

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 03 / 09 / 2020

CORAM:

THE HON'BLE MR.JUSTICE M.GOVINDARAJ

O.A.NO.1194 OF 2018

Sanjay Lalwani

Applicant

Vs.

1.M/s.Jyostar Enterprises
No.5, Samarayas Nagar,
J.J.Salai, Near Rose Mahal,
Thiruvallur – 602 001.

2.Jeevitha Rajasekhar

3.Koteswar Raju

4.Ulka Shah

5.Sony Pictures Networks India Private Limited

4th Floor, Interface, Building No.7,
Off. Malad Link Road,
Mumbai – 400 064.

... Respondents

PRAYER: Original Application filed under Order XIV Rule 8 of the Original Side Rules read with Section 9 of the Arbitration and Conciliation Act, 1996 read with Section 151 of Code of Civil Procedure, with a prayer to (i) grant interim injunction restraining the respondents, their men, servants,

agents, authorized representatives, successors and any other persons authorized to act for and on its behalf from alienating / selling the Copyright of Satellite Rights and the theatrical rights for Hindi and All North Indian Languages Dubbing Rights and Other Rights of the Telugu Talkie picture in colour and in scope title “PSV GARUDA VEGA” with Starcast: Dr.Rajashekar, Pooja Kumar, Shradha Das, Sunny Leone and others, directed by Praveen Sattaru to any third parties / T.V.Channels; (ii) grant interim injunction restraining the respondents herein more particularly the 5th respondent from telecasting the Telugu Talkie picture in colour and in scope title “PSV GARUDA VEGA” with Starcast: Dr.Rajashekar, Pooja Kumar, Shradha Das, Sunny Leone and others, directed by Praveen Sattaru.

For Applicant : Mr.L.Murali Krishnan
For Respondents : Mr.S.R.Raghunathan

ORDER

This Original Application has been filed grant of interim injunction in respect of Copyright of Satellite Rights and theatrical rights of a film in Hindi and other North Indian Languages Dubbing Rights and other Rights from being alienated and telecasted.

2. According to the applicant, they entered into a Deed of Assignment with the respondents 1 to 3 on 21.10.2017 and fulfilled the payment of consideration on 16.11.2017. In the meanwhile, the respondents 1

to 3 have executed a Deed of Assignment in favour of the fourth respondent on 09.11.2017. The said execution of the Deed of Assignment in favour of the fourth respondent is in contravention of the Deed of Assignment dated 21.10.2017. Immediately, on knowing the same, the applicant has caused a legal notice on 20.11.2017 to the respondents 1 to 3, to which, the first respondent, by their letter dated 23.11.2017, agreed to cancel the Deed of Assignment executed in favour of the fourth respondent. In spite of the same, the fourth respondent is continuing to violate the rights conferred in his favour and approached the fifth respondent in the first week of November 2018 and alienated the Satellite rights of the said film to the fifth respondent and the fifth respondent is attempting to telecast the film in their television. As per Clause 9 of the Deed of Assignment dated 21.10.2017, the matter is referable to arbitration. Since the respondents are trying to telecast the film, to which, he has the Copyright of Satellite rights and theatrical rights, an order of interim injunction restraining the respondents from alienating and telecasting the film "PSV GARUDA VEGA" shall be granted.

3. Per contra, the fourth respondent would contend that no *prima facie* case has been made out the and the application under Section 9 of the Arbitration and Conciliation Act, 1996, itself is not maintainable as the dispute regarding Copyright Assignment, pertains to *right in rem* and as such, it is not arbitrable. The fourth respondent has purchased the Copyright by a Deed of Assignment dated 09.11.2017 by remitting the sale consideration in one shot. Since all rights in respect of the said film has been assigned in favour of the fourth respondent in sole and exclusive basis, she has every right to enjoy the same. The first and third respondents had not written any letter to the fourth respondent seeking cancellation of the agreement and the Deed of Assignment executed in her favour is still in force and subsisting. The Central Board of Film Certification, Mumbai, after verifying all the title documents of the said film, granted Hindi Censor Certificate in favour of the fourth respondent. For the public notice advertising her rights on 11.11.2017, this Original Application is filed in December 2018, after a period of one year, will not give rise to any *prima facie* case and therefore, the applicant is not entitled to injunction.

4. In support of his contention, the learned counsel for the respondents would rely on the following judgments:-

(a) Judgment of the High Court of Bombay in ***STEEL AUTHORITY OF INDIA LTD., VS. SKS ISPAT AND POWER LTD. [2014 SCC ONLINE BOM 4875]***

(b) Judgment of the High Court of Bombay in ***THE INDIAN PERFORMING RIGHT SOCIETY LTD., VS. ENTERTAINMENT NETWORK (INDIA) LTD. [2016 SCC ONLINE BOM 5893]***

(c) Judgment of the Hon'ble Supreme Court in ***EMAAR MGF LAND LIMITED VS. AFTAB SINGH [2018 SCC ONLINE 2771]***

(d) Judgment of the Hon'ble Supreme Court in ***A.AYYASAMY VS. A.PARAMASIVAM AND OTHERS [2016 (10) SCC 386]***

(e) Judgment of the Hon'ble Supreme Court in
***BOOZ ALLEN AND HAMILTON INC. VS. SBI
HOME FINANCE LIMITED AND OTHERS [2011
(5) SCC 532]***

Furthermore, it is contended that the fourth respondent is not a party to the arbitration agreement and therefore, the injunction application under Section 9 of the Arbitration and Conciliation Act, 1996, is not maintainable against the third parties. Therefore also, the application is liable to be dismissed.

5. I have considered the submissions made on either side and perused the materials available on record.

6. At the outset, it is relevant to note that the Hon'ble Supreme Court in ***BOOZ ALLEN AND HAMILTON INC VS. SBI HOME FINANCE LIMITED [2011 (5) SCC 532]*** has categorically held that in respect of the matters *in rem*, arbitration is not maintainable and it can be done only in respect of *rights or actions in personam*. In this regard, paragraph Nos.34 to 36 of the said judgment reads as under:

“34. The term ‘arbitrability’ has different meanings in different contexts. The three facets of arbitrability, relating to the jurisdiction of the arbitral tribunal, are as under: (i) whether the disputes are capable of adjudication and settlement by arbitration? That is, whether the disputes, having regard to their nature, could be resolved by a private forum chosen by the parties (the arbitral tribunal) or whether they would exclusively fall within the domain of public fora (courts). (ii) Whether the disputes are covered by the arbitration agreement? That is, whether the disputes are enumerated or described in the arbitration agreement as matters to be decided by arbitration or whether the disputes fall under the ‘excepted matters’ excluded from the purview of the arbitration agreement. (iii) Whether the parties have referred the disputes to arbitration? That is, whether the disputes fall under the scope of the submission to the arbitral tribunal, or whether they do not arise out of the statement of claim and the counter claim filed before the arbitral tribunal. A dispute, even if it is capable of being decided by arbitration and

falling within the scope of arbitration agreement, will not be 'arbitrable' if it is not enumerated in the joint list of disputes referred to arbitration, or in the absence of such joint list of disputes, does not form part of the disputes raised in the pleadings before the arbitral tribunal.

35. Arbitral tribunals are private fora chosen voluntarily by the parties to the dispute, to adjudicate their disputes in place of courts and tribunals which are public fora constituted under the laws of the country. Every civil or commercial dispute, either contractual or non-contractual, which can be decided by a court, is in principle capable of being adjudicated and resolved by arbitration unless the jurisdiction of arbitral tribunals is excluded either expressly or by necessary implication. Adjudication of certain categories of proceedings are reserved by the Legislature exclusively for public fora as a matter of public policy. Certain other categories of cases, though not expressly reserved for adjudication by a public fora (courts and Tribunals), may by necessary implication stand

excluded from the purview of private fora. Consequently, where the cause/dispute is inarbitrable, the court where a suit is pending, will refuse to refer the parties to arbitration, under [section 8](#) of the Act, even if the parties might have agreed upon arbitration as the forum for settlement of such disputes.

36. The well recognized examples of non-arbitrable disputes are : (i) disputes relating to rights and liabilities which give rise to or arise out of criminal offences; (ii) matrimonial disputes relating to divorce, judicial separation, restitution of conjugal rights, child custody; (iii) guardianship matters; (iv) insolvency and winding up matters; (v) testamentary matters (grant of probate, letters of administration and succession certificate); and (vi) eviction or tenancy matters governed by special statutes where the tenant enjoys statutory protection against eviction and only the specified courts are conferred jurisdiction to grant eviction or decide the disputes. “

7. In the judgment of the High Court of Bombay in ***STEEL AUTHORITY OF INDIA LTD., VS. SKS ISPAT AND POWER LTD., [2014 SCC ONLINE BOM 4875]*** it is observed that for the reliefs against infringement and passing off, they will not fall within the jurisdiction of Arbitrator. Paragraph Nos.4 and 5 of the said judgment reads as under:

"4.The present suit, firstly, is for reliefs against infringement and passing off, which by their very nature do not fall within the jurisdiction of the Arbitrator, The rights to a trademark and remedies in connection therewith are matters in rem and by their very nature not amenable to the jurisdiction of a private forum chosen by the parties. Secondly, the disputes concerning infringement and passing off do not arise out of the contract between the parties dated 1 June 2011, which contains the arbitration agreement. Thirdly, there are other parties who are arranged as party Defendants to the present suit, who are not parties to the arbitration agreement contained in the contract dated 1 June 2011.

5. As held by the Supreme Court in the case of *Sukanya Holdings Pvt. Ltd., V. Jayesh H. Pandya*, the entire subject matter of the dispute must be shown to have been covered by the arbitration agreement between the parties to the suit, before a relief can be claimed under Section 8 of the Arbitration and Conciliation Act, 1996. The plaintiff cannot be asked to split up his cause of action and seek separate reliefs before the Arbitral Forum in respect of matters covered under the arbitration agreement and before the Court in respect of other matters.”

8. The same view has been expressed in the judgment of the Hon'ble Supreme Court in **VIKAS SALES CORPORATION VS. COMMISSIONER OF COMMERCIAL TAXES [1996 (4) SCC 433]** which is followed in the judgment of the High Court of Bombay in **THE INDIAN PERFORMING RIGHT SOCIETY LTD., VS. ENTERTAINMENT NETWORK (INDIA) LTD. [2016 SCC ONLINE BOM 5893]**. The relevant paragraphs from the said judgment reads as under:

“120. Supreme Court in the case of Vikas Sales Corporation and Anr. (supra) has held that patents, copyrights and other rights in rem which are not rights over land are also included within the meaning of movable property.

121. Delhi High Court in the case of Mundipharma AG Vs. Wockhardt Ltd. (supra) has interpreted the provisions of Chapter XII of the Copyright Act, 1957 relating to civil remedies in case of infringement of copyright; every suit or other civil proceedings arising under that Chapter in respect of Infringement of copyright in any work or the infringement of any other right conferred by the said Copyright Act shall be instituted in the district Court having jurisdiction and has held that in case where copyright in any work is infringed, the remedies by way of injunction, damages, account and otherwise as are or may be conferred by law for the infringement of such a right, cannot be subject-matter of arbitration.

122. *Section 62(1) of the Copyright Act, 1957 provides that every suit or other civil proceeding arising under Chapter XII 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. In my view, the said provision makes it mandatory for institution of every suit or civil proceeding arising under Chapter XII in respect of infringement of the copyright in any work or infringement of any other right conferred by the said Act which is very wide in nature. I am respectfully in agreement with the views expressed by the Delhi High Court in the case of Mundipharma AG Vs. Wockhardt Ltd. (supra) which applies to the facts of this case. I am also bound by the judgment of the Supreme Court in the case of Vikas Sales Corporation and Anr. (supra) which applies to the facts of this case.*

123. *This Court in the case of Steel Authority of India Ltd. (supra) has considered the application of the defendants in an infringement suit filed by the plaintiff*

who had claimed a permanent injunction against the defendants from infringing the registered trade marks of the plaintiff. The plaintiff had also claimed for damages against the defendants. The defendants had filed a notice of motion under *Section 8* of the Arbitration Act relying upon the arbitration agreement admittedly entered into between the parties in that matter. This Court held that the said suit was for the reliefs against infringement and passing off, which by their very nature do not fall within the jurisdiction of the arbitrator. It is held that the rights to a trademark and remedies in connection therewith are matters in rem and by their very nature not amenable to the jurisdiction of a private forum chosen by the parties. This Court accordingly dismissed the said notice of motion filed under *Section 8* of the Arbitration Act by referring the parties to the arbitration.

124. In my view, the judgment of this Court in the case of *Steel Authority of India Ltd. (supra)* applies to the facts of this case. I am in agreement with the views

expressed by the learned Single Judge of this Court in the said order. The view taken by the learned Single Judge of this Court in the said judgment is in conformity with the view taken by the Supreme Court in the case of Booz Allen and Hamilton Inc. (supra).

125. In so far as the judgment of the Supreme Court in the case of Chiranjilal Shrilal Goenka (deceased) through LRs. (supra) is concerned, the issue before the Supreme Court was whether the grant of Probate by a Court of competent jurisdiction is in the nature of a proceeding in rem. It binds not only upon all the parties made before the Court but also upon all other persons in all proceedings arising out of the Will or claims under or connected therewith. It is held by the Supreme Court that consent of the parties cannot confer jurisdiction nor an estoppel against statute. The jurisdiction could be conferred by statute and the Court cannot confer jurisdiction or authority on the tribunal. It is held that a decree passed by a court without jurisdiction on the subject matter or on the

grounds on which the decree made which goes to the root to its jurisdiction or lacks inherent jurisdiction is a coram non judice. Such decree passed by such a court is a nullity and is non est. It is held that its invalidity can be set up whenever it is sought to be enforced or is acted upon as a foundation for a right, even at the stage of execution or in collateral proceedings.

126. Merely because the respondent did not raise any specific plea before the learned arbitrator that prayer clause (a) in the statement of claim for various declarations in respect of the copyright of the parties was an action in rem and was not arbitrable, in my view, since the learned arbitrator inherently lacked the jurisdiction to adjudicate upon such claim made by the claimant, it would not amount to a waiver under [Section 4](#) of the Arbitration Act. A party even by consent cannot confer jurisdiction on the learned arbitrator in case of action in rem which jurisdiction the learned arbitrator did not have. In my view, the principles laid down in the judgment of the Supreme Court in the case

of Chiranjilal Shrilal Goenka (deceased) through LRs. (supra) would apply to the facts of this case. I am respectfully bound by the said judgment.

127. This Court in the case of *Veena Naresh Seth and Anr. (supra)* has held that there is nothing under [Section 16](#) which indicates that a plea of inherent lack of jurisdiction cannot be raised in a petition under [Section 34](#) of the Arbitration Act even if it was not raised before the learned arbitrator. It is held that the questions relating to inherent lack of jurisdiction may also be raised before the learned arbitrator. However, that does not imply that if not raised before the learned arbitrator, the questions relating to inherent lack of jurisdiction cannot be raised in a petition under [Section 34](#) of the Arbitration Act.

128. This Court in the said judgment has interpreted [Section 34\(2\)\(b\)](#) of the Arbitration Act and has held that while scrutinizing an award under [Sub-section 2\(b\)](#), it is not necessary for the party making the application to furnish proof that the subject matter of the dispute is not capable of settlement by arbitration. The award may be set aside even

if the Court itself finds that the subject matter of the dispute is not capable of settlement by arbitration. It is held that if the arbitral tribunal lacks inherent jurisdiction which cannot be cured or waived, the arbitral award would also be in conflict with the public policy of India. I am therefore of the view that since the learned arbitrator inherently lacked the jurisdiction to decide an action in rem, merely because the respondent did not raise an issue of jurisdiction before the learned arbitrator under [Section 16](#) or otherwise, that would not confer jurisdiction on the learned arbitrator. In my view, the said issue of inherent lack of jurisdiction is incapable of being waived."

9. In the judgment of the Hon'ble Supreme Court in ***EMAAR MGF LAND LIMITED VS. AFTAB SINGH*** [2018 SCC ONLINE SC 2771] following the judgment in ***Booz Allen's case (cited supra)*** the Hon'ble Supreme Court has observed as under:

“32. We have already noted several categories of cases, which are not arbitrable. While referring to judgment of this Court in Booz Allen and Hamilton Inc. (supra), those principles have again been reiterated by this Court in A. Ayyasamy (supra), Dr. A.K. Sikri, J. delivering the judgment in that case has noticed certain cases, which are not arbitrable in paragraph No.14, which is as follows:-

“14. In the instant case, there is no dispute about the arbitration agreement inasmuch as there is a specific arbitration clause in the partnership deed. However, the question is as to whether the dispute raised by the respondent in the suit is incapable of settlement through arbitration. As pointed out above, the Act does not make any provision excluding any category of disputes treating them as non-arbitrable. Notwithstanding the above, the courts have held that certain kinds of disputes may not be capable of adjudication through the means of arbitration. The courts

have held that certain disputes like criminal offences of a public nature, disputes arising out of illegal agreements and disputes relating to status, such as divorce, cannot be referred to arbitration. The following categories of disputes are generally treated as non-arbitrable:

- (i) patent, trade marks and copyright;*
- (ii) anti-trust/competition laws;*
- (iii) insolvency/winding up;*
- (iv) bribery/corruption;*
- (v) fraud;*
- (vi) criminal matters.*

Fraud is one such category spelled out by the decisions of this Court where disputes would be considered as non-arbitrable.”

10. Same view was endorsed in the judgment of the Hon'ble Supreme Court in **A.AYYASAMY VS. A.PARAMASIVAM AND OTHERS** [2016 (10) SCC 386].

11. Therefore, it is clear that arbitration is not maintainable in respect of Copyright matters. In view of the ratio laid down by the Hon'ble Supreme Court and other High Courts, this Court is of the considered opinion that this Original Application under Section 9 of the Arbitration and Conciliation Act, 1996 is not maintainable and accordingly, stands dismissed. No costs.

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