer. This means that the objection to territorial jurisdiction has to be construed after taking all the averments in the plaint to be correct.”

Albeit not in the specific context of Order VII Rule 10, the same principle stands enunciated in the following words, from the judgement of the Supreme Court in ***Exphar S.A. v. Eupharma Laboratories Ltd***<sup>4</sup>:

“Besides, when an objection to jurisdiction is raised by way of demurrer and not at the trial, the objection must proceed on the basis that the facts as pleaded by the initiator of the impugned proceedings are true. The submission in order to succeed must show that granted those facts the court does not have jurisdiction as a matter of law. In rejecting a plaint on the ground of jurisdiction, the Division Bench should have taken the allegations contained in the plaint to be correct.”

19. I have, therefore, in deciding the present application, eschewed, from consideration, all such averments as do not find place in the plaint instituted by the plaintiff. In the process, submissions advanced in the reply, filed by the plaintiff to IA 9228/2021, which are unsupported by any averments in the plaint, have also been omitted from consideration. I may note that the plaint, in the present case, has never been amended by the plaintiff.

Submissions of Mr Chaitanya, for the defendant

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<sup>3</sup> Judgment dated 3<sup>rd</sup> August 2016 in **FAO (OS) 145/2016**

<sup>4</sup> **(2004) 3 SCC 688**

20. Mr. Chaitanya submits that, in para 49 of the plaint, the plaintiff has cited only Section 20 of the CPC, to justify invoking the territorial jurisdiction of this Court in the present case.<sup>5</sup> Para 49 of the plaint reads:

“49. It is submitted that this Hon’ble Court has the jurisdiction to try and entertain the present suit under Section 20 of the Code of Civil Procedure in view of the following:

a. The Defendants are carrying on business within the territory of this Hon’ble Court through their website, social media pages, YouTube Channels at:

i. **Website** – <https://calcuttanews.tv/livetv.php>

ii. **Facebook**–  
<https://www.facebook.com/livecalcuttanews/>;

iii. **Instagram**–  
<https://www.instagram.com/calcuttanewstv/> and  
<http://www.instagram.com/akdcalcuttanews/>;

iv. **Twitter**–  
[https://twitter.com/calcutta\\_news?ref\\_src=twsrc%5Egoogle%7Ctwcamp%5Eserp%7Ctwgr%5Eauthor](https://twitter.com/calcutta_news?ref_src=twsrc%5Egoogle%7Ctwcamp%5Eserp%7Ctwgr%5Eauthor)

v. **YouTube**–  
<https://www.youtube.com/channel/UCJ316MHOz5exAR1TWmeOGQ>

which can all be accessed by consumers in Delhi, wherein these consumers are being specifically targeted.

a. The Defendants are offering new services under the impugned logos within the territory of this Hon’ble Court.

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<sup>5</sup> 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

(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.

Therefore, the cause of action in the present case has arisen within the territory of this Hon'ble Court.

b. The Plaintiff is carrying on business in Delhi. Its services through its website are offered in Delhi and are also aimed at viewers in Delhi. Moreover, the website of the Plaintiff is interacted in nature. They are directed to and can be accessed by consumers all over India and in Delhi.”

**21.** Mr. Chaitanya submits that the invocation of the jurisdiction of this Court, by the plaintiff, is unjustified as

- (i) the registered office of the defendant is in Kolkata,
- (ii) the defendant has no subordinate office outside the State of West Bengal,
- (iii) the defendant has no office or place of business in Delhi,
- (iv) no commercial transaction with the defendant has been, or is being, conducted within the territorial jurisdiction of this Court,
- (v) mere accessibility of a website within the territorial jurisdiction of a Court does not confer, on that Court, jurisdiction to entertain a trademark dispute,
- (vi) it is necessary for the plaintiff to establish, in such cases, that the defendant is engaged in commercial activity in the State in which the suit is being filed, by targeting its website specifically at customers within that State, and there was no evidence to indicate specific targeting, by the defendant, of customers in Delhi,
- (vii) the defendant's website was not interactive, and only permitted browsing, reading or viewing of the content available thereon, none of which was subscription-based, so that no commercial transaction could be concluded across the website, and

(viii) the defendant's website and social media handles were all targeted at persons who understood Bengali.

Mr. Chaitanya has cited, in support of his submissions, the judgements of Division Benches of this Court in *Banyan Tree Holding (P) Ltd v. A. Murali Krishna Reddy*<sup>6</sup> and *Impresario Entertainment & Hospitality Pvt Ltd v. S & D Hospitality*<sup>7</sup>, as well as the judgment of a learned Single Judge in *Karans Gurukul Classes v. Gurukul Classes IIT Division*<sup>8</sup>.

22. Mr. Pravin Anand contends, *per contra*, that the fact that the defendant's channel, bearing the impugned mark, can be accessed, and the contents thereof viewed, within the territorial jurisdiction of this Court, itself amounts to purposeful availment, by the defendant, of the jurisdiction of this Court. The users and viewers who view the defendant's channel are, he submits, of necessity being specifically targeted by the defendant, and the defendants are benefiting, commercially, from such viewership. The reliance, by the defendant, on the fact that no commercial transactions can be concluded across its website is therefore, countered with the contention that the defendant is commercially profiting from the access, to its website, by viewers. Reliance has also placed, by Mr. Pravin Anand, on the following recital, contained on the YouTube page of the defendant:

“Calcutta News is a 24 x 7 News Channel for the purpose to serve not only the people of West Bengal but also the Bengali communities throughout the Globe.”

Mr. Pravin Anand submits that there are over 2 lakh Bengalis residing in Delhi. At the very least, he submits, these 2 lakh Bengalis are

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<sup>6</sup> (2010) 42 PTC 361 (DB)

<sup>7</sup> 246 (2018) DLT 337

<sup>8</sup> 261 (2019) DLT 102

unquestionably being targeted by the defendant within the territorial jurisdiction of this Court even through its news Channel, apart from its YouTube page and other social media handles and mobile applications.

**23.** Mr. Anand disputes Mr. Chaitanya's contention that the content on the defendant's website is exclusively in Bengali. He submits that the defendant's website <https://calcuttanews.tv/index.php> has a specific URL <https://cnrashtriya.com/index.php>, which provides exclusively Hindi content, and which also bears the infringing CN mark. Screenshots from the website have been filed with the reply.

**24.** Reliance is also placed, by Mr. Anand, on an admission, by the defendant, before the learned Commercial Court in Rajarhat in para 24 of the plaint instituted by the defendant before the said Court, to the effect that the defendant had spent huge amounts of money for publication and popularisation of its trademarks, which had attained sufficient visibility and recognition in West Bengal "*and also throughout the Country, India*". A copy of the plaint has also been filed with the reply.

**25.** The defendant has filed a rejoinder. In the rejoinder, the defendant has reiterated that its website does not contain any subscription-based content and that a viewer who logs on to the website can only browse, read or view the content, but cannot interact with it. Much less, it is contended, could any commercial transaction be completed across the website.

26. Every website, submits the defendant, is accessible the world over. Equally, the social media pages of the defendant on Instagram, Twitter and YouTube are also globally accessible. The contention of the plaintiff that the defendant is purposefully targeting viewers in Delhi is, therefore, it is submitted, incorrect. Mere accessibility does not confer jurisdiction. Reliance has been placed, in this context, on the judgment of a learned Single Judge of this Court in *News Nation Networks Pvt Ltd v. News Nation Gujarat*<sup>9</sup>. Mere accessibility of the defendant's social media handles in Delhi, without any payment being required to be made therefor, and in the absence of the possibility of any commercial transaction taking place across the said social media pages cannot, it is submitted, confer jurisdiction on this Court.

27. The defendant has denied the allegation, in the plaint, that the defendant has booking agents in Delhi. The affidavit of the plaintiff's investigator has also been denied as having no evidentiary value. Without prejudice, the defendant has placed reliance on the judgment of the Supreme Court in *Dhodha House v. S.K. Maingi*<sup>10</sup> to contend that the presence of the agent within the territorial jurisdiction of a Court would justify invocation of such jurisdiction only where the agent was a Special Agent who attended exclusively to the business of the principal and carried on business in the name of the principal; in other words, an agent in the strict sense of the term. The defendant has submitted, categorically, that it has not employed any person to secure advertisements for it. Assuming there were persons who offered to advertise for a commission, they could not, it is submitted, confer jurisdiction of this Court. It is further submitted that the words

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<sup>9</sup> 2017 SCC OnLine Del 12698

<sup>10</sup> (2006) 9 SCC 41

“carrying on business” require that the essential business of the defendant is carried on within the jurisdiction of the Court which the plaintiff has approached.

## Analysis

**28.** I first address Mr. Chaitanya’s submission that the plaintiff has to be restricted, in his argument on the point of territorial jurisdiction, to Section 20 of the CPC, being the only provision invoked, in that regard, in the plaint.

**29.** The judgment of the Division Bench of this Court in *Ultra Home Construction Pvt Ltd v. Purushottam Kumar Chaubey*<sup>11</sup>, in para 14, clearly holds that “in addition to the places where suits could be filed under Section 20 of the Code, the plaintiff can also institute a suit under the Trade Marks Act, 1999 and the Copyright Act, 1957, as the case may be, by taking advantage of the provisions of section 134(2)<sup>12</sup> or section 62(2), respectively. Section 134, therefore, provides an additional recourse, to a plaintiff, over and above the recourse available under Section 20 of the CPC.

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<sup>11</sup> 227 (2016) DLT 320 (DB)

<sup>12</sup> 134. Suit for infringement, etc. to be instituted before District Court.—

- (1) No suit—
- (a) for the infringement of a registered trade mark; or
  - (b) relating to any right in a registered trade mark; or
  - (c) for passing off arising out of the use by the defendant of any trade mark which is identical with or deceptively similar to the plaintiff’s trade mark, whether registered or unregistered,

shall be instituted in any court inferior to a District Court having jurisdiction to try the suit.

- (2) For the purpose of clauses (a) and (b) 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 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.

*Explanation.*—For the purposes of sub-section (2), “person” includes the registered proprietor and the registered user.

**30.** Mr. Chaitanya stressed on the fact that the invocation of the jurisdiction of this Court has been sought to be justified, in para 49 of the plaint, only on the anvil of Section 20 of the CPC. Citing *Karans Gurukul Classes*<sup>8</sup>, Mr. Chaitanya sought to submit that the issue of territorial jurisdiction had, therefore, to live, or die, with Section 20. Impliedly, therefore, what was sought to be contended was that Section 134 of the Trade Marks Act was not open for invocation by the plaintiff.

**31.** I cannot agree.

**32.** Pleadings bind parties on facts. Statutory provisions constitute the extant law, and it is open to every citizen to take advantage of, or invoke, a statutory provision which, according to him, is in his favour. The factual foundation for invocation of the provision has, however, necessarily to find place in the plaint. No party can be permitted to argue facts which are not pleaded. However, where the factual foundation is present, the omission, in the plaint, to specifically cite a statutory provision cannot operate as estoppel against the plaintiff seeking its benefit. In the present case, in fact, it is specifically pleaded, in para 49 of the plaint, that the plaintiff carries on business in Delhi, and offers services, through its website, in Delhi, targeted at viewers in Delhi. These averments are sufficient, on facts, to merit examination of the aspect of territorial jurisdiction not only from the point of view of Section 20 of the CPC, but also from the point of view of Section 134 of the Trade Marks Act.

**33.** Before arriving at a finding regarding territorial jurisdiction, it is necessary, in my view, to consider six judgments, two by the Supreme Court and four by Division Benches of this Court, all of which, needless to say, bind me. They are, chronologically,

- (i) *Dhodha House*<sup>10</sup>,
- (ii) *Banyan Tree*<sup>6</sup>,
- (iii) *World Wrestling Entertainment v. Reshma Collection*<sup>13</sup>,
- (iv) *Indian Performing Rights Society Ltd v. Sanjay Dalia*<sup>14</sup> (“*IPRS*”, hereinafter),
- (v) *Ultra Home Construction*<sup>11</sup> and
- (vi) *Tata Sons Pvt Ltd v. Hakunamatata Tata Founders*<sup>15</sup>.

**34. *Dhodha House*<sup>10</sup>**

**34.1** The Supreme Court was, in this case, seized with two appeals, against judgments of High Courts which had taken opposing views on the aspect of territorial jurisdiction. The case involved allegations of trademark as well as copyright infringement. Para 20 of the report, however, discloses that there was, at that time, no provision in the Trade and Merchandise Marks Act, 1958 (which was the statute under consideration in that case – “the 1958 Act”, hereinafter), *pari materia* with Section 62(2) of the Copyright Act, which permitted an infringement suit to be filed where the person instituting the suit actually and voluntarily resided or carried on business or personally worked for gain. In other words, the 1958 Act, with which the Supreme Court was concerned, did not contain a provision similar to Section 134(2) of the present Trade Marks Act, with which we are

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<sup>13</sup> (2014) 16 PTC 452 (Del – DB)

<sup>14</sup> (2015) 10 SCC 161

<sup>15</sup> 2022 SCC OnLine Del 2968

concerned. It was for this reason that, in para 26 of the report, the Supreme Court observed as under:

“26. A judgment or order passed by a court lacking territorial jurisdiction, thus, would be *coram non judge*. Thus, if a District Court, where the plaintiff resides but where no cause of action arose otherwise, adjudicates a matter relating to infringement of trade mark under the 1958 Act, its judgment would be a nullity.”

**34.2** The Supreme Court also went on to hold that the main case, set up by plaintiffs, was of trademark infringement and that, therefore, the High Court could not assume jurisdiction merely on the basis of Section 62(2) of the Copyright Act. The Supreme Court, therefore, examined the matter from the point of view of the CPC, specifically Section 20 thereof. As the defendant was not located within the territorial jurisdiction of the High Court of Calcutta, where the suit was instituted, clause (b) of Section 20 did not apply. The Supreme Court, therefore, concerned itself with clause (c) of Section 20, which dealt with cases in which the “cause of action, wholly or in part, arose” within the jurisdiction of the Court which the plaintiff had approached.

**34.3** One of the contentions advanced by Dhodha House before the Supreme Court was that the application of the defendant for registration of the impugned trademark had been published in the Trade Marks Journal, which was circulated within the territorial jurisdiction of the High Court of Calcutta. In para 30 of the report, the Supreme Court held that “an advertisement by itself in the journal or a paper would not confer jurisdiction upon a court” and relied, for the said purpose, on a passage from its earlier decision in *O.N.G.C. v.*

*Utpal Kumar Basu*<sup>16</sup>. In para 31, the Supreme Court went on to clarify the position thus:

“31. A cause of action will arise only when a registered trade mark is used and not when an application is filed for registration of the trade mark. In a given case, an application for grant of registration certificate may or may not be allowed. The person in whose favour a registration certificate has already been granted (*sic*) indisputably will have an opportunity to oppose the same by filing an application before the Registrar, who has the requisite jurisdiction to determine the said question. In other words, a suit may lie where an infringement of trade mark or copyright takes place but a cause of action for filing the suit would not arise within the jurisdiction of the court only because an advertisement has been issued in the Trade Marks Journal or any other journal, notifying the factum of filing of such an application.”

**34.4** During the course of its discussion, the Supreme Court explained the concept of “carries on business”, in paras 46, 47 and 51 of the report, thus:

“46. The expression ‘carries on business’ and the expression “personally works for gain” connote two different meanings. For the purpose of carrying on business only presence of a man at a place is not necessary. Such business may be carried at a place through an agent or a manager or through a servant. The owner may not even visit that place. The phrase “carries on business” at a certain place would, therefore, mean having an interest in a business at that place, a voice in what is done, a share in the gain or loss and some control thereover. The expression is much wider than what the expression in normal parlance connotes, because of the ambit of a civil action within the meaning of section 9 of the Code. But it is necessary that the following three conditions should be satisfied, namely,

(1) The agent must be a special agent who attends exclusively to the business of the principal and carries it on in the name of the principal and not a general agent who does business for any one that pays him. Thus, a trader in the mufassil who habitually sends grain to Madras for sale by a firm of commission agents who have an independent business of selling goods for others on commission, cannot be said to “carry on business” in Madras. So a firm in England, carrying on business in the name of A.B. & Co., which employs upon the usual terms a Bombay firm carrying on business in the name of C.D. & Co., to act as

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<sup>16</sup> (1994) 4 SCC 711

the English firm's commission agents in Bombay, does not “carry on business” in Bombay so as to render itself liable to be sued in Bombay.

(2) The person acting as agent must be an agent in the strict sense of the term. The manager of a joint Hindu family is not an “agent” within the meaning of this condition.

(3) To constitute “carrying on business” at a certain place, the essential part of the business must take place in that place. Therefore, a retail dealer who sells goods in the mofussil cannot be said to “carry on business” in Bombay merely because he has an agent in Bombay to import and purchase his stock for him. He cannot be said to carry on business in Bombay unless his agent made sales there on his behalf. A Calcutta firm that employs an agent at Amritsar who has no power to receive money or to enter into contracts, but only collects orders which are forwarded to and dealt with in Calcutta, cannot be said to do business in Amritsar. But a Bombay firm that has a branch office at Amritsar, where orders are received subject to confirmation by the head office at Bombay, and where money is paid and disbursed, is carrying on business at Amritsar and is liable to be sued at Amritsar. Similarly a Life Assurance Company which carries on business in Bombay and employs an agent at Madras who acts merely as a Post Office forwarding proposals and sending moneys cannot be said to do business in Madras. Where a contract of insurance was made at place A and the insurance amount was also payable there, a suit filed at place B where the insurance Co. had a branch office was held not maintainable. Where the plaintiff instituted a suit at Kozhikode alleging that its account with the defendant Bank at its Calcutta branch had been wrongly debited and it was claimed that that court had jurisdiction as the defendant had a branch there, it was held that the existence of a branch was not part of the cause of action and that the Kozhikode Court therefore had no jurisdiction. But when a company through incorporated outside India gets itself registered in India and does business in a place in India through its agent authorized to accept insurance proposals, and to pay claims, and to do other business incidental to the work of agency, the company carries on business at the place of business in India.”

[See Mulla on the Code of Civil Procedure, 15<sup>th</sup> Edn., Vol.I, pp 246-47.]

47. A corporation in view of Explanation appended to Section 20 of the Code would be deemed to be carrying on business inter

alia at a place where it has a subordinate office. Only because, its goods are being sold at a place would thus evidently not mean that it carries a business at that place.”

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51. The plaintiff was not a resident of Delhi. It has not been able to establish that it carries on any business at Delhi. For our purpose, the question as to whether the defendant had been selling its produce in Delhi or not is wholly irrelevant (*sic*). It is possible that the goods manufactured by the plaintiff are available in the market of Delhi or they are sold in Delhi but that by itself would not mean that the plaintiff carries on any business in Delhi.”

No part of the cause of action having arisen within the territorial jurisdiction of the High Court of Calcutta, the Supreme Court upheld the decision of the High Court of Calcutta, holding that the suit would not lie before it.

### **35. *Banyan Tree*<sup>6</sup>**

**35.1** In this case, the plaintiff Banyan Tree Holding (P) Ltd (BTH) had its registered office at Singapore whereas the defendants (collectively referred to as “AMKR”) were located at Hyderabad. Defendant 1 was the promoter of the Defendant 2-Company.

**35.2** BTH claimed to have been using the word mark ‘Banyan Tree’ in respect of its hospitality business since years, and that AMKR was starting a project named ‘Banyan Tree Retreat’, with a device similar to that used by the plaintiff. As BTH had no trademark registration in India, it sued AMKR for having sought to pass off its services as those of the plaintiff by using a deceptively similar mark and logo.

**35.3** BTH justifying invocation of the jurisdiction of this Court on the ground that (i) AMKR was soliciting business, through use of the impugned mark and device in Delhi, (ii) AMKR had a presence in Delhi through its website, which was accessible in Delhi, and (iii) the website was not passive, but provided contact information and also sought feedback and inputs from its customers through an interactive webpage. The ubiquity, universality and utility of the features of the Internet and the World Wide Web, it was submitted, conferred jurisdiction on this Court to entertain the dispute.

**35.4** The learned Single Judge, before whom the matter came up, felt that the issue required clarification by a Division Bench. The Division Bench framed the questions that arose for consideration, before it, thus:

“(i) For the purposes of a passing off action, or an infringement action where the Plaintiff is not carrying on business within the jurisdiction of a court, in what circumstances can it be said that the hosting of a universally accessible website by the Defendants lends jurisdiction to such Court where such suit is filed (“the forum court”)?

(ii) In a passing off or infringement action, where the defendant is sought to be sued on the basis that its website is accessible in the forum state, what is the extent of the burden on the Plaintiff to prima facie establish that the forum court has jurisdiction to entertain the suit?

(iii) Is it permissible for the Plaintiff to establish such prima facie case through “trap orders” or “trap transactions”?”

**35.5** It is important to note that, in para 8 of the decision, the Division Bench observes that the case before it was not one alleging infringement, but alleging passing off and that, therefore, Section 134(2) of the Trade Marks Act did not arise for consideration. The said passage also notes that BTH was justifying invocation of the

jurisdiction of this Court for two reasons; firstly, that the website of AMKR was accessible in Delhi and, secondly, that there was at least one instance of AMKR's brochure being sent to a customer in Delhi.

**35.6** The Division Bench embarked on a detailed and incisive examination of the legal position, factoring, into the discussion, the position which obtains in various international jurisdictions as well. Having done so, the Division Bench answered the three questions, framed by it and as reproduced in para 31.4 *supra*, thus.

**35.6.1** With respect to Question (i), i.e., the circumstances in which hosting of a universally accessible website by the defendants could justify invocation of the jurisdiction to this Court, the Division Bench first observed, in para 38 of the report, as under:

“38. Having surveyed the law as it has developed in different jurisdictions, this Court is of the view that the essential principles developed as part of the common law can be adopted without difficulty by our courts in determining whether the forum court has jurisdiction where the alleged breach is related to an activity on the internet. At the outset, *this court does not subscribe to the view that the mere accessibility of the Defendants' website in Delhi would enable this Court to exercise jurisdiction. A passive website, with no intention to specifically target audiences outside the State where the host of the website is located, cannot vest the forum court with jurisdiction.* This court is therefore unable to agree with the proposition laid down in *Casio*<sup>17</sup>. The said decision cannot be held to be good law and to that extent is overruled.”

(Emphasis supplied)

**35.6.2** While thus holding that the decision of the learned Single Judge of this Court in *Casio*<sup>17</sup> did not correctly lay down the law, the Division Bench approved the view, of another learned Single Judge in *India TV Independent News Service Pvt Ltd v. India Broadcast Live*

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<sup>17</sup> *Casio India Co Ltd v. Ashita Tele Systems Pvt Ltd*, 2003 (27) PTC 265 (Del)

*Llc*<sup>18</sup>, that “a mere accessibility of a website may not be sufficient to attract jurisdiction of the forum court”. Thereafter, in para 40 of the report, the Division Bench notes that, even in *India TV*<sup>18</sup>, more intricate issues of the nature of the website, purposeful availment of jurisdiction, etc., were not examined. The Division Bench proceeded to pronounce its views on these issues, in para 40 to 42 of the report, thus:

“40. There was no occasion for this court even in *India TV*<sup>18</sup> to examine the finer aspects of the question of jurisdiction based on the nature of the website, the intention of the host of the website to specifically target viewers outside its jurisdiction, and the effect of hosting such website on audiences outside such state. *It appears to this court that for the purposes of a passing off action or an action for infringement where the Plaintiff is not carrying on business within the jurisdiction of the forum court, and where there is no long arm statute, the Plaintiff would have to show that the Defendant purposefully availed itself of the jurisdiction of the forum court. It is not enough merely to show that the website hosted by the Defendant is an interactive one. It would have to be shown that the nature of the activity indulged in by the Defendant by the use of the website was with an intention to conclude a commercial transaction with the website user.*

41. This court is not able to accept the submission of the learned counsel for the Plaintiff that the test of “purposeful availment” must be replaced by the test of “purposeful avoidance”. While the Defendant may in his defence show how he avoided the forum state, the initial burden is on the Plaintiff to show that the Defendant “purposefully availed” itself of the jurisdiction of the forum court. The issue of incorporating filters to block access to the website by viewers located outside the forum state will have to be considered while deciding if the Defendant had “purposefully avoided” the forum state. However, *that question will arise only if the Plaintiff has been able to show that the website of the Defendant is interactive and permits commercial transactions to be concluded by the Defendant with a user of the website.*

42. *This Court holds that jurisdiction of the forum court does not get attracted merely on the basis of interactivity of the website which is accessible in the forum state. The degree of the interactivity apart, the nature of the activity permissible and whether it results in a commercial transaction has to be examined. For the ‘effects’ test to apply, the Plaintiff must necessarily plead*

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<sup>18</sup> 2007 (35) PTC 177 (Del)

*and show prima facie that the specific targeting of the forum state by the Defendant resulted in an injury or harm to the Plaintiff within the forum state. For the purposes of a passing off or an infringement action (where the plaintiff is not located within the jurisdiction of the court), the injurious effect on the Plaintiff's business, goodwill or reputation within the forum state as a result of the Defendant's website being accessed in the forum state would have to be shown. Naturally therefore, this would require the presence of the Plaintiff in the forum state and not merely the possibility of such presence in the future. Secondly, to show that an injurious effect has been felt by the Plaintiff it would have to be shown that viewers in the forum state were specifically targeted. Therefore the 'effects' test would have to be applied in conjunction with the "sliding scale" test to determine if the forum court has jurisdiction to try a suit concerning internet based disputes."*

(Emphasis supplied)

**35.6.3** From these passages, the following principles emerge:

- (i) Whether the action is for passing off or for infringement, the plaintiff would have to show that the defendant purposefully availed itself of the jurisdiction of the forum Court; i.e., in the present case, of this Court.
- (ii) It is not enough merely to show that the website hosted by the defendant is an interactive one.
- (iii) It would have, additionally, to be shown that the nature of the activity indulged in by the defendant by the use of the website was with an intention to conclude a commercial transaction with the website user.
- (iv) The website must, therefore, not only be interactive, but must permit commercial transactions to be concluded by the defendant with a user of the website.

(v) Mere interactivity of the website which is accessible in the forum state would not confer jurisdiction.

(vi) The Court would have to examine

- (a) the degree of interactivity,
- (b) the nature of the activity permissible and
- (c) whether it results in a commercial transaction.

(vii) The ‘effect’ test must be satisfied; in other words, the plaintiff must necessarily plead and show prima facie that

- (a) the defendant specifically targeted the forum state,
- (b) the said specific targeting, by the defendant, of the forum state, resulted in injury or harm to the plaintiff’s goodwill, business or reputation, and
- (c) such injury or harm also took place within the forum state.

(viii) This would require the plaintiff to be present in the forum state, and not merely the possibility of such presence in the future.

(ix) To show that an injurious effect has been felt by the plaintiff, it would have to be shown that viewers in the forum state were specifically targeted.

(x) The “effects” test would, therefore, have to be applied in conjunction with the “sliding scale” test, to determine if the forum court has jurisdiction to try a suit concerning Internet based disputes. The “sliding scale” test was devised in *Zippo*

*Mfg. Co. v. Zippo Dot Com*<sup>19</sup>, as a three-pronged test for determining whether the exercise of specific personal jurisdiction over a non-resident defendant was appropriate, and requires satisfaction of three criteria, viz. that

- (a) the defendant had to have sufficient “minimum contacts” within the forum state,
- (b) the claim asserted against the defendant had to arise out of those contacts and
- (c) the exercise of jurisdiction had to be reasonable.

The “minimum contacts” criterion was required, as per para 18 of *Banyan Tree*<sup>6</sup>, to be determined as per the decision of the US Supreme Court in *International Shoe Co. v. Washington*<sup>20</sup>, which explained the concept of “purposeful availment”, and in respect of which para 11 of *Banyan Tree*<sup>6</sup> observes as under:

“11. Among the early decisions, is one of the U.S. Supreme Court in *International Shoe Co. v. Washington*<sup>20</sup> where a two-part test for determining jurisdiction of the forum court over a defendant not residing or carrying on business within its jurisdiction was evolved. It was held that in such instance the Plaintiff had to show that the defendant has sufficient “minimum contacts” in the forum state. In other words, the defendant must have purposefully directed its activities towards the forum state or otherwise “purposefully availed” of the privilege of conducting activities in the forum state. Further, the forum court had to be satisfied that exercising jurisdiction would comport with the traditional notions of fair play and substantial justice. This law was further developed in later cases.”

**35.6.4** With respect to Question (ii), regarding the extent of the burden on the plaintiff in the above regard, the Division Bench held, in para 45 of the report, as under:

“45. This court holds that in order to *prima facie* establish that the Defendant purposefully availed of the jurisdiction of this court,

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<sup>19</sup> 952 F. Supp. 1119 (W.D. Pa. 1997)

<sup>20</sup> 326 US 340 (1945)

the Plaintiff would have to show that the Defendant engaged in some commercial activity in the forum State by targeting its website specifically at customers within that State. This is consistent with the law laid down in *Cybersell, Inc v. Cybersell, Inc.*<sup>21</sup> and reiterated later in *Toys R Us v. Step Two*<sup>22</sup>. It is also consistent with the application of the ‘tighter’ version of the ‘effects’ test which is ‘targeting’. In any action for passing off or infringement, it would have to be shown that the Defendant by using its mark intended to pass off its goods as that of the Plaintiff’s. A mere hosting of a website which can be accessible from anyone from within the jurisdiction of the court is not sufficient for this purpose. Also a mere posting of an advertisement by the Defendant depicting its mark on a passive website which does not enable the Defendant to enter into any commercial transaction with the viewer in the forum state cannot satisfy the requirement of giving rise to a cause of action in the forum state. Even an interactive website, which is not shown to be specifically targeted at viewers in the forum state for commercial transactions, will not result in the court of the forum state having jurisdiction. In sum, for the purposes of Section 20(c) CPC, in order to show that some part of the cause of action has arisen in the forum state by the use of the internet by the Defendant, the Plaintiff will have to show prima facie that the said website, whether euphemistically termed as “passive plus” or “interactive” was specifically targeted at viewers in the forum state for commercial transactions. The Plaintiff would have to plead this and produce material to prima facie show that some commercial transaction using the website was entered into by the Defendant with a user of its website within the forum state and that the specific targeting of the forum state by the Defendant resulted in an injury or harm to the Plaintiff within the forum state. Question no. (ii) is answered accordingly.”

**35.6.5** The following principles emerge from this passage:

- (i) The plaintiff would have to show that the defendant is engaged in some commercial activity in the forum state by targeting its website specifically at customers within that state.
- (ii) It would have to be shown that the defendant, by using its mark, intends to pass off its goods as those of the plaintiff.

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<sup>21</sup> 130 F.3d 414 (1997)

<sup>22</sup> F.3d 446 (2003)

(iii) A mere hosting of a website which can be accessible by anyone from within the jurisdiction of the court is not sufficient for this purpose.

(iv) Also, a mere posting of an advertisement by the defendant depicting its mark on a passive website which does not enable the defendant to enter into any commercial transaction with user in the forum state cannot satisfy the requirement of giving rise to a course of action in the forum state.

(v) Even an interactive website, which is not shown to be specifically targeted at users in the forum state for commercial transactions, will not result in the court in the forum state having jurisdiction.

(vi) For the purposes of Section 20(c) of the CPC, in order to show that some part of the cause of action has arisen in the forum state by the use of the internet by the defendant, the plaintiff will have to show *prima facie* that the said website was specifically targeted at users in the forum state for commercial transactions.

(vii) The plaintiff would have to plead this and produce material to *prima facie* show that some commercial transaction using the website was entered into by the defendant with the user of its website within the forum state.

(viii) Additionally, the plaintiff would have to show that the specific targeting of the forum state by the defendant resulted in injury or harm to the plaintiff within the forum state.

**35.6.6** Question (iii) framed by the Division Bench dealt with the issue of whether a *prima facie* case could be established by the plaintiff through trap transactions. Dealing with the point, in para 46 of the report, the Division Bench noted that the plaintiff had to show, for the purposes of Section 20(c) of the CPC, that part of the cause of action in the suit had arisen within the jurisdiction of the forum court, for which purpose the plaintiff would have to show that the defendant purposefully availed the jurisdiction of the forum court by commercially transacting with a viewer located in the forum state through the internet. The conclusion, in this regard, was thus postulated, in para 57 of the report:

“57. Reverting to the present case, the position that emerges from the above judicial decisions is that while in trade mark and infringement cases, trap orders or trap transactions may be used as evidence, the fairness of such transactions is a relevant factor to be considered. Other relevant factors would be the nature of goods or services offered for purchase on the internet. If they require the customer to further physically verify their quality then the mere purchase of such goods through a trap transaction may not be treated as being sufficient evidence of infringement. The facts of each case will determine whether the trap transaction is a fair one and has resulted in a purchase on the internet of goods or services. A lone trap transaction will not be sufficient evidence of infringement or passing off. For the purposes of establishing that a part of the cause of action arose within the jurisdiction of the court, the Plaintiff would have to show that the Defendant has purposefully availed of the jurisdiction of the forum court by entering into a commercial transaction with an internet user located within the jurisdiction of the forum court. This cannot possibly be a solitary trap transaction since that would not be an instance of “purposeful” availment by the Defendant. It would have to be a real commercial transaction that the Defendant has with someone not set up by the Plaintiff itself. If the only evidence is in the form of a series of trap transactions, they have to be shown to be obtained using fair means. The Plaintiff seeking to establish

jurisdiction on the basis of such trap transactions would have to aver unambiguously in the plaint, and also place along with it supporting material, to prima facie show that the trap transactions relied upon satisfy the above test. Question (iii) is answered accordingly.”

Thus, the jurisdiction of the forum court could not be legitimately invoked on the basis of a solitary trap transaction.

**35.6.7** The Division Bench summarised its findings, in para 58 of the report, thus:

“58. We summarise our findings on the questions referred for our opinion as under:

***Question (i):** For the purposes of a passing off action, or an infringement action where the Plaintiff is not carrying on business within the jurisdiction of a court, in what circumstances can it be said that the hosting of a universally accessible website by the Defendants lends jurisdiction to such Court where such suit is filed (“the forum court”)?*

**Answer :** For the purposes of a passing off action, or an infringement action where the Plaintiff is not carrying on business within the jurisdiction of a court, and in the absence of a long-arm statute, in order to satisfy the forum court that it has jurisdiction to entertain the suit, the Plaintiff would have to show that the Defendant “purposefully availed” itself of the jurisdiction of the forum court. For this it would have to be prima facie shown that the nature of the activity indulged in by the Defendant by the use of the website was with an intention to conclude a commercial transaction with the website user and that the **specific targeting** of the forum state by the Defendant resulted in an injury or harm to the Plaintiff within the forum state.

***Question (ii):** In a passing off or infringement action, where the defendant is sought to be sued on the basis that its website is accessible in the forum state, what is the extent of the burden on the Plaintiff to prima facie establish that the forum court has jurisdiction to entertain the suit?*

**Answer :** For the purposes of Section 20 (c) CPC, in order to show that some part of the cause of action has arisen in the forum state by the use of the internet by the Defendant the Plaintiff will have to show prima facie that the said website, whether euphemistically termed as “passive plus” or “interactive” was specifically targeted at viewers in the forum state for commercial transactions. The

Plaintiff would have to plead this and produce material to prima facie show that some commercial transaction using the website was entered into by the Defendant with a user of its website within the forum state resulting in an injury or harm to the Plaintiff within the forum state.

*Question (iii) : Is it permissible for the Plaintiff to establish such prima facie case through “trap orders” or “trap transactions”?*

**Answer :** The commercial transaction entered into by the Defendant with an internet user located within the jurisdiction of the forum court cannot possibly be a solitary trap transaction since that would not be an instance of “purposeful” availment by the Defendant. It would have to be a real commercial transaction that the Defendant has with someone not set up by the Plaintiff itself. If the only evidence is in the form of a series of trap transactions, they have to be shown as having been obtained using fair means. The Plaintiff seeking to establish jurisdiction on the basis of such trap transactions would have to aver unambiguously in the plaint, and also place along with it supporting material, to prima facie show that the trap transactions relied upon satisfy the above test.”

### **36. *World Wrestling Entertainment*<sup>13</sup>**

**36.1** World Wrestling Entertainment (WWE), the plaintiff, was incorporated in Delaware, USA. It alleged infringement, by the defendant Reshma Collection (“Reshma”) of its registered WWE trademarks. The suit was filed before this Court. Reshma applied for return of the suit under Order VII Rule 10 of the CPC, on the ground of want of territorial jurisdiction. A learned Single Judge allowed the application and directed the suit to be returned for presentation before the proper forum, relying, for the purpose, on, inter alia, *Dhodha House*<sup>10</sup>. WWE appealed to the Division Bench against the said decision and invoked, for the purpose, Section 134(2) of the Trade Marks Act and Section 62(2) of the Copyright Act, 1957. Among the grounds on which WWE invoked Section 134(2) was that it is goods and services were sold to consumers in Delhi through its websites

which could be accessed and operated from all over the country, including Delhi.

**36.2** Towards the very commencement of the discussion in the judgment, the Division Bench discounted the applicability, to the case before it, of the decision in *Banyan Tree*<sup>6</sup>, thus:

“8. With regard to the reliance placed by the appellant/plaintiff on the decision in *Banyan Tree*<sup>6</sup> (*supra*), the learned Single Judge observed that the same was misplaced inasmuch as, according to him, in *Banyan Tree*<sup>6</sup> (*supra*) the question related to the website of a defendant and not that of plaintiff as in the present case. At this juncture itself we may point out that the decision in *Banyan Tree*<sup>6</sup> (*supra*) would not be applicable here just because the questions there pertained to a defendant's website but, because (a) it specifically dealt with a case where it was admitted that the plaintiff did not carry on business within the jurisdiction of the Court, (b) it was concerned only with the provisions of Section 20(c) CPC, and (c) it was a case of passing off. In *Banyan Tree*<sup>6</sup> (*supra*) the Division Bench did not examine the meaning and scope of the expression ‘carries on business’ as appearing in Section 134(2) and 62(2) of the Trademarks Act, 1999 and the Copyright Act, 1957, respectively. That case was decided on the basis of the plea of ‘cause of action’ and not on the basis of the expression ‘carries on business’, which is the case here.”

The discussion in *World Wrestling Entertainment*<sup>13</sup> is, therefore, relevant, not for the purposes of ascertaining the maintainability of the plaint in terms of Section 20 of the CPC, but in terms of Section 134(2) of the Trade Marks Act. As has been noted in para 12 of *World Wrestling Entertainment*, Section 134 commences with a *non obstante* clause, *vis-à-vis* the CPC or any other law. It, therefore, confers an independent right to approach the Court, over and above the right conferred by Section 20 of the CPC.

**36.3** WWE contended, before this Court, that it “carries on business” in Delhi because “its programs are broadcast in Delhi; its merchandise and books are available for sale in Delhi; and its goods and services are sold to customers in Delhi through its website which can be accessed in Delhi over the Internet”. The Division Bench identified

the issue arising before it to be whether, in these circumstances, WWE could be treated as “carrying on business” within the territorial jurisdiction of this Court.

**36.4** After extracting paras 46, 47 and 51 of *Dhodha House*<sup>10</sup>, the Division Bench went on to set out the legal position thus:

“14. From the above extracts, it is evident that when we say that a person ‘carries on business’ at a place we mean that the person has an interest in a business at that place, a voice in what is done, a share in the gain or loss and some control at that place. There is no doubt that a person may carry on business at a place not necessarily by himself but through an agent or a manager or through a servant. But, as pointed out in *Dhodha House*<sup>10</sup> (*supra*), three conditions have to be fulfilled : (i) the agent must be a special agent who attends exclusively to the business of the principal and carries it on in the name of the principal and not as a general agent who does business for any one that pays him; (ii) the person acting as agent, must be an agent in the strict sense of the term and a manager of a Joint Hindu Family cannot be regarded as an “agent” within the meaning of this condition; and (iii) to constitute “carrying on business” at a certain place, the essential part of the business must be performed at that place. An illustration of which is given in the above extract itself where a Bombay firm has a branch office at Amritsar, where orders are received, subject to confirmation by the head office at Bombay, and where money is paid and disbursed. Such a firm is said to be carrying on business at Amritsar and is liable to be sued at Amritsar.

15. Mr. Praveen Anand, the learned counsel appearing on behalf of the appellant/plaintiff, submitted before us, after placing reliance on *Exphar SA*<sup>4</sup> that the use of the word ‘include’ in Section 134(2) of the Trademarks Act, 1999 and Section 62(2) of the Copyright Act, 1957 make the provisions broader than Section 20 of the CPC. There is no dispute with this proposition. There is also no dispute with the proposition of the learned counsel for the appellant that the expression ‘carries on business’ is not confined to the head office, but can also include a branch office. This proposition is based on a decision of the Madras High Court in *Wipro Limited v. Oushadha Chandrika Ayurvedic India (P) Ltd.*<sup>23</sup> (*supra*). But, this proposition is of no use to the appellant/plaintiff inasmuch as it is not the case of the appellant/plaintiff that it has any office within the territorial limits of this Court, what to speak of a branch office.

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<sup>23</sup> (2008) 37 PTC 269

16. Faced with this eventuality, Mr. Anand submitted that, in fact, there is no need to have any office at all at a particular place for establishing the fact that a person carries on business at that place. He placed reliance, once again, on *Wipro Limited*<sup>23</sup> (*supra*), wherein it was observed that the plain meaning of the expression “carries on business” only conveys that wherever there is a business activity - be it the principal place or branch or branches - the party concerned is said to carry on business at such places. In fact, we may point out that Mr. Anand need not have laboured on this point at all because in *Dhodha House*<sup>10</sup> (*supra*) itself, the Supreme Court had clearly observed that for the purpose of carrying on business, the presence of the person concerned at a particular place was not at all necessary and that such business could be carried on at that place through an agent or a manager or through a servant. Mr. Anand also submitted that while considering the question of territorial jurisdiction at the threshold stage and particularly while considering the question of return of a plaint under Order 7 Rule 10 CPC, only the averments made in the plaint ought to be seen and, if, on a demurrer, a case for territorial jurisdiction has been made out, the plaint ought not to be returned. In our view, there is no quarrel with this proposition either.

17. The main issue before us is one of considering as to whether on the basis of the averments made in the plaint, the appellant/plaintiff carries on business in Delhi. It is nowhere pleaded in the plaint that the appellant/plaintiff, has an agent or a manager or a servant, through whom the appellant/plaintiff carries on business in Delhi. As pointed out above, it is also not the appellant/plaintiff's case that it has an office in Delhi. The question then arises as to whether the third condition specified in *Dhodha House*<sup>10</sup> (*supra*) is satisfied or not. If we recall, in *Dhodha House*<sup>10</sup> (*supra*), the Supreme Court had observed that the expression ‘carries on business’, as appearing in the above two provisions, is much wider than what the expression in normal parlance connotes because of the ambit of a civil action within the meaning of Section 9 of the CPC. The Supreme Court, however, cautioned that although the expression has a very wide meaning, it is necessary that the three conditions specified in the said decision should be satisfied.

18. Insofar as the first two conditions are concerned, they relate to agents. Inasmuch as it is an admitted position that the appellant/plaintiff has no agent in Delhi, those two conditions are clearly not fulfilled. However, it is the appellant/plaintiff's case that it carries on business in Delhi directly inasmuch as its goods and services are sold to consumers in Delhi through its website which is accessed in Delhi. It is on this basis that the learned counsel for the appellant/plaintiff submitted that the decision in *Dhodha House*<sup>10</sup> (*supra*) as also in *Archie Comic Publications, Inc. v. Purple Creations Pvt. Ltd.*<sup>24</sup> (*supra*) would really not be applicable

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<sup>24</sup> 172 DLT 234 (DB)

in the present case as in those decisions web-based business models, which have been referred to as the ‘new media’, were not considered. The question which then arises is whether the introduction and spread of e-commerce and business over the internet impacts the meaning of the expression ‘carries on business’ at a certain place. The learned Single Judge, as we have pointed out above, felt that the introduction of the new business models of doing business over the internet was not any different from the old model of doing business over the telephone or fax. He had placed reliance on the Supreme Court decision in the case of *Bhagwan Goverdhandas Kedia v. Girdharilal Parshottamdas & Co.*<sup>25</sup> (*supra*).

19. Considering the fact that in *Dhodha House*<sup>10</sup> (*supra*), the third condition stipulated that to constitute ‘carrying on business’ at a certain place, the essential part of the business must take place there, it would be necessary to examine this aspect in the backdrop of business over the internet. When a transaction takes place over the internet, where is the contract concluded? This is the question which needs to be answered. In other words, at which place does the essential part of the business transaction take place? The example of the Bombay firm having a branch office at Amritsar, where orders were received, subject to confirmation by the head office at Bombay and where money was paid and disbursed, needs to be examined in the context of internet transactions. In that example, it was noted that the Bombay firm could be said to be carrying on business at Amritsar and was liable to be sued at Amritsar. In the present case, the plaintiff/appellant is incorporated in USA. It has a website. We do not know as to where that website is hosted. The server would, in all likelihood, be in USA. It has not been pleaded that the website of the appellant/plaintiff is hosted on a server in Delhi. Therefore, it can be safely presumed that the web server is not located in Delhi. However, if a customer in Delhi wishes to purchase an article, which is available on the website of the appellant/plaintiff, the purchaser in Delhi accesses the said website on his or her computer in Delhi. The said purchaser places the order for the said article from his computer in Delhi. The payment is made either through a credit/debit card or through a cash card from Delhi and ultimately the goods are delivered to the customer in Delhi. In the nature of such transactions, the question arises as to which is the place where the essential part of the business occurs?

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21. From the above, it is clear that the general rule is that the contract is complete when the offeror receives intimation that the offeree has accepted his offer. An exception to this has been carved out in respect of contracts negotiated by postal communications or telegrams. The exception being that the bargain in such cases (post

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<sup>25</sup> AIR 1966 SC 543

or telegram) would be struck and the contract would be complete when the acceptance of the offeree is put into a course of transmission by him by posting a letter or despatching a telegram. The Supreme Court then held as under : -

“10. It is true that the Post and Telegraphs Department has general control over communication by telephone and especially long distance telephone, but that is not a ground for assuming that the analogy of a contract made by post will govern this mode of making contracts. In the case of correspondence by post or telegraphic communication, a third agency intervenes and without the effective intervention of that third agency, Letters or messages cannot be transmitted. In the case of a conversation by telephone, once a connection is established there is in the normal course no further intervention of another agency. Parties holding conversation on the telephone are unable to see each other : They are also physically separated in space, but they are in the hearing of each other by the aid of a mechanical contrivance which makes the voice of one heard by the other instantaneously, and communication does not depend upon an external agency.” (underlining added)

It is obvious that the Supreme Court distinguished the case of a contract negotiated over the telephone from that of contracts through letters or through telegrams. Whereas in the latter, there was an intervention of an external agency, which took time to deliver the acceptance of the offer by the offeree to the offeror, in the former, the communication of the acceptance was instantaneous once the communication link had been established. The Supreme Court, by virtue of its majority decision, went on to hold as under: -

“14. Obviously the draftsman of the Indian Contract Act did not envisage use of the telephone as a means of personal conversation between parties separated in space, and could not have intended to make any rule in that behalf. The question then is whether the ordinary rule which regards a contract as completed only when acceptance is intimated should apply, or whether the exception engrafted upon the rule in respect of offers and acceptances by post and by telegrams is to be accepted. If regard be had to the essential nature of conversation by telephone, it would be reasonable to hold that the parties being in a sense in the presence of each other, and negotiations are concluded by instantaneous communication of speech, communication of acceptance is a necessary part of the formation of contract, and the exception to the rule imposed on grounds of commercial expediency is inapplicable.” (underlining added)

22. It is interesting to note that the Supreme Court had observed that the draftsman of the Indian Contract Act could not have envisaged use of the telephone as a means of personal conversation between parties separated in space and could not have intended to make any rule in that behalf. This applies with greater vigour insofar as commerce and business over the internet is concerned. Just as in the case of telephone conversation, there is instantaneous communication, so, too, in the case of business over the internet. Therefore, the rule that applies to contracts concluded over the telephone would apply with equal vigour to contracts concluded over the internet. In other words, contracts would be completed at the place where the acceptance is communicated. In the case before the Supreme Court, the offer had emanated from the plaintiff, who was situated in Ahmedabad. The acceptance of the offer was by the defendants, who were to make the supply of cotton seed cakes to the plaintiff therein. The acceptance, since it was over the telephone, was instantaneously communicated via that technology to the plaintiff at Ahmedabad. The Supreme Court held that the cause of action would arise within the jurisdiction of the City Civil Court at Ahmedabad, where the acceptance was communicated by telephone to the plaintiff.

23. Let us now apply these principles to the type of transaction over the internet, which we have explained above. The website of the appellant/plaintiff refers to various goods and services. It is not an offer but an invitation to an offer, just as a menu in a restaurant. The invitation, if accepted by a customer in Delhi, becomes an offer made by the customer in Delhi for purchasing the goods “advertised” on the website of the appellant/plaintiff. When, through the mode of the software and the browser, the transaction is confirmed and payment is made to the appellant/plaintiff through its website, the appellant/plaintiff accepts the offer of the customer at Delhi. Since the transaction between the two takes place instantaneously, the acceptance by the appellant/plaintiff is instantaneously communicated to its customer through the internet at Delhi. Therefore, in such a case, part of the cause of action would arise in Delhi.

21. But, we are not concerned with the question of cause of action between the appellant/plaintiff and its customers in Delhi because the defendants are not such customers and they are, in any event, all residents of Mumbai. What we are examining is whether the third condition specified in *Dhodha House*<sup>10</sup> (*supra*) is satisfied or not. In other words, if the contracts and/or transactions entered into between the appellant/plaintiff on the one hand and its customers are being concluded in Delhi, can it not be said that the essential part of the business of the appellant/plaintiff, insofar as its transactions with customers in Delhi are concerned, takes place in Delhi? The offers are made by customers at Delhi. The offers are subject to confirmation/acceptance of the appellant/plaintiff through its website. The money would emanate or be paid from

Delhi. Can it not then be considered that the appellant/plaintiff is, to a certain extent, carrying on business at Delhi? In our view, it would be so. Because of the advancements in technology and the rapid growth of new models of conducting business over the internet, it is possible for an entity to have a virtual presence in a place which is located at a distance from the place where it has a physical presence. The availability of transactions through the website at a particular place is virtually the same thing as a seller having shops in that place in the physical world. Let us assume for the sake of argument that the appellant/plaintiff had a shop in Delhi from where it sold its various goods and services. In that case, it could not be denied that the plaintiff carried on business in Delhi. This is apart from the fact that the appellant/plaintiff may also have been regarded as having voluntarily resided in Delhi. When the shop in the ‘physical sense’ is replaced by the ‘virtual’ shop because of the advancement of technology, in our view, it cannot be said that the appellant/plaintiff would not carry on business in Delhi.”

**36.5** The following propositions emerge from these passages:

(i) For the purposes of carrying on business, the presence of the person at the place is not necessary. The business could be carried out through an agent or manager or servant. The owner may not even visit the place.

(ii) Thus, the phrase “carries on business” at a certain place would mean that the person had an interest in a business at that place, a voice in what is done, share in the gain or loss and some control thereover.

(iii) For “carrying on business”, the following conditions are required to be satisfied:

- (a) Where the business is carried on through an agent,
  - (i) the agent must be a special agent who attends exclusively to the business of the principal

and carries it on in the name of the principal and not a general agent who does business for anyone that pays him, and

(ii) the agent must be an agent in the strict sense of the term.

(b) The essential part of the business must take place in that place.

(iv) A corporation would be deemed to be carrying on business *inter alia* at a place where it has a subordinate office. The mere fact that its goods are sold at a place would evidently not mean that it carries on the business at that place.

**36.6** In the case before it, it was not pleaded by WWE, in its plaint – which alone could be seen while adjudicating on the issue of territorial jurisdiction under Order VII Rule 10 – that it had an agent or manager or servant, through whom it carried on business in Delhi or that it had an office in Delhi.

**36.7** WWE’s plea of territorial jurisdiction being based on its website, the Division Bench identified the question that arose as being “whether the introduction and spread of the e-commerce and business over the Internet impacts the meaning of the expression ‘carries on business’ at a certain place”.

**36.8** It could not be disputed that, if a customer in Delhi wanted to purchase an article available on the website of WWE, he would access the website on his, or her, computer in Delhi, place an order for the

said article from the same computer and make payment through a credit/debit card or cash from Delhi and that the goods would ultimately be delivered to him at Delhi.

**36.9** In such circumstances, held the Division Bench, it had to be held that WWE was, to a certain extent, carrying on business at Delhi. The Division Bench noted that, with the advancement in technology and e-commerce becoming a preferred mode of transacting business, it was possible for an entity to have a virtual presence in a place which was located at a distance from the place where it had a physical presence. Significantly, the Division Bench observed that “the availability of transactions through the website at a particular place is virtually the same thing as a seller having shops in that place in the physical world”. The ability to purchase WWE’s goods at Delhi, therefore, amounted to WWE having a physical shop at Delhi and, therefore, indicated that WWE was carrying on business at Delhi for the purposes of Section 134(2) of the Trade Marks Act.

### **37. *IPRS*<sup>14</sup>**

**37.1** Para 1 of the judgment of the Supreme Court in *IPRS*<sup>14</sup> precisely identifies the issue arising for consideration as “the interpretation of Section 62 of the Copyright Act, 1957 and Section 134(2) of the Trade Marks Act, 1999 with regard to the place where the suit can be instituted by the plaintiff”.

**37.2** The defendant Sanjay Dalia (“Sanjay”) was sued by IPRS, in the High Court of Delhi, for having breached its intellectual property rights without obtaining a license. Sanjay owned cinema halls in

Mumbai. The entire cause of action, admittedly, had arisen in Mumbai. IPRS instituted the suit in Delhi on the ground that it had a branch office at Delhi and was carrying on business within the jurisdiction of this Court. Undisputedly, the head office of IPRS was at Mumbai. Sanjay objected to the filing of the suit in Delhi. The objection was upheld both by a learned Single Judge as well as by the Division Bench. Aggrieved, IPRS appealed to the Supreme Court.

**37.3** The Supreme Court also held that Section 62 of the Copyright Act and Section 134 of the Trade Marks Act provided an additional forum which the plaintiff could approach against violation of intellectual property rights, over and above the forum which would be approached under Section 20 of the CPC.

**37.4** Adverting to Section 20, the Supreme Court, in para 15 of the report, ruled thus:

“15. The learned author Mulla in Code of Civil Procedure, 18th Edn., has observed that under clauses (a) to (c) of Section 20, the plaintiff has a choice of forum to institute a suit. *The intendment of the Explanation to Section 20 of the Code of Civil Procedure is that once the corporation has a subordinate office in the place where the cause of action arises wholly or in part, it cannot be heard to say that it cannot be sued there because it did not carry on business at that place. The linking of the place with the cause of action in the Explanation where subordinate office of the corporation is situated is reflective of the intention of the legislature and such a place has to be the place of the filing of the suit and not the principal place of business. Ordinarily the suit has to be filed at the place where there is principal place of business of the corporation.*”

(Emphasis supplied)

Thus, the Supreme Court, in para 15 of *IPRS<sup>14</sup>*, reiterated what is statutorily to be found in the Explanation to Section 20 of the CPC; that, while a suit is ordinarily required to be instituted before the Court

within whose territorial jurisdiction the principal place of business of the defendant is situate, nonetheless, where the cause of action has not arisen within such jurisdiction, but has wholly arisen within the jurisdiction of the Court within which the subordinate office of the defendant is situate, the suit is required to be instituted before that Court, i.e. the Court within whose jurisdiction the subordinate office of the defendant is situate and the cause of action has arisen, in whole.

Para 17 went on to clarify, regarding “cause of action”, thus:

“...Cause of action is a bundle of facts which is required to be proved to grant relief to the plaintiff. Cause of action not only refers to the infringement but also the material facts on which right is founded.”

**37.5** Para 18 of the report goes on to reiterate the legal position, thus:

“18. On a due and anxious consideration of the provisions contained in Section 20 CPC, Section 62 of the Copyright Act and Section 134 of the Trade Marks Act, and the object with which the latter provisions have been enacted, *it is clear that if a cause of action has arisen wholly or in part, where the plaintiff is residing or having its principal office/carries on business or personally works for gain, the suit can be filed at such place(s). The plaintiff(s) can also institute a suit at a place where he is residing, carrying on business or personally works for gain dehors the fact that the cause of action has not arisen at a place where he/they are residing or any one of them is residing, carries on business or personally works for gain.* However, this right to institute suit at such a place has to be read subject to certain restrictions, such as *in case the 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, the plaintiff cannot ignore such a place under the guise that he is carrying on business at other far-flung places also.* The very intendment of the insertion of provision in the Copyright Act and the Trade Marks Act is the convenience of the plaintiff. The rule of convenience of the parties has been given a statutory expression in Section 20 CPC as well. *The interpretation of provisions has to be such which prevents the mischief of causing inconvenience to the parties.*”

(Emphasis supplied)

**37.6** Paras 19 and 20, thereafter, go on to hold as under:

“19. *The intendment of the aforesaid provisions inserted in the Copyright Act and the Trade Marks Act is to provide a forum to the plaintiff where he is residing, carrying on business or personally works for gain. The object is to ensure that the plaintiff is not deterred from instituting infringement proceedings “because the court in which proceedings are to be instituted is at a considerable distance from the place of their ordinary residence”. The impediment created to the plaintiff by Section 20 CPC of going to a place where it was not having ordinary residence or principal place of business was sought to be removed by virtue of the aforesaid provisions of the Copyright Act and the Trade Marks Act. 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. The provisions of Section 62 of the Copyright Act and Section 134 of the Trade Marks Act never intended to operate in the field where the plaintiff is having its principal place of business at a particular place and the cause of action has also arisen at that place so as to enable it to file a suit at a distant place where its subordinate office is situated though at such place no cause of action has arisen. Such interpretation would cause great harm and would be juxtaposed to the very legislative intendment of the provisions so enacted.*

20. *In our opinion, in a case where the 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.”*

(Emphasis supplied)

**37.7** Para 25 of the report again reiterates this position:

“25. Considering the first aspect of the aforesaid principle, the common law which was existing before the provisions of law were passed was Section 20 CPC. It did not provide for the plaintiff to institute a suit except in accordance with the provisions contained in Section 20. The defect in existing law was inconvenience/deterrence caused to the authors suffering from financial constraints on account of having to vindicate their intellectual property rights at a place far away from their residence or the place of their business. The said mischief or defect in the existing law which did not provide for the plaintiff to sue at a place where he ordinarily resides or carries on business or personally works for gain, was sought to be removed. Hence, the remedy was

provided by incorporating the provisions of Section 62 of the Copyright Act. The provisions enabled the plaintiff or any of them to file a suit at the aforesaid places. But if they were residing or carrying on business or personally worked for gain already at such place, where cause of action has arisen, wholly or in part, the said provisions have not provided additional remedy to them to file a suit at a different place. The said provisions never intended to operate in that field. The operation of the provisions was limited and their objective was clearly to enable the plaintiff to file a suit at the place where he is ordinarily residing or carrying on business, etc. as enumerated above, not to go away from such places. The legislature has never intended that the plaintiff should not institute the suit where he ordinarily resides or at its head office or registered office or where he otherwise carries on business or personally works for gain where the cause of action too has arisen and should drag the defendant to a subordinate office or other place of business which is at a far distant place under the guise of the fact that the plaintiff corporation is carrying on business through branch or otherwise at such other place also. If such an interpretation is permitted, as rightly submitted on behalf of the respondents, the abuse of the provision will take place. Corporations and big conglomerates, etc. might be having several subordinate offices throughout the country. Interpretation otherwise would permit them to institute infringement proceedings at a far-flung place and at an unconnected place as compared to a place where the plaintiff is carrying on their business, and at such place, cause of action too has arisen. In the instant cases, the principal place of business is, admittedly, in Mumbai and the cause of action has also arisen in Mumbai. Thus, the provisions of Section 62 of the Copyright Act and Section 134 of the Trade Marks Act cannot be interpreted in a manner so as to confer jurisdiction on the Delhi Court in the aforesaid circumstances to entertain such suits. The Delhi Court would have no territorial jurisdiction to entertain it.”

These passages clarify that the purpose of Section 134(2) of the Trade Marks Act is to facilitate the plaintiff in being able to file his infringement suit where he is residing, carrying on business or personally working for gain, without having to approach the Court which has territorial jurisdiction over the situs of the defendant, and which may be at a distance from where the plaintiff is situate. The Supreme Court clarified, however, that Section 134(2) could not be used by a plaintiff to sue a defendant at some distant place where the plaintiff may have had a subordinate office, if the cause of action has

arisen at the place where the plaintiff had its principal office. Where, therefore, the cause of action had arisen is a place where the plaintiff had its principal office, Section 134(2) ousted the jurisdiction of the situs of the subordinate office of the plaintiff, even if the plaintiff was carrying on business or personally working for gain at such place. Para 21 of the report went on to clarify that the removal, by Section 134(2), of the necessity to sue the defendant where the defendant was residing or carrying on business, which was otherwise imperative under Section 20 of the CPC, was subject to these caveats. The principle that “in case the plaintiff resides or has its principal place of business/carries on business or personally works for gain at a place where cause of action has also arisen, suit should be filed at that place not at other places where the plaintiff is having branch offices, etc.”, which stands repeated four times in the decision in *IPRS*<sup>14</sup> was, therefore, treated by the Supreme Court as a conditional caveat for entitlement, by a plaintiff, to the benefit of the *non obstante* clause with which Section 134 starts.

**37.8** Interestingly, however, the Supreme Court did not clarify the position which would obtain where the cause of action arose entirely at the place where the plaintiff had a subordinate office, and no part of the cause of action arose where the plaintiff had its principal or main office. That aspect was, however, as it would become apparent presently, clarified by the Division Bench of this Court in *Ultra Home Construction*<sup>11</sup>.

**37.9** In the penultimate para 52 of the decision, the Supreme Court once again reiterates that Section 134 of the Trade Marks Act had to be interpreted in a purposive manner. Though the provision entitles

the plaintiff, suing for infringement of a trademark, to institute the suit where he resides, carries on business, or personally works for gain, without having to travel to the place where the defendant resides or where the cause of action arises wholly or in part, nonetheless, “if the plaintiff is residing or carrying on business, etc. at a place where the cause of action, wholly or in part, has also arisen, he has to file a suit at that place, as discussed above”.

### **38. *Ultra Home Construction*<sup>11</sup>**

**38.1** The appellant Ultra Home Construction (UHC) sued the defendants, alleging infringement of UHC’s registered trademark AMRAPALI, used by the appellant in housing construction projects. UHC had its principal place of business at Delhi. In para-52 of the plaint, UHC justified invocation of the jurisdiction of this Court on the ground that it operated in Delhi through its registered office and through several executive agents. It was also averred that there was voluminous sale and advertisement of the plaintiff within the jurisdiction of this Court. The learned single Judge of this Court, before whom the suit came up for consideration held, following *IPRS*<sup>14</sup>, that the defendants were infringing UHC’s trademark in Jharkhand and that, as UHC had a hotel in Jharkhand, UHC would have to sue the defendant at Jharkhand, and not in this Court.

**38.2** This Court first examined the matter from the point of view of Section 20 of the CPC. The Division Bench first relied on the decisions in *Patel Roadways Ltd v. Prasad Trading Co.*<sup>26</sup> and *New*

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<sup>26</sup> (1991) 4 SCC 270

*Moga Transport Co. v. United India Insurance Co. Ltd*<sup>27</sup>, to hold that the intent of the Explanation following clause (c) in Section 20 of the CPC was that, if the defendant were a Corporation, and the cause of action arose at a place where the defendant had a subordinate office, the suit would have to be instituted by the plaintiff before the Court having territorial jurisdiction over such subordinate office, without travelling to any distant Court within whose jurisdiction the principal office of the defendant were situate. Para 12 of *Ultra Home Construction*<sup>11</sup> went on, therefore, to hold:

“12. Thus, for the purpose of section 20 of the Code, a company having both a principal office and a subordinate office at a different place would be deemed to carry on business either at the principal office or at the place of the subordinate office but not at both places. If the cause of action arose at the place of the subordinate office then the company would be deemed to carry on business at the place of the subordinate office alone. On the other hand, if the cause of action did not arise at the place of the subordinate office then the company would be deemed to carry on business at the place of its principal office.”

**38.3** *IPRS*<sup>14</sup>, held the Division Bench, read the deeming provision contained in the Explanation to Section 20 of the CPC into Section 134(2) of the Trade Marks Act and Section 62(2) of the Copyright Act, for the purposes of isolating the place where the plaintiff would be deemed to be “carrying on business”. Extrapolating the principles applicable to the Explanation to Section 20 of the CPC into Section 134(2) of the Trade Marks Act, the Division Bench identified four distinct situations which could arise, in para 14 of its judgement:

“14. It is evident from the above observations that the interpretation given to the expression “carries on business” in the context of a defendant under section 20 of the Code has also been employed in the context of a plaintiff under the said sections 134(2) and 62(2). Thus, in addition to the places where suits could be filed under section 20 of the Code, the plaintiff can also institute

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<sup>27</sup> (2004) 4 SCC 677

a suit under the Trade Marks Act, 1999 and the Copyright Act, 1957, as the case may be, by taking advantage of the provisions of section 134(2) or section 62(2), respectively. Both the latter provisions are in *pari materia*. Under these provisions four situations can be contemplated in the context of the plaintiff being a corporation (which includes a company). First of all, is the case where the plaintiff has a sole office. In such a case, even if the cause of action has arisen at a different place, the plaintiff can institute a suit at the place of the sole office. Next is the case where the plaintiff has a principal office at one place and a subordinate or branch office at another place and the cause of action has arisen at the place of the principal office. In such a case, the plaintiff may sue at the place of the principal office but cannot sue at the place of the subordinate office. The third case is where the plaintiff has a principal office at one place and the cause of action has arisen at the place where its subordinate office is located. In this eventuality, the plaintiff would be deemed to carry on business at the place of his subordinate office and not at the place of the principal office. Thus, the plaintiff could sue at the place of the subordinate office and cannot sue (under the scheme of the provisions of section 134(2) and 62(2)) at the place of the principal office. The fourth case is where the cause of action neither arises at the place of the principal office nor at the place of the subordinate office but at some other place. In this case, the plaintiff would be deemed to carry on business at the place of its principal office and not at the place of the subordinate office. And, consequently, it could institute a suit at the place of its principal office but not at the place of its subordinate office.”

Para 14 of the decision, in a sense, encapsulates, in précis, the *ratio decidendi* of *Ultra Home Construction*<sup>11</sup>.

### **39. Tata Sons**

**39.1** The plaintiff Tata Sons (“Tata”, hereinafter) sued the defendants for having used TATA, which was the registered trademark of the plaintiff, in a manner which infringed the said mark. Infringement, it was alleged, took place because of the use, by the defendants, of “Tata” as part of its domain names [www.tatabonus.com](http://www.tatabonus.com) and [www.hakunamatata.finance](http://www.hakunamatata.finance) through which they conducted online trading in crypto currency. Though the defendants were registered in

the UK and the US, the plaintiff asserted that the suit was maintainable before this Court, as the websites [www.tatabonus.com](http://www.tatabonus.com) and [www.hakunamatata.finance](http://www.hakunamatata.finance) were accessible in India and were, in fact, accessed by visitors in Delhi on a daily basis.

**39.2** I held, as the Single Judge who dealt with Tata's application under Order XXXIX Rules 1 and 2 of the CPC, seeking interlocutory injunction against the defendants, that this Court did not have territorial jurisdiction to deal with the matter. Tata appealed, against my decision, to the Division Bench, which allowed the appeal and held that the suit was maintainable before this Court.

**39.3** The Division Bench held, in para 16 of its decision, that *Banyan Tree*<sup>6</sup> had settled the law with respect to territorial jurisdiction in the case of online trade via Internet websites. After reproducing para 48 of *Banyan Tree*<sup>6</sup>, which encapsulated the findings in that decision, the Division Bench went on to hold that "targeting" "would include the ability of the customers to undertake a commercial transaction on a website within the particular geography". The Division Bench also impliedly approved the decisions of the learned Single Judges of this Court in *Burger King Corporation v. Techchand Shewakramani*<sup>28</sup> and *Millennium & Copthorne International Ltd v. Aryans Plaza Services (P) Ltd*<sup>29</sup>, which held that a Court having territorial jurisdiction over any place where the website of the defendant could be accessed would be competent to try the suit, even if only promotional activities were undertaken on the website.

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<sup>28</sup> 2018 SCC OnLine Del 10881

<sup>29</sup> 2018 SCC OnLine Del 8260

**39.4** The Division Bench also cited, with approval, the decision of the Court of Appeals in the UK in *Lifestyle Equities CV v. Amazon UK Services Ltd*<sup>30</sup>, in which case the fact that purchases, across the website of the respondent, could be effected in the UK, and the website provided for a link to ‘review your order’ was held to be sufficient to clothe courts in the UK with the jurisdiction to deal with the matter. On the aspect of whether the respondent Amazon could be said to have targeted the UK market, the Court of Appeals answered in the affirmative, reasoning thus:

“If one asks whether that offer was targeted at the UK, in my view it is manifest that the answer is yes. The purchaser is located in the UK, the shipping address is in the UK, the billing address is in the UK, the currency of payment is GBP and Amazon will make all the necessary arrangements for the goods to be shipped to and imported into the UK and delivered to the consumer in the UK. I do not understand how it can seriously be argued that this offer for sale was not targeted at the UK, notwithstanding the valiant attempt of counsel for Amazon to do just that.”

Expressing its complete agreement with the view expressed by the Court of Appeals in *Lifestyle Equities*<sup>30</sup>, the Division Bench held, in para 22 of the decision, that “targeting need not be a very aggressive act of marketing aiming at a particular set of customers” and that “the mere looming presence of a website in a geography and ability of the customers therein to access the website is sufficient, in a given case”.

#### **40. A Revision**

**40.1** It would be advantageous to look back and reconnoiter the principles which emerge from each of these decisions.

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<sup>30</sup> 2022 EWCA Civ 552

**40.2** Let us first see what the Supreme Court says.

**40.3** *Dhodha House*<sup>10</sup> concerned itself essentially with Section 20 of the CPC. Section 20 confers jurisdiction both on the Court within whose jurisdiction the defendant, *inter alia*, carries on business, as well as on the Court within whose jurisdiction the cause of action, wholly or in part, arises. The Supreme Court examined both these aspects. For a person to be “carrying on business” at a particular place, it was not necessary, held the Supreme Court, for the person to be present at that place. “Carrying on business” implied “having any interest in a business at that place, voicing what is done, share in the gain or loss and some control over the business”. Business could, therefore, be carried on at a place either in person or through an agent. The Supreme Court, however, clarified that, where business was carried on through an agent, the agent had to be a Special Agent who attended exclusively to the business of the said person, and not a general agent who acted for anyone who paid him. Additionally, it was clarified that the agent had to be an agent *stricto sensu*. Further, clarified the Supreme Court, a business could be said to be carried on at a particular place only if the essential part of the business took place at that place. No part of the cause of action having arisen within the jurisdiction of the High Court of Calcutta, and, as the defendant could not be said to be carrying on business within the jurisdiction of the said High Court, the Supreme Court held that the suit, which had been instituted by Dhodha House before the High Court of Calcutta, was not maintainable for want of territorial jurisdiction.

**40.4** *IPRS*<sup>14</sup> held that Sections 134 of the Trade Marks Act and 62 of the Copyright Act provided additional fora before whom a challenge

on the ground of infringement could be laid by a plaintiff, over and above the fora which could be approached under Section 20 of the CPC. Apropos Section 20, *IPRS<sup>14</sup>* held that

- (i) under Section 20 of the CPC,
  - (a) ordinarily, a defendant was required to be sued where its principal office of business was situate;
  - (b) however, if the cause of action had arisen entirely within the place where the subordinate office of the defendant was situate, and no part of the cause of action had arisen where the defendant had its principal office, the defendant could be sued where it had its subordinate office, and could not insist that the suit be instituted at the place where its principal office was located, and,
- (ii) under Section 134(2) of the Trade Marks Act,
  - (a) a plaintiff is entitled to sue the defendant for infringement where the plaintiff resides, or carries on business, or personally works for gain, even if no part of the cause of action has arisen at such place;
  - (b) however, if the cause of action has arisen at the place where the plaintiff as its principal place of business, the plaintiff has necessarily to sue the defendant at that place, and cannot sue the defendant at some other distant spot on the ground that the plaintiff as a subordinate office at such other location.

**40.5** To advert, now, to the principles emanating from the decisions of Division Bench of this Court.

**40.6** *Banyan Tree*<sup>6</sup> directly addressed the issue of whether a suit for infringement or passing off could be filed before a court within whose jurisdiction the plaintiff did not carry on business, on the ground that the defendant had hosted a universally accessible website. Though, in para 8 of the decision, the Division Bench observed that it was not examining the matter from the point of view of Section 134(2) of the Trade Marks Act, as it was not dealing with an infringement suit, the subsequent principles, as laid down by the Division Bench have expressly been made applicable both to infringement and passing off cases. On the issue of whether *Banyan Tree*<sup>6</sup> applies in infringement cases, Division Benches of this Court have differed. While the decisions in *World Wrestling Entertainment*<sup>13</sup> and *Ultra Home Construction*<sup>11</sup> hold the decision in *Banyan Tree*<sup>6</sup> not to be applicable because it considered only Section 20 of the CPC, and not Section 134(2) of the Trade Marks Act, as also because it was a case of passing off, and not of infringement, the subsequent Division Bench in *Tata Sons*<sup>15</sup> has expressly held *Banyan Tree*<sup>6</sup> to be applicable in infringement cases as well. *Banyan Tree*<sup>6</sup>, for its part, clearly states that the principles laid down would apply both in cases of infringement and passing off. For the present, therefore, I have to treat the decision in *Banyan Tree*<sup>6</sup> as applicable both to infringement as well as passing off cases.

**40.7** The Division Bench in *Banyan Tree*<sup>6</sup> held that mere accessibility of a website in Delhi would not *ipso facto* clothe this Court with jurisdiction to entertain a passing off suit. Jurisdiction could not be vested by a passive website, which had no intention to specifically target audiences outside the State where the website was hosted. It was further held that, for the purposes of an action for

passing off or for infringement, where the plaintiff does not carry on business within the jurisdiction of the forum court – i.e., the court whose jurisdiction was sought to be invoked – and where there was no long arm statute, the onus would be on the plaintiff to establish purposeful availment, by the defendant, of the jurisdiction of the forum court. Such purposeful availment could not be demonstrated merely by the defendant’s website being interactive. Additionally, it would have to be shown that the nature of the activity carried on by the defendant using its website was with the intention to conclude a commercial transaction with the website user. “Purposeful availment”, it was held, necessarily required the plaintiff to establish that, firstly, the website of the defendant was interactive and, secondly, that the website permitted commercial transactions to be concluded with a user. Importantly, the Division Bench further clarified that the jurisdiction of the forum court would not be attracted merely because the defendant’s website was interactive and was accessible in the forum state. The Court held that, before arriving at a decision regarding the competence of the forum court to adjudicate on the *lis*, the Court would have to examine (i) the degree of interactivity, (ii) the nature of the activity permissible and (iii) whether it results in a commercial transaction. Further, it would have to be shown that (i) the defendant specifically targeted the plaintiff, or other customers, within the forum state and that (ii) such specific targeting resulted in injury or harm to the plaintiff within the forum state. Viewers of the defendant’s website in the forum state were required to have to be shown to be specifically targeted.

**40.8 *World Wrestling Entertainment*<sup>13</sup>** dealt with the situs of the plaintiff, *vis-à-vis* Section 134(2) of the Trade Marks Act. ***Banyan***

*Tree*<sup>6</sup> was discounted as being inapplicable because (i) it pertained to the defendant's website, (ii) it was admitted, in that case, that the plaintiff did not carry out business within the jurisdiction of the forum Court, (iii) it was concerned only with Section 20(c) of the CPC and (iv) it was a case of passing off. *Banyan Tree*<sup>6</sup>, it was observed, dealt with the concept of "cause of action" and not "carrying on business", which was the issue in controversy in *World Wrestling Entertainment*<sup>13</sup>. The Division Bench, in *World Wrestling Entertainment*<sup>13</sup>, held that, though the presence of a person at a particular place was not necessary for the person to be treated as carrying on business at that place, if such business was carried out through an agent, that agent had to be a Special Agent and an agent in the real sense of the word, and not merely a commission agent who acted for anyone for a commission. On the facts of the case, however, the Division Bench held that, as WWE hosted a website over which it was possible to conclude a commercial transaction by purchasing an article by placing an order and making payment through a credit/debit card from Delhi, where the goods would be ultimately delivered to the customer, this Court would have jurisdiction to entertain the suit, as, at least to that extent, WWE was carrying on business at Delhi. With the advent of e-commerce, noted the Division Bench, an entity could have a virtual presence in one place and a physical presence at a distance therefrom. Significantly, the Division Bench held that the capability to transact across the net at a particular place was equivalent to a seller having a sales outlet at that place. Applying this analogy, it was held that WWE could be treated as having a virtual sales outlet at Delhi and, therefore, to be carrying on business at Delhi for the purposes of Section 134(2) of the Trade Marks Act.

**40.9** *Ultra Home Construction*<sup>11</sup> examined, in the context of Section 20 of the CPC, the situation which would arise where the defendant has a principal office at one place and the subordinate office at another and held that

- (i) if the cause of action arose at the place where the defendant had the subordinate office, it would be deemed to be carrying on business only at that place;
- (ii) hence, the defendant would be deemed to be carrying on business where it has its principal office.

**40.10** Apropos Section 134(2), the Division Bench postulated four situations, and the place where the suit could be filed in each, thus:

- (i) If the plaintiff has only one office, then the suit could be instituted at that place. The place where the cause of action arose, in such a situation, becomes irrelevant.
- (ii) If the plaintiff has a principal office and a subordinate office at two places, and the cause of action arises where the principal office is located, the plaintiff has to sue the defendant at that place, and nowhere else. The location of the subordinate office becomes irrelevant.
- (iii) Similarly, if the plaintiff has a principal office and a subordinate office at two places, and the cause of action arises whether the subordinate office is located, the plaintiff has to sue the defendant at that place, and nowhere else. The location of the principal office becomes irrelevant.

(iv) If, however, in such a situation, the cause of action has arisen at a third place, where the plaintiff has no office, the suit would have to be instituted where the plaintiff has its principal office.

(v) In fact, situations (ii), (iii) and (iv) can be conflated, to make matters simpler. They all deal with a situation in which the plaintiff has a principal office at one place and a subordinate office at another. In such a situation,

(a) if the cause of action has arisen at one of the two places, the plaintiff would have to institute the suit at that place, and nowhere else, and

(b) if the cause of action has arisen at a third place, the plaintiff would have to institute the suit where its principal office is located.

#### **41. *Tata Sons*<sup>15</sup>**

**41.1** Unlike *World Wrestling Entertainment*<sup>13</sup> and *Ultra Home Constructions*<sup>11</sup>, *Tata Sons*<sup>15</sup> held *Banyan Tree*<sup>6</sup> to continue to be good law even in infringement cases. The Division Bench in *Tata Sons*<sup>15</sup>, however, approved the decision of the UK Court of Appeal in *Lifestyle Equities*<sup>30</sup> and held that targeting of customers within the jurisdiction of the forum court was not required to be aggressive and the “looming presence” of a website in a geography and ability of customers therein to access the website is sufficient, in a given case.

#### **42. Application of the aforesaid principles to the facts of the present case**

**42.1** The issue of jurisdiction has distinctly to be examined vis-à-vis Section 20 of the CPC and *vis-à-vis* Section 134(2) of the Trade Marks Act. Each is an alternative to the other, and, if either applies, the invocation of the jurisdiction of this court would be justified.

## **42.2** Section 20, CPC

**42.2.1** The location of the plaintiff is wholly irrelevant under Section 20 of the CPC. The defendant strides the provision. To the extent it is relevant for us, a suit may be instituted, under Section 20, either where the defendant carries on business (*vide* clause (b)) or where the cause of action arises, wholly or in part (*vide* clause (c)).

**42.2.2** I propose, first, to examine the matter from the point of view of clause (c), i.e., whether any part of the cause of action can be said to have arisen within the jurisdiction of this Court.

**42.2.3** The common thread that runs through *Banyan Tree*<sup>6</sup>, *World Wrestling Entertainment*<sup>13</sup> and *Tata Sons*<sup>14</sup> is that mere accessibility of a website within the jurisdiction of a particular court would not clothe that court, *ipso facto*, with the competence to adjudicate on infringement, unless the website was one across which a commercial transaction could be concluded.

**42.2.4** The capability of concluding a commercial transaction across the website – even if such a transaction is not actually concluded – appears, therefore, to be the *sine qua non* for a court to have jurisdiction to entertain the infringement suit. In other words, where a website is alleged to be infringing either because of the name

of the website itself, or because of content available on the website, a plaintiff would be entitled to sue the host of the website before any court within whose jurisdiction a commercial transaction could be concluded across the website. It is only in such a circumstance that part of the cause of action, for the purposes of Section 20(c) of the CPC, can be said to have arisen within the jurisdiction of such court.

**42.2.5** An important caveat is required, however, to be inserted here. Sub-sections (6) and (7) of Section 29 include, within the scope of “use” of a registered trade mark, its use on business papers or in advertising. As such, even the use of an infringing logo, by the defendant, on business papers, or advertising, by the defendant, of its services within the jurisdiction of this Court, would constitute “use”. There is, however, no such averment in the present plaint; ergo, this aspect of the matter need not detain us.

**42.2.6** Mere interactivity, without the possibility of concluding a commercial transaction across a website, cannot constitute part of the cause of action, so as to enable a plaintiff to sue the host of the website wherever the website can be accessed. The interactivity must partake of the nature of ability to conclude a commercial transaction. It is only then that it can be said that the host of the website had purposefully targeted customers within the jurisdiction of a court, so as to render that court jurisdictionally capable of entertaining an infringement suit against the host of the website.

**42.2.7** There is no material, whatsoever, on record in the plaint, to indicate that any commercial transaction could be concluded across the defendant’s website within the jurisdiction of this Court. On this

aspect of the matter, relatable to Section 20 of the CPC, the only case that the plaintiff has made out, in the plaint, is that the defendant's website can be accessed within the jurisdiction of this Court.

**42.2.8** The plaint does not aver, at any point, that the defendant's website is interactive. To reiterate, all that it asserts is that the defendant's website can be accessed within the jurisdiction of this Court. Though the plaint does state that the defendant "carries on business" within the jurisdiction of this Court, a holistic reading of the plaint reveals that this assertion is founded only on the premise that the defendant's website can be accessed by persons in Delhi.

**42.2.9** Mere ability to access a website has not been treated, by any binding authority either of the Supreme Court or of any Division Bench of this Court, to be sufficient to clothe this Court with the jurisdiction in the matter under Section 20 of the CPC. It would be stretching the law beyond breaking point to hold that, merely by hosting a website, which provides for no interactivity with any user, commercial or otherwise, the host has rendered itself vulnerable to being sued for infringement before every court in this country. Nor, for that matter, does the law say so.

**42.2.10** Mere accessibility of a website does not amount to arising of a part of cause of action, applying the law laid down in the decisions already cited in this regard. "Purposeful availment" is the test, and such purposeful availment can be said to exist either where the website is advertised, either itself or on any other platform, or where a user can interact with the website, howsoever minimal the extent of such interaction may be. The plaint does not, however,

purport to say that a user can interact with the defendant's website within the jurisdiction of this Court.

**42.2.11** It is important to note, in this context that, as per the averments in the plaint, the only manner in which the news channel of the defendant can be viewed by users is by accessing the internet and logging on, either to the defendant's website or to one of its social media pages. There is no further averment that any of these pages, or websites, permit user interactivity. Social media pages, it is well known, may or may not be user interactive. The Court cannot presume one way or the other, in the absence of the necessary averment in that regard.

**42.2.12** No part of the cause of action can, therefore, be said to have arisen within the jurisdiction of this Court. Clause (c) of Section 20 of the CPC would not, therefore, apply.

**42.2.13** Clause (b) of Section 20 would, however, apply.


**42.2.14** Invocation of clause (b) would be justified only if the essential part of the business of the defendant is carried out within the territorial limits of the jurisdiction of this Court. The necessary averments, in this regard, must be present in the plaint.

**42.2.15** Apropos the situs of the defendant's business, the following recitals are to be found in the plaint:

- (i) The address of the defendant, as provided in the memo of parties accompanying the plaint, is at Kolkata.

(ii) Para 17 acknowledges that the defendant “operates from their (*sic* its) address at 89, M.B. Road, Birati, Kolkata 700051, West Bengal.

(iii) The same paragraph avers that the defendant operates a website <https://calcuttanews.tv/livetv.php>.

(iv) The defendant’s application for registration of the  mark, was published in the Indian Trade Marks Journal. (That, however, would be irrelevant for jurisdiction, in view of *Dhodha House*<sup>10</sup>.)

(v) The defendant provides news broadcasting services through its satellite TV Channel under the names CALCUTTA NEWS and CTVN-AKD-PLUS. (Para 20(i))

(vi) The defendant also operates through its website, Facebook page, Instagram page, Twitter account and YouTube channel, through which they carry on business. As these channels can be accessed by all consumers in Delhi, the defendant is, through these channels, specifically targeting Delhi consumers. (Para 20(ii))

(vii) The defendant is offering news services under the impugned logos within the territory of this Court.

**42.2.16** Viewed thus, it is clear that the averments in the present plaint, as enumerated in para 42.2.15 *supra*, sufficiently assert that the

defendant carries on business within the jurisdiction of this Court. The defendant is engaged in the business of dissemination of news, over its news channel. There is a specific assertion, in para 49(a) of the plaint, that the defendant carries on business within the territory of this Court through its website, social media pages and YouTube channels. How it does so, cannot be examined under Order VII Rule 10 of the CPC. Further, para 49 goes on to assert, in so many words, that the defendants *are offering news services under the impugned logos within the territory of this Court*. The business of the defendant being offering of news services, this assertion is a complete answer to the submission, of the defendant, that the suit is bad for want of territorial jurisdiction and has, therefore, to be returned under Order VII Rule 10.

**42.2.17** The suit would, therefore, be maintainable before this Court under clause (b) of Section 20 of the CPC, though not under clause (c) thereof.

### **42.3** Section 134(2), Trade Marks Act

**42.3.1** The plaintiff would also be entitled to institute the present suit before this Court under Section 134(2) of the Trade Marks Act.

**42.3.2** Para 49(b) in the plaint reads thus:

“The Plaintiff is carrying on business in Delhi. Its services through its website are offered in Delhi and are also aimed at viewers in Delhi. Moreover, the website of the Plaintiff is interactive in nature. They are directed to and can be accessed by consumers all over India and in Delhi.”

**42.3.3** The plaintiff is an all-India News Channel which is accessible throughout India and is seen by millions of households in Delhi. The commercial activity of the plaintiff is carried out through its news channel. It is a matter of common knowledge that news channels earn revenue based on viewership and that increasing viewership of channels is one of the primary methods by which revenue is earned. The court can also take judicial notice of the fact that, across the plaintiff's channel, extensive advertisements also figure, including the advertisement of the plaintiff's channel itself. The plaintiff's channel is also advertised, independently, within the jurisdiction of this Court.

**42.3.4** Besides, and in any event, the averments in para 49(b) of the plaint, taken on demurrer, are sufficient to constitute an averment that the plaintiff is carrying on business within the jurisdiction of this Court. The plaint specifically pleads that the plaintiff is carrying on business in Delhi, offering services through its website at Delhi, that the services are aimed at viewers in Delhi, that its website is directed to consumers all over India and in Delhi, and, most importantly, that the website is interactive in nature. Further, in para 8 of the plaint, it is asserted that the CNN channel has been available in India since 1989; *that the New Delhi bureau of the plaintiff opened in 1992, and that CNN International established a relationship with New Delhi Television Pvt Ltd, for news coverage to be shown on Doordarshan in June 1993.*

**42.3.5** Viewed any which way, therefore, given the nature of the plaintiff's activities, the plaintiff certainly carries on business within

the jurisdiction of this Court, as understood in Section 134(2) of the Trade Marks Act.


**43.** The invocation, by the plaintiff, of the jurisdiction of this Court is sustainable under Section 134(2) of the Trade Marks Act as well as under clause (b) of Section 20 of the CPC.


### **Conclusion**

**44.** Accordingly, IA 9228/2021 preferred by the defendant under Order VII Rule 10 of the CPC, is dismissed.

### **IA 7844/2021 [Under Order XXXIX Rules 1 and 2, CPC]**



**45.** Adverting, now, to the aspect of infringement and passing off, a mere comparison of the marks of the plaintiff and of the defendant is sufficient for the court to arrive at a *prima facie* finding in this regard.

**46.** The plaintiff asserts the device mark . It is, quite clearly, 'CNN', as an acronym for 'Cable News Network', depicted in a peculiar stylized fashion.

**47.** The most prominent feature of the impugned marks of the defendant is, quite clearly, the central  logo. Where part of the mark is thus prominent, the presence of added matter would not serve to mitigate the infringing act. The following passage from *Kaviraj Pandit Durga Dutt Sharma v. Navaratna Pharmaceutical*

*Laboratories*<sup>31</sup> tells us that, where the prominent part of the defendant's mark is deceptively similar to that of the plaintiff, the fact that there may exist added matter would not undo, or even mitigate, the taint of infringement:

“28. ....In an action for infringement, the plaintiff must, no doubt, make out that the use of the defendant's mark is likely to deceive, but where the similarity between the plaintiff's and the defendant's mark is so close either visually, phonetically or otherwise and the court reaches the conclusion that there is an imitation, no further evidence is required to establish that the plaintiff's rights are violated. Expressed in another way, if the essential features of the trade mark of the plaintiff have been adopted by the defendant, the fact that the get-up, packing and other writing or marks on the goods or on the packets in which he offers his goods for sale show marked differences, or indicate clearly a trade origin different from that of the registered proprietor of the mark would be immaterial; whereas in the case of passing off, the defendant may escape liability if he can show that the added matter is sufficient to distinguish his goods from those of the plaintiff.”

48. The manner in which the defendant has styled its  logo, with the C and N joined at the base, each letter otherwise standing erect, is deceptively similar to – and, in fact, *prima facie* imitative of – the manner in which the plaintiff has styled its  logo. True, the basal ‘link’ between C and N is more rounded in the defendant's logo as compared to the plaintiff's, but that slight difference is, *prima facie*, unlikely to impress itself on the psyche of the customer of average intelligence and imperfect recollection, who sees the marks at different points of time. The test of infringement, it is trite, is whether a customer of average intelligence and imperfect recollection, who sees the plaintiff's mark at one point of time and, some time later, chances on the defendant's mark, is, at an “initial interest” level, likely to wonder, even if only for an instant, whether he has seen the mark, or something like it or associated with it, earlier. The matter has to be viewed from the “initial interest” perspective. If, the

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<sup>31</sup> (1965) 1 SCR 737

defendant's mark "initially interests" the customer of average intelligence and imperfect recollection, into wondering whether he has seen the mark, or an associated mark, earlier, the tort of infringement, *ipso facto*, stands committed.

**49.** Without intending to trivialize the discussion, the reaction of the average customer, which would, without anything further and by itself, suffice to indicate "likelihood of confusion" and, therefore, infringement, is probably best represented by the now popular "thinking face" emoticon 🤔. If the defendant's mark galvanizes the plaintiff, who has, some time earlier, seen the plaintiff's mark but is, unfortunately, possessed of a mere imperfect ability to recollect, into thought as to whether he has seen the mark, or something associated with it, earlier, the tort of infringement stands committed. Nothing more is needed.

**50.** The only real discernable difference between the two marks is that CNN has two 'Ns' whereas CN has only one 'N'. Though this distinction is apparent on a glance at the two logos, there is every possibility of a viewer forming an impression, given the similarity of the logo and the fact that both entities are involved in providing identical service of dissemination of news over the television, that there is an association between the two.

**51.** Section 29(2)(b) of the Trade Marks Act envisages infringement as taking place where, owing to, or on account of, the similarity of the competing marks and identity or similarity of the goods or services in respect of which the marks are used, there is likelihood of confusion. The provision clarifies, further, that

likelihood of confusion would also include the likelihood of an association being presumed between the two marks.

**52.** Given the similarity between the plaintiff and the defendant's marks, the fact that both marks are used for similar services, and cater to the same segment of public, i.e. those viewing news channels, a *prima facie* case of infringement is made out.

**53.** The similarity between the stylization of the defendant's and the plaintiff's logos is also so stark that the court is also inclined, *prima facie*, to hold that the defendant has deliberately devised a logo which is similar to that of the plaintiff.

**54.** As such, a *prima facie* case of passing off also exists.

**55.** In the circumstances, following the law laid down by the Supreme Court in para 14 of *Laxmikant V. Patel v. Chetanbhai Shah*<sup>32</sup> and para 5 of *Midas Hygiene Industries P. Ltd. v. Sudhir Bhatia*<sup>33</sup>, a clear case for injuncting the defendant, pending disposal of the present suit, from using the impugned mark for providing news services or any other services which are allied to those provided by the plaintiff, is made out.





## **Conclusion**

**56.** Accordingly, pending disposal of the suit, the defendant, as well as others acting on its behalf, shall stand restrained from using

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<sup>32</sup> (2002) 3 SCC 65

<sup>33</sup> (2004) 3 SCC 90

the impugned trademarks , , ,  or any other mark which is similar to the plaintiff's CNN/ trademarks, in relation to broadcasting news or allied services. The defendant shall remove the impugned marks from all physical and online/virtual sites forthwith.

57. IA 7844/2021 stands allowed accordingly.

**APRIL 28, 2023**  
*dsn*

**C. HARI SHANKAR, J.**



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