

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

Judgment reserved on: 26.09.2013

% **Judgment delivered on: 04.10.2013**

+ **CS(OS) 1801/2013 and I.A. Nos.14958-59/2013**

WORLD WRESTLING ENTERTAINMENT INC

..... Plaintiff

Through: Mr. Pravin Anand, Ms. Urvashi Mittal, Mr. Gurpreet Singh Kahlon & Ms. D. Neha Reddy, Advocates.

versus

M/S RESHMA COLLECTION & ORS.

..... Defendant

Through:

**CORAM:
HON'BLE MR. JUSTICE VIPIN SANGHI**

J U D G M E N T

VIPIN SANGHI, J.

1. This suit has been filed to seek permanent injunction restraining Infringement of Copyright, Infringement of Trademarks, Passing Off, Dilution, Rendition of Accounts, Damages and Delivery up etc by World Wrestling Entertainment Inc, a company incorporated under the laws of the State of Delaware, United States of America. The defendants are located in Mumbai and are not claimed to be carrying on business within the

jurisdiction of this Court. The jurisdiction of this Court has been invoked by relying upon Section 134(2) of the Trademarks Act, 1999 and Section 62(2) of the Copyright Act, 1957.

2. In this background this Court required learned counsel for the plaintiff to advance his submissions with regard to the territorial jurisdiction of this Court to entertain the present suit, in view of the Division Bench judgment of this Court in *Archie Comic Publications, Inc Vs. Purple Creation Pvt Ltd & Ors.*, 172 (2010) DLT 234 (DB), which follows the judgment of the Supreme Court in *Dhodha House Vs. S.K. Maingi*, 2006 (9) SCC 41-keeping in mind the fact that the plaintiff is a foreign company with no branch office in Delhi. A factual background as per the averments in the plaint is set out below.

3. The plaintiff is a foreign international integrated media and entertainment company having its registered office at 1241 East Main Street, Stamford, Connecticut 06902, USA. The plaint has been filed through its constituted attorney Mr. D. C. Sharma.

4. The plaintiff is principally engaged in the development, production and marketing of television programming, pay-per-view programming, live events and the licensing and sale of branded consumer products featuring its highly successful and well known World Wide Wrestling Entertainment (WWE) brand. The WWE scratch logo and WORLD WRESTLING ENTERTAINMENT are registered trademarks of the plaintiff worldwide, including in India. The plaintiff is also the copyright owner of pictorial

representations of the WORLD WRESTLING ENTERTAINMENT and WWE Wrestlers and the WWE scratch logo as they appear on the various publicity materials and promotional merchandise of the plaintiff.

5. Since the year 1985, the plaintiff has an annual wrestling and entertainment event, broadcast live on pay-per-view worldwide called WRESTLEMANIA. The wrestling events feature professional wrestlers having distinctive appearance and carrying fictitious and unique names. The plaintiff also has trademark registrations in respect of various WWE talent names and talent slogans such as JOHN CENA, BATISTA etc

6. The plaintiff offers a variety of memorabilia including, but not limited to, apparel, posters, calendars, fact books, sunglasses, water bottles, key rings, DVD's etc. The plaintiff has more than 200 licensees distributing its products in 86 countries, including in India. The plaintiff avers that it licenses out its well known trademarks and the images/characters to different parties for use on merchandise in a wide range of products.

7. The plaintiff alleges that the defendants, who are Mumbai based, are engaged in the business of manufacture and sale of various forms of garments and apparel such as T-shirts, wrist bands, caps and other counterfeit goods and garments bearing the reproductions of the plaintiff's talents. The defendants, according to the plaintiff, are infringing the plaintiff's registered trademarks. The plaintiff alleges that the apparel sold by the defendants bears the images of WWE talents, and representations of

the well known WWE characters are displayed very prominently on the defendant's products.

8. In Paragraph 32 of the plaint, the plaintiff claims jurisdiction of this court under Section 134(2) of the Trademarks Act, 1999 and Section 62(2) of the Copyright Act, 1957 by claiming that the plaintiff carries on business within the territorial jurisdiction of this Court in the following manner –

- i. The plaintiff's programmes consisting of its various characters are broadcast at Delhi
- ii. The plaintiff's products such as its merchandising goods and books are available in Delhi
- iii. The plaintiff's goods and services are sold to consumers in Delhi through its websites which can be accessed in Delhi

9. Since the plaintiff relies on Section 134 of the TM Act, 1999 and Section 62 of the Copyright Act, 1957, I consider it appropriate to reproduce the same herein–

Section 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.

(emphasis supplied)

Section 62 - Jurisdiction of court over matters arising under this Chapter

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

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

(emphasis supplied)

10. The issue that arises for consideration is whether the three aspects set out in Paragraph 8 above, or any of them, can lead to the conclusion that the plaintiff carries on business within the jurisdiction of this Court.

11. In *Dhodha House* (supra), the Supreme Court examined the expression “*carries on business*” in the context of Section 134(2) of the Act by observing as follows -

*“40.The expression 'carries on business' and the expression 'personally works for gain' connotes 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 event 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 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 mufassil 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 though 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 (Act V of 1908) - Fifteenth Edition - Volume I, Pages 246-247.]

*41. 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.***

*45. **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. 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.***

(emphasis supplied)

12. ***Dhodha House*** (supra) was followed in ***Archie Comics*** (supra), wherein the appellant was a foreign company which had no place of work in India. The basis of the appellant's claim - that it carried on business in Delhi, was that its comics were imported into India and an invoice was issued by the appellant to one Variety Book Depot at Delhi. Relying on the aforesaid criteria laid down in ***Dhodha House*** (supra), the Court observed that Variety Book Store was not a special agent of the appellant, and the appellant had no control over the working of Variety Book Store. Therefore the appellant could not be said to be carrying on business in Delhi.

13. The first submission of Mr. Anand, learned counsel for the plaintiff is that the decisions in ***Archie Comics*** (supra) and ***Dhodha House*** (supra) do not take into account "new media" or web based business models. Learned

counsel for the plaintiff submits that the decision in **Archie Comics** (supra) relies on the decision in **Indian Performing Rights Society Ltd Vs. Sanjay Dalia and Anr.**, 155 (2008) DLT 164, which has been stayed by the Supreme Court and the same does not take into account internet based transactions.

14. Learned counsel submits that even though the plaintiff has no branch office or exclusive dealer in Delhi, with the advent of new media and transactions over the internet, the plaintiff is deemed to carry on business within the territorial limits of this court as the plaintiff's website is accessible to consumers in Delhi and the plaintiff's goods are available for sale in Delhi. Learned counsel submits that the decision in **Yahoo, Inc Vs. Akash Arora**, 1999 (19) PTC 201 takes note of the transcendental nature of internet business's wherein the Court observed that "*As a matter of fact in a matter where services are (sic) rendered through the domain name in the Internet, a very alert vigil is necessary and a strict view is to be taken for its easy access and reach by anyone from any corner of the globe.*"

15. Mr. Anand submits that a Division Bench of this Court in **Banyan Tree Holding (P) Limited Vs. A. Murali Krishna Reddy and Anr.**, 2010 (42) PTC 361 (Del) laid down the active-passive test to ascertain whether a website was "passive plus" or "interactive" with the intention of specifically targeting consumers in the forum state. Learned counsel submits that the website of the plaintiff is an interactive website which specifically offers for sale the products of the plaintiff to its clientele in Delhi and, therefore, the website satisfies the test as laid down in **Banyan Tree** (supra) to clothe this Court with jurisdiction. Learned counsel submits

that in addition, the programmes of the plaintiff are broadcast here and its merchandise is also available for sale in Delhi.

16. Learned counsel submits that in recent years the Legislature has acknowledged that a change in laws needs to be brought about with the advancement of internet technology. Learned counsel submits that this is evident from the enactment of the Information Technology Act, 2000, wherein the Legislature recognizes new media. Learned counsel submits that even the Evidence Act was amended in the year 2000 with the insertion of Section 65A and Section 65B, which provide for evidence related to electronic records. Learned counsel further submits that the Delhi Courts Service of Processes by Courier, Fax and Electronic Mail Service (Civil proceedings) Rules, 2010 provides for “Electronic Mail Service”.

17. Learned counsel submits that even with respect to protection of intellectual property rights, the legislature by amendment of 2012 has inserted Section 65A and Section 65B in Copyright Act, 1957 providing for Protection of Technological Measures, and Rights Management Information respectively. Learned counsel also places reliance on various news articles exhibiting the growing trend in e-commerce based business models, and the growth of e-retailing.

18. Learned counsel next places reliance on Paragraph 16 of the decision of the Madras High Court in *Wipro Limited Vs. Oushadha Chandrika Ayurvedic*, in O.S.A Nos. 64 to 67 of 2008 decided on 29.02.2008 to submit that Section 134 of the Act is a special privilege conferred upon the proprietor of a registered trademark to institute a suit for infringement

where he carries on business. Learned counsel submits that Section 134(2) begins with a non obstante clause and the very purpose of Section 134(2) of the Act having an overriding effect on provisions of the CPC, is to prevent rampant piracy/infringement.

19. Learned counsel submits that the issue whether the plaintiff “carries on business” within the jurisdiction of this Court-within the meaning of Section 134 (2) of the Trademarks Act, 1999 (‘Act’ hereinafter), is a mixed question of fact and law, and the court can adjudicate on the aspect of jurisdiction even at the final stage of the suit.

20. As aforementioned – the plaintiff is claiming jurisdiction of this court by placing reliance on Section 134(2) of the Act and Section 62(2) of the Copyright Act which are *pari materia*. The plaintiff specifically relies on the “carries on business” clause on the basis of three facts, viz. firstly, that the programmes of the plaintiff are broadcast in Delhi, secondly on account of the fact that the merchandise of the plaintiff is available in Delhi, and thirdly, because the plaintiff’s website is accessible to its clients in Delhi. I will deal with each of the contentions separately below.

21. I may deal with the plaintiff’s submission regarding territorial jurisdiction on account of its website being accessible in Delhi first, as bulk of the submissions have been advanced on this issue. Section 134(2) of the Act uses the expression “*carries on business*”. The objective of inserting Section 134(2) was to provide the plaintiff a convenient forum to file a suit for infringement, as long as the plaintiff voluntarily resides, carries on business or personally works for gain at such place. The said provision

goes beyond the normal rules laid down in the C.P.C. for vesting jurisdiction in Courts. The test to be satisfied as regards the aspect of carrying on business has been laid down in ***Dhodha House*** (supra). The sum and substance of the criteria laid down in ***Dhodha House*** (supra) is that an essential part of the plaintiff's business, coupled with an element of control exercised by the plaintiff, must exist in such place where the plaintiff claims to be carrying on business either on its own or through an exclusive agent.

22. The aforementioned criteria will be equally applicable to a party that concludes transactions with its customers over the medium of internet as opposed to a physical retail space. Internet is another medium which provides audio-visual interactive facility for doing business. Merely because it is a more advanced or superior medium, it does not impinge on the determination of the issue whether the merchandiser is carrying on business at a particular place. Prior to the advent of e-commerce over the internet, and even now, business was and continues to be done over telephone and fax. Merely because a person has embarked upon an e-commerce business model, the tests which apply for determination of issues, such as – when and where the contract is made, or whether the vendor carries on business at the place where the merchandise may be sold, or service may be offered, would not change and would be the same as apply to communications over telephone and fax (see ***Bhagwan Goverdhandas Kedia Vs. Girdharilal Parshottamdas & Co. AIR 1966 SC 543***). In such cases, the plaintiff would have to show that it actually has business interest at the relevant place; a voice in what is done; a share in the gain or loss and

some control thereover. For example, the plaintiff could show that it has an exclusive C&F operator in the forum State, or an exclusive dealer that stocks the goods or services of the plaintiff in the forum State - to be delivered or shipped as per a consumer's convenience. The plaintiff could show that it has a registered/branch office to address a consumer's dissatisfaction over the plaintiff's merchandise or services. The plaintiff can show that it has an exclusive tie up with an agent to manufacture the plaintiff's goods for a particular geography. In the present case, no essential part of the plaintiffs business is carried on at Delhi. In fact, the plaintiff has not pleaded to having any branch office or exclusive agent anywhere in India, let alone Delhi. Merely because the website of the plaintiff is accessible in Delhi is not sufficient to clothe this court with jurisdiction.

23. If the plaintiff's submission were to be accepted, it would mean that the plaintiff could file a suit at any place which provides internet access to the plaintiffs website, irrespective of the defendant's location, only on account of the plaintiff's website being accessible in that State. The insertion of Section 134(2) was with a view to enable the plaintiff to institute a suit where it has actual and substantial business interest so that an additional forum convenient to the plaintiff is available. If the intent of the legislature had been to vest jurisdiction solely on account of accessibility of plaintiff's website at the place of suing, then the same would have been expressly provided for, especially keeping in mind plaintiff's submissions that the legislature has recognized new media on account of various amendments.

24. In *Intas Pharmaceuticals Ltd. v. Allergan Inc.*, 2006 (132) DLT 641 (DB), a Division Bench of this Court held that Section 134(2) does not whittle down the provisions of Section 20 of the CPC but provides an additional forum and a place for filing a suit in case of an infringement of a trademark. Therefore, if the plaintiff can satisfy the conditions laid down in Section 134(2), he may file a suit at such forum where he carries on business, but if the test as regards “carries on business” as laid down in *Dhodha House* (supra) is not satisfied, the plaintiff has to then take resort to the provisions of the CPC with regard to jurisdiction contained in Sections 15 to 20.

25. Reliance placed on *Banyan Tree* (supra) by learned counsel for plaintiff is misplaced in as much, as, the aforesaid judgment is in respect of a website of a defendant and not the plaintiff. The first observation of the court in Paragraph 58 of the aforesaid judgment is relevant and reads as follows –

“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.....” (emphasis supplied)

26. Therefore, the test in *Banyan tree* (supra) is with respect to the defendant’s use of a website that results in injury to the plaintiff in the forum state, and not a test for the plaintiff’s claim of jurisdiction based upon the “carrying on business” clause. This decision is founded upon the premise that a part of cause of action arises at the place where the defendant sells its offending merchandise/services. Even there, the court imposed a rider that the website of the defendant must be an interactive one, specifically targeting the consumers in the forum State, because mere hosting of a website which can be accessed by anyone from any jurisdiction, is not sufficient for the purpose of jurisdiction. In view of the aforesaid, the decision in ***Banyan Tree*** (supra) does advance the case of the plaintiff as it is not the plaintiff’s averment that the defendant is hosting a website which sells the plaintiff’s infringed products within the jurisdiction of this Court by specifically targeting the customers in Delhi.

27. Merely because the decision in ***Sanjay Dalia*** (supra), followed by ***Archie Comics*** (supra) has been stayed by the Supreme Court is not a sufficient ground to ignore the decision in ***Archie Comics*** (supra)-which also relies upon ***Dhodha House*** (supra). ***Dhodha House*** (supra) currently

holds ground for determination of jurisdiction issues under Section 134(2) of the Act.

28. The next contention that the goods of the plaintiff are sold in Delhi and, therefore, this Court has jurisdiction, is negated in view of the observation in ***Dhodha House*** (supra) wherein the Court observed that “*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.*” The broadcast of the plaintiff’s programs in Delhi is also not sufficient to confer jurisdiction. Just as mere advertisement in a journal or paper is not sufficient to confer jurisdiction (See *ONGC Vs. Utpal Kumar Basu*, 1994 (4) SCC 711). Similarly, broadcast of the plaintiff’s programmes is insufficient to vest jurisdiction in this Court.

29. The plaintiffs submission founded upon “New Media” has no merit. Wherever the legislature thought it necessary, it amended the laws to make provision for the “New Media”. The Parliament has not amended the Act, the Copyright Act, or the C.P.C even while amending other legislations, and enacting the I.T. Act, in the manner as contended by Mr. Anand. The “new media”, as aforesaid, does not change the basic concepts or legal principles which apply to trade and commerce. They continue to remain the same as applicable to the “old media” i.e. telephone and FAX. Even otherwise, I am of the view that the proposition advanced by Mr. Anand has no merit as, its acceptance would lead to undue hardship to those resorting to e-commerce and open them to multifarious litigations in every nook and corner of the world where their goods or services may be sold over the internet, even

though they do not meet the requirements laid down in *Banyan Tree* (supra). The same would stifle the growth of e-commerce.

30. When it is clear to me that this Court has no territorial jurisdiction – even in the face of the plaintiffs own averments in the plaint, I am not inclined to issue summons to the defendant. The Court is obliged to return the plaint under Order 7 Rule 10 CPC, once it becomes clear that it has no jurisdiction, to be presented to the Court in which the suit should have been instituted.

31. In view of the aforesaid, I am of the view that this Court has no jurisdiction to entertain the present suit. The plaint is directed to be returned under Order 7 Rule 10 CPC to the plaintiff, to be presented before the Court of competent jurisdiction.

VIPIN SANGHI, J.

OCTOBER 04, 2013