

* **IN THE HIGH COURT OF DELHI AT NEW DELHI**
+ **CS(COMM) Nos.53/2015 & 54/2015**
% **21st December, 2015**

1. **CS(COMM) No. 53/2015 and I.A. No.25929/2015 (stay)**

BIGTREE ENTERTAINMENT PVT. LTD. Plaintiff
Through: Ms. Swathi Sukumar, Advocate with
Ms. Anu Paascha, Advocate and Mr.
Sanyukta Banerjie, Advocate.
Versus

SATURDAY SUNDAY MEDIA INTERNET & ORS. Defendants
Through:

2. **CS(COMM) No. 54/2015 and I.A. No.25931/2015 (stay)**

BIGTREE ENTERTAINMENT PVT. LTD. Plaintiff
Through: Ms. Swathi Sukumar, Advocate with
Ms. Anu Paascha, Advocate and Mr.
Sanyukta Banerjie, Advocate.
Versus

M/S iPLATFORM MEDIA TECHNOLOGIES PVT. LTD. AND ANR.
..... Defendants
Through:

CORAM:
HON'BLE MR. JUSTICE VALMIKI J.MEHTA

To be referred to the Reporter or not? **Yes**

VALMIKI J. MEHTA, J (ORAL)

1(i) These suits are filed by the plaintiff against the defendants seeking permanent injunction restraining the infringement of trade mark, passing off and damages etc.

(ii) In both the suits i.e CS(COMM) Nos.53/2015 and 54/2015, the plaintiff is a company registered under the Companies Act, 1956 and it has no office in Delhi be it a principal office or a head office or a registered office or even a branch office. Plaintiff's address as per the memo of parties is at Mumbai.

(iii) Defendants in CS(COMM) No.53/2015 as per the address given in the memo of parties in the plaint are situated outside Delhi i.e at Gurgaon and the defendants in CS(COMM) No.54/2015 are situated, as per the address contained in the memo of parties, at Bengaluru in Karnataka.

2. In both the suits, territorial jurisdiction of this Court is claimed on the basis of plaintiff's carrying on business in Delhi because plaintiff is selling its services in Delhi through the internet. The trade mark and the service mark of the plaintiff is 'BOOKMYSHOW.COM'. The relevant para of the plaint with respect to the existence of territorial jurisdiction of this Court is para 34 of the plaint and this para 34 reads as under:-

“34. This Hon’ble Court also has jurisdiction to entertain and try the present suit under section 134(2) of the Trade Marks Act, 1999 on account of the fact that the Plaintiff carries on business within the jurisdiction of the Hon’ble Court.

The Plaintiff’s ticketing services are availed by consumers in Delhi, for events, performances and shows held in Delhi. Contracts and/or transactions are entered into between the Plaintiff and its customers, which are being concluded in Delhi. Therefore the essential part of the business of the Plaintiff, insofar as its transactions with customers in Delhi are concerned, takes place in Delhi. Therefore this Hon’ble Court has jurisdiction to entertain the present suit.

It is submitted that the subject matter of the suit relates to the infringement and passing off of the Plaintiff’s trademark and is a ‘commercial dispute’ as defined in section 2(1)(c)(xvii) of the Commercial Courts, Commercial Division and Commercial Appellate Division of High Court Ordinance, 2015.

The plaintiff has not filed any other similar suit or any other proceedings against the Defendants either before this Hon’ble Court or any other Court.”

3. Before the commencement of dictation of this judgment, and even right at the inception, I put it to the counsel for the plaintiff that it is advisable, of course subject to discretion of the plaintiff, that plaintiff can amend the suit so that the territorial jurisdiction is claimed on the ground of arising of part of cause of action in Delhi not on account of Section 134 of the Trade Marks Act, 1999 of ‘carrying on business’ by the plaintiff but because the defendants are carrying on their businesses at Delhi under the impugned trade marks ‘BOOKMYOFFER.COM’ and ‘BOOKMERASHOW.COM’ in CS(COMM) Nos.53/2015 and 54/2015

respectively, and as a result of which impugned activities of the defendants would be at Delhi, and hence this Court thus would have territorial jurisdiction with reference to the cause of action of the activities of the defendants and not because of the plaintiff's 'carrying on business' in Delhi as per Section 134 of the Trade Marks Act, 1999. Learned counsel for the plaintiff however states that plaintiff does not seek to so amend the suit and this Court can proceed ahead to decide the issue of territorial jurisdiction and places reliance upon the judgment passed by a Division Bench of this Court in the case of ***World Wrestling Entertainment Vs. Reshma Collection*** 2014 SCC OnLine Del 2031 and paras 17, 18 and 24 (wrongly numbered as 21 in the judgment) thereof, and which paras read as under:-

“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* (supra) is satisfied or not. If we recall, in *Dhodha House* (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* (supra) as also in *Archie Comic* (supra) would really not be applicable 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* (supra).

21(sic: 24). 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* (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.”

4. No doubt, the judgment of the Division Bench holds that where internet transactions take place, there would be territorial jurisdiction at the place where internet transaction is done by accessing the website, however, the Division Bench in the judgment in the case of ***World Wrestling Entertainment (supra)*** does not deal with the situation qua internet transactions as to when the plaintiff is a corporation viz a company registered under the Companies Act, 1956 and whether there is ‘carrying on business’ even if the plaintiff company has no office at the place where the plaintiff’s website is accessed for carrying out the transactions. The issue which is before this Court in the subject suits is as to what is the meaning of the expression ‘carrying on business’ in Section 134 of the Trade Marks Act, 1999 and which is also an expression as appearing in Section 20(a) of the Code of Civil Procedure, 1908 (CPC) read with the Explanation thereof, and

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which issue was not the issue before and decided by the Division Bench in the judgment in the case of *World Wrestling Entertainment (supra)*.

5. In a suit which is filed, the plaintiff in such a suit may be either a natural person or a legal entity. If the plaintiff is a natural person, then, the position of carrying on of a business by such a natural person will not be similar to the position which would emerge when the plaintiff would not be a natural person but would be a legal entity such as a company. In law, and as discussed below, distinction has to be made while applying Section 134 of the Trade Marks Act, 1999 and Section 62 of the Copyright Act, 1957 which allows a plaintiff to file a suit where plaintiff carries on business as to position which emerges when the plaintiff is a natural person viz a human being as distinguished from those other cases where the plaintiff is a corporeal person viz a company. In case plaintiff is a company, in such a case a plaintiff/company can only carry on business only if its principal or registered or head office or a branch office is also and necessarily situated at the place where cause of action arises inasmuch as because of Section 20(a) CPC with its Explanation carrying on business is inextricably linked to the plaintiff/company also having an office where it carries on business. In law unless a company has an office at a place, it cannot be said to be carrying on

business at that particular place. This peculiarity takes place because of the Explanation to Section 20 CPC and this Explanation alongwith Section 20(a) CPC was directly the subject matter of the decision of the Supreme Court with respect to a company/corporation 'carrying on business' in the case of ***Patel Roadways Limited, Bombay Vs. Prasad Trading Company (1991) 4 SCC 270***. The relevant paras of this judgment are paras 9 and 12 and these paras read as under:-

“9. Clauses (a) and (b) of Section 20 inter alia refer to a court within the local limits of whose jurisdiction the defendant inter alia "carries on business". Clause (c) on the other hand refers to a court within the local limits of whose jurisdiction the cause of action wholly or in part arises. It has not been urged before us on behalf of the appellant that the cause of action wholly or in part arose in Bombay. Consequently Clause (c) is not attracted to the facts of these cases. What has been urged with the aid of the Explanation to Section 20 of the Code is that since the appellant has its principal office in Bombay it shall be deemed to carry on business at Bombay and consequently the courts at Bombay will also have jurisdiction. On a plain reading of the Explanation to Section 20 of the Code we find an apparent fallacy in the aforesaid argument. The Explanation is in two parts, one before the word "or" occurring between the words "office in India" and the words "in respect of" and the other thereafter. The Explanation applies to a defendant which is a corporation which term, as seen above, would include even a company such as the appellant in the instant case. The first part of the Explanation applies only to such a corporation which has its sole or principal office at a particular place. In that event the courts within whose jurisdiction the sole or principal office of the defendant is situate will also have jurisdiction inasmuch as even if the defendant may not be actually carrying on business at that place, it will "be deemed to carry on business" at that place because of the

fiction created by the Explanation. The latter part of the Explanation takes care of a case where the defendant does not have a sole office but has a principal office at one place and has also a subordinate office at another place. The words "at such place" occurring at the end of the Explanation and the word "or" referred to above which is disjunctive clearly suggest that if the case falls within the latter part of the Explanation it is not the Court within whose jurisdiction the principal office of the defendant is situate but the court within whose jurisdiction it has a subordinate office which alone shall have jurisdiction "in respect of any cause of action arising at any place where it has also a subordinate office".

12. We would also like to add that the interpretation sought to be placed by the appellant on the provision in question renders the explanation totally redundant. If the intention of the legislature was, as is said on their behalf, that a suit against a corporation could be instituted either at the place of its sole or principal office (whether or not the corporation carries on business at that place) or at any other place where the cause of action arises, the provisions of Clauses (a), (b) and (c) together with the first part of the explanation would have completely achieved the purpose. Indeed the effect would have been wider. The suit could have been instituted at the place of the principal office because of the situation of such office (whether or not any actual business was carried on there). Alternatively, a suit could have been instituted at the place where the cause of action arose under Clause (c) (irrespective of whether the corporation had a subordinate office in such place or not). This was therefore, not the purpose of the explanation. The explanation is really an explanation to Clause (a). It is in the nature of a clarification on the scope of Clause (a) viz. as to where the corporation can be said to carry on business. This, it is clarified, will be the place where the principal office is situated (whether or not any business actually is carried on there) or the place where a business is carried on giving rise to a cause of action (even though the principal office of the corporation is not located there) so long as there is a subordinate office of the corporation situated at such place. The linking together of the place where

the cause of action arises with the place where a subordinate office is located clearly shows that the intention of the legislature was that, in the case of a corporation, for the purposes of Clause (a), the location of the subordinate office, within the local limits of which a cause of, action arises, is to be the relevant place for the filing of a suit and not the principal place of business. If the intention was that the location of the sole or principal office as well as the location of the subordinate office (within the limits of which a cause of action arises) are to be deemed to be places where the corporation is deemed to be carrying on business, the disjunctive "or" will not be there. Instead, the second part of the explanation, would have read ' *and*, in respect of any cause of action arising at any place where it has a subordinate office, *also* at such place".

(underlining and emphasis is mine)

6. A reference to para 12 of the judgment in *Patel Roadways Limited's* case (*supra*), especially the italics portion as given by the Supreme Court itself, shows that the Supreme Court has held that where the suit is filed against a company, carrying on business by a company can only be alongwith existence of a head office or a registered office or a principal office or a branch office at the place where the cause of action arises. Putting it in other words, arising of cause of action, when a plaintiff or a defendant (as discussed below) is a company, has to be taken not independently of arising of cause of action in itself as sufficient but carrying on of business has to be taken alongwith the existence of a principal office or a head office or a registered office or a branch office of the company which is either a plaintiff or a defendant in the suit, and which legal position

cannot be in doubt on account of the categorical language contained in para 12 of the judgment in the case of *Patel Roadways Limited, Bombay (supra)*.

7(i) The judgment in the case of *Patel Roadways Limited, Bombay (supra)* as regards the aspect of carrying on of a business when a plaintiff is a company has been considered by the Supreme Court in the recent judgment in the case of *Indian Performing Rights Society Limited Vs. Sanjay Dalia and Another (2015) 10 SCC 161* and in which judgment the Supreme Court in the relevant paras, wherever it uses the expression ‘carries on business’ has used this expression with a slash(/) i.e the expression slash is used so as to distinguish those cases where carrying on business so far as a corporation is concerned, is only along with existence of a head office or a corporate office or a principal office or a branch office as compared to the different position which would prevail when plaintiff is a natural person. The relevant paras of this judgment of the Supreme Court in the case of *Sanjay Dalia and Another (supra)* are paras 14,15, 16, 18 and 19 and these paras read as under:-

“14. Considering the very language of Section 62 of the Copyright Act and Section 134 of the Trade Marks Act, an additional forum has been provided by including a District Court within whose limits the Plaintiff actually and voluntarily resides or carries on business or personally works for gain. The object of the provisions was to enable the Plaintiff to institute a suit at a place where he or they resided or

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carried on business, not to enable them to drag Defendant further away from such a place also as is being done in the instant cases. In our opinion, the expression "notwithstanding anything contained in the Code of Civil Procedure" does not oust the applicability of the provisions of Section 20 of the Code of Civil Procedure and it is clear that additional remedy has been provided to the Plaintiff so as to file a suit where he is residing or carrying on business etc., as the case may be. Section 20 of the Code of Civil Procedure enables a Plaintiff to file a suit where the Defendant resides or where cause of action arose. Section 20(a) and Section 20(b) usually provides the venue where the Defendant or any of them resides, carries on business or personally works for gain. Section 20(c) of the Code of Civil Procedure enables a Plaintiff to institute a suit where the cause of action wholly or in part, arises. The Explanation to Section 20 Code of Civil Procedure has been added to the effect that 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 subordinate office at such place. Thus, 'corporation' can be sued at a place **having its sole or principal office and where cause of action wholly or in part, arises at a place where it has also a subordinate office at such place.**

15. The learned author Mulla in the Code of Civil Procedure, 18th Edn., has observed that Under Clauses (a) to (c) of Section 20, 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.

16. "Corporation" in the Explanation would mean not only the statutory corporation but companies registered under the Companies Act, as held by this Court in *Patel Roadways Ltd. v. Prasad Trading Co.* and *New Moga Transport Co. v. United India Insurance Co. Ltd.*

The domicile of the company is fixed by the situation of its principal place of business as held in *Jones v. Scottish Accident Insurance Co. Ltd.* In the case of companies registered under the Companies Act, the controlling power is, as a fact, generally exercised at the registered office, and that office is therefore not only for the purposes of the Act, but for other purposes, the principal place of business, as held in *Watkins v. Scottish Imperial Insurance Co.* A company may have subordinate or branch offices in fifty different jurisdictions and it may be sued in any one of such jurisdictions in respect of a cause of action arising there, has been held in *Peoples' Insurance Co. Ltd. v. Benoy Bhushan Bhowmik*, *Home Insurance Co. Ltd. v. Jagatjit Sugar Mills Co. Ltd.* and *Prag Oil Mills Depot v. Transport Corpn. of India.*

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18. On a due and anxious consideration of the provisions contained in Section 20 of the Code of Civil Procedure, 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. Plaintiff (s) can also institute a suit at a place where he is residing, carrying on business or personally works for gain de hors 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 Plaintiff is residing or carrying on business at a particular place/having its head office and at such place cause of action has also arisen wholly or in part, Plaintiff cannot ignore such a place under the guise that he is carrying on business at other far flung places also. The very intendment of the insertion of provision in the Copyright Act and 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 of the Code of Civil Procedure as well. The interpretation of provisions has to be such which prevents the mischief of causing inconvenience to parties.

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 Code of Civil Procedure 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.” (emphasis added)

7(ii) It is pertinent to note that the meaning ascribed to the expression ‘carrying on business’ in Section 20(a) CPC as held in the case of *Patel Roadways Limited, Bombay (supra)*, so far as a defendant is concerned, has been held to be applicable even to a plaintiff as held in the judgment in the case of *Sanjay Dalia and Another (supra)*.

8. A conjoint reading of the ratios of the judgments of the Supreme Court in the cases of *Patel Roadways Limited, Bombay (supra)* and *Sanjay Dalia and Another (supra)* shows that wherever a plaintiff or a defendant is a corporation, carrying on business by such a corporation or a

company necessarily has to be taken alongwith existence of a branch office or a principal office or a registered office, with the place where the cause of action also is said to have arisen. Of course, I must hasten to add that if the subject suit or any other civil suit is filed not on the ground of residence i.e carrying on of business of the plaintiff company at a particular place such as Delhi where the present suit is filed, but on the different ground that it is the impugned activities of the defendants which are taking place at Delhi and therefore part of cause of action arises at Delhi, then, in such a case Delhi could have territorial jurisdiction, but, as stated above by the counsel for the plaintiff, plaintiff only wants to place reliance upon the ratio of the judgment in the case of ***World Wrestling Entertainment (supra)*** with respect to arising of cause of action qua internet transactions qua the plaintiff carrying on business and not impugned activities of the defendants, and hence, the judgment in the case of ***World Wrestling Entertainment (supra)*** relied upon does not apply because this judgment does not deal with and pronounce upon the issue as to Delhi having jurisdiction although the plaintiff is a company and such a plaintiff/Company neither has a principal office nor a head office nor a registered office nor a branch office at Delhi.

9(i) Finally, I would like to note that no doubt law entitles a plaintiff to file a suit where a cause of action arises in whole or in part in Delhi and even if neither the plaintiff nor the defendant resides or carries on business at Delhi, however, I find it very peculiar for the plaintiff/Company in the present suit which has its office at Mumbai i.e not at Delhi, that such a plaintiff/Company is suing defendants not by filing a suit in Mumbai and that it is suing defendants who are residing and/or carrying on business not at Delhi but at Bengaluru in Karnataka or Gurgaon in Haryana. Putting it in other words, there is lack of convenience as regards the place of suing, both to the plaintiff and the defendants.

(ii) In fact, Sections 22 and 23 of CPC deal with the situations which emerge in cases such as the present where in spite of a court having territorial jurisdiction where a suit is instituted, yet, if the court where the suit is filed finds that the suit can be well tried more conveniently at other place which also has the territorial jurisdiction, then in such cases the appropriate High Court is entitled to transfer the suit to other convenient place which otherwise has jurisdiction and where the suit would be more appropriately tried i.e the principle of *forum conveniens* so far as the parties to the suit are concerned.

10. At this stage, counsel for the plaintiff states that plaints be returned to the plaintiff under Order VII Rule 10 CPC. Ordered accordingly.

DECEMBER 21, 2015
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VALMIKI J. MEHTA, J.