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

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Reserved on : 15th May 2024

Pronounced on : 29th May 2024

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CS(COMM) 764/2017 & I.A. 12856/2017

SAREGAMA INDIA LIMITED

..... Plaintiff

Through: Mr. Chander M. Lall, Sr. Advocate
with Mr. Ankur Sangal, Ms. Sucheta
Roy, Mr. Shashwat Rakshit, and Ms.
Amrit Sharma, Advocates.

versus

ZEE ENTERTAINMENT ENTERPRISES LIMITED Defendant

Through: Mr. Harsh Kaushik, Ms. Petal
Chandhok, Ms. Rupali Gupta, Mr.
Harsh Prakash, and Ms. Yashita
Rastogi, Advocates.

CORAM:

HON'BLE MR. JUSTICE ANISH DAYAL

JUDGMENT

ANISH DAYAL, J.

I.A. 22658/2023 (Application under Order VII Rule 11 of CPC)

1. This judgment disposes of an application under Order VII Rule 11 of Code of Civil Procedure, 1908 [***CPC***] filed by defendant seeking rejection of the plaint in terms of *proviso* to Section 60 of the Copyright Act, 1957 [***the Act***].



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2. The plaintiff instituted the suit claiming to be the owner of copyright in more than 1,20,000 sound recordings including underlying literary and musical works assigned to it.
3. According to the plaintiff, defendant had obtained license fee from plaintiff and was disseminating the works on its channels. However, in 2017, the defendant refused to renew the license agreement but continued to illegally utilize the plaintiff's works, constraining the plaintiff to file an injunction suit before this Court being **CS(COMM) 57/2017**. Directions were passed for the defendant to use the plaintiff's works subject to payment of license fee.
4. Subsequently, the defendant issued 63 legal notices [*from 23rd October to 26th October 2017*] for around 105 cinematograph films to the plaintiff and other third parties claiming that they were the owners of the copyright in the sound recordings as well as literary and musical works.
5. Plaintiff replied to the legal notices between 30th October and 01st November 2017.
6. In context of these threats, plaintiff filed this suit titled under Section 60 of the Act seeking injunction against the defendant's threats, as well as declaration that they were not infringers of defendant's copyright and also that defendant did not own rights in the said works, and damages for losses sustained as a result of these threats.



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7. On 03rd November 2017, counsel for defendant undertook that till the next date of hearing, they will not issue any further notices/letters to the plaintiff in that regard.

8. An appeal was filed by plaintiff before the Division Bench of this Court, and it was recorded that the defendant shall not issue any further notices to third parties alleging threats, till the date of a decision as to “*the extension of enlargement of interim relief*” before the Single Judge.

9. Defendant filed its written statement on 11th January 2018; plaintiff had filed its replication on 09th April 2018. Defendant then filed a suit for infringement of copyright being **CS(COMM) 811/2018** against plaintiff on 16th April 2018.

10. Subsequently, counsel for defendant took an objection under the *proviso* to Section 60 of the Act, in that once the defendant had filed its suit, the plaintiff’s suit based on alleged threats by defendant could not subsist and should be rendered infructuous. However, no steps were taken by defendant to formally seek rejection of the suit. When the matter was taken up on 17th August 2023, in relation to consolidation of the suits, Section 60 *proviso* objection was again taken up by the defendant.

11. It transpired that an application under Order VII Rule 11 of CPC or any other provision to that effect may need to be filed, to consider rejection of the suit. Subsequently, this application was filed.

12. For ease of reference, Section 60 of the Act is extracted as under:



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“60. Remedy in the case of groundless threat of legal proceedings.— *Where any person claiming to be the owner of copyright in any work, by circulars, advertisements or otherwise, threatens any other person with any legal proceedings or liability in respect of an alleged infringement of the copyright, any person aggrieved thereby may, notwithstanding anything contained 2 [in section 34 of the Specific Relief Act, 1963 (47 of 1963)], institute a declaratory suit that the alleged infringement to which the threats related was not in fact an infringement of any legal rights of the person making such threats and may in any such suit—*

(a) obtain an injunction against the continuance of such threats; and

(b) recover such damages, if any, as he has sustained by reason of such threats:

Provided that this section shall not apply if the person making such threats, with due diligence, commences and prosecutes an action for infringement of the copyright claimed by him.”

Submissions on behalf of the Defendant

13. Defendant’s counsel, in support of his application, essentially relies upon the clear language of Section 60 including the *proviso*, stating that once they had filed their proceedings with due diligence, plaintiff’s suit under Section 60 of the Act could not subsist. He contended that ***firstly***, plaintiff had filed the suit under Section 60 of the Act and, therefore, cannot take the defense of having sought a larger set of reliefs; ***secondly***, Section 60 itself contemplated that pursuant to an alleged threat, a declaratory suit could be



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instituted including seeking relief of injunction and damages and, therefore, plaintiff's contention that a larger set of reliefs precluded their suit from being rendered infructuous, was untenable; **thirdly**, a perusal of the plaint would show that the cause of action was based on the alleged notices sent by defendant to plaintiff and third parties, alleging infringement, and even on that account the plaintiff's suit was clearly under Section 60 and not a composite suit; **fourthly**, plaintiff had sought a declaration, not in respect of their own rights but a declaration that the defendant does not own copyright and this would be decided in the suit filed by defendant under Section 55 of Act, and not the present suit; **fifthly**, no prejudice would be caused to the plaintiff as they can still file a counter claim for damages in defendant's suit, and, in any event, the issue of damages would arise only once it is held that in the defendant's suit that the defendant does not have copyright in the said works; **sixthly**, the prayer for damages made by plaintiff was without any supporting pleadings and there was no averment in the plaint that the plaintiff had claimed damages on account of threats of legal proceedings, or had suffered any losses; and **lastly**, plaintiff's suit had been instituted within 10 days of the notices being issued, pursuant to which the defendant had given an undertaking and, therefore, damages could not have been suffered during 10 days on account of these notices.

14. Defendant's counsel stressed on the fact that if the plaintiff's suit was to continue, *proviso* to Section 60 of the Act would be rendered otiose, since its very purpose was to not have two proceedings continuing when the issue of copyright infringement could be decided in one proceeding. This provision



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also deals with situations where suits by plaintiff and defendant could be filed in different Courts and consolidation may not happen readily. Therefore, it was provided that the plaintiff's suit should not continue.

15. Seeking to support their contention that defendant filed the suit with due diligence, it was stated that – *firstly*, due diligence is not determined on the basis of the time taken by the party to commence the proceedings, but that the action is initiated in good faith, with care and caution; *secondly*, proviso to Section 60 of the Act would come into force if proceedings are instituted by defendant either prior or post the plaintiff's suit; *thirdly*, defendant had exercised due diligence while filing its suit within a period of few months, since it took time to collate all the agreements in relation to the said copyright; and *lastly*, plaintiff's plea that the issue of due diligence is a triable issue, is untenable, since there is no dispute in relation to the time taken, and being a '*question of fact*' and there would be nothing to be tried.

16. Defendant submitted in support of its application, that prior decisions of Courts had rejected suits without an application being filed. Notwithstanding, this application was filed pursuant to an observation made by the Court on 17th August 2023.

17. In any event, no prejudice would be caused to the plaintiff since if the defendant is unable to prove its rights in the works, it would be tantamount to plaintiff's plea being affirmed and damages, if sought, can be asserted by them as a counter-claim in the defendant's suit.

18. Reliance by the defendant was placed on the following decisions:



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18.1 On the aspect that the present suit is not a composite suit, but one under Section 60 of the Act, and that upon the defendant filing a suit for copyright infringement, the Section 60 suit would be rendered infructuous owing to the triggering of the *proviso* – *Super Cassettes India Limited v. Bathla Cassettes India (P) Ltd.* 1993 (25) DRJ, para 6; *Music India Ltd. v. Super Cassettes Industrial Pvt. Ltd.*, 1987 (7) PTC 83 (Bom), para 6; *Manya Vejju v. Sapna Bhog*, decision dated 13th December 2023 passed by the Bombay High Court in AO 438/2023, para 6, 27, 30, 31, 51

18.2 *Mac Charles v. India Performing Rights Society*, SLP (C) No. 39994/2012 – on affirmation of the decision in *Super Cassettes v. Bathla* (*supra*);

18.3 *QD Seatamon Designs Pvt. Ltd v. P. Suresh*, Appl. No. 6025/2018 in C.S.No.632/2017, para 2(f), 6(b), (c), (d), 8(b) – on the aspect of Section 60 suit being rendered infructuous and plaintiff possibly filing a counter claim in defendant’s subsequent suit for copyright infringement;

18.4 *Chancery Pavillion v. Indian Performing Rights Society Ltd*, decision dated 27th September 2023 passed by the Karnataka High Court in RFA 145/2015, para 29, 31 and *Manya Vejju* (*supra*) on the aspect of due diligence;

18.5 *Ten Events and Entertainment v. Novex Communication Pvt. Ltd*, 2023 SCC Online Del 2800;

18.6 *Rajni Industries v. Bhartiya Dhoop Karyalaya and Ors.*, 2001 SCC OnLine Del 480

18.7 That in light of subsequent event, if the original proceedings are rendered infructuous, necessary actions ought to be taken in the interest of



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justice – *Shipping Corporation of India Limited v. Machado Brothers & Ors.*, (2004) 11 SCC 168, para 25 – 31 and *Pasupaleti Venkateswarlu v. The Motor & General Traders*, (1975) 1 SCC 770, paras 4 & 5.

Submissions on behalf of the Plaintiff

19. Mr. Chander M. Lall, Senior Counsel for plaintiff refutes these submissions on the ground that they could not be non-suited at this stage when the trial was about to commence, and defendant had taken more than five years, to file their application under Order VII Rule 11 of CPC, since 2018, when they filed the suit.

20. Moreover, it was asserted that *proviso* to Section 60 of the Act can only assist the defendant if proceedings were initiated with ‘*due diligence*’. Defendant’s suit was filed after six months of the plaintiff’s suit; it was submitted that the whole purpose of the said *proviso* is to ensure that only if the defendant proceeded immediately after the plaintiff’s suit, the plaintiff’s suit could have been rendered infructuous.

21. Moreover, they had claimed a declaration as well as damages, and therefore, it was a composite suit, and beyond the strict relief contemplated in Section 60 of the Act. No purpose would be served if the suit proceedings, which are already underway, are disbanded and plaintiffs reverted to being counter-claimants in the defendant’s suit, and file pleadings afresh.

22. In any event, the threat notices were *mala fide*, considering defendant in the past had acknowledged the rights of the plaintiff and had accepted



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licenses, but disseminated numerous legal notices to third parties, thereby causing substantial damage to goodwill and reputation of plaintiff.

23. The declaration sought by the plaintiff in para (ii) of the prayer clause was akin to a prayer under Section 34 of the Specific Relief Act, 1963 and could not be governed by *proviso* to Section 60 of the Act. Mr. Lall pointed out that the defendant had also agreed that the said relief was beyond Section 60 of the Act in its written submissions, though this was refuted by defendant's counsel.

24. In this event, a partial rejection of the suit was not permissible. Also, mere titling of the suit by plaintiff under Section 60 of the Act could not dictate the essence of the suit, it being a composite suit. Non-suiting the plaintiff at this stage could also mean that the defendant could no longer be enjoined for issuing threats and would go scot-free, having approached the Court after 6 months of the plaintiff's suit being filed, as also filing an application for rejection after 5 years.

25. Senior Counsel for plaintiff relied on the following decisions:

25.1 *Radio Today v. IPRS*, 2008 SCC Online Cal 969, particularly para 29 and 30, in that if the suit is not a simpliciter suit, it does not become infructuous on filing of a subsequent suit;

25.2 *Gauri Shankar Gaur v. State of Uttar Pradesh*, (1994) 1 SCC 92, particularly para 11, in that words in the statute have to be given a proper meaning, in reference to the phrase '*due diligence*' used in the *proviso*;



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25.3 *Manya Vejju* (*supra*), in particular para 10, on the aspect of requirement of due diligence being considered essential;

25.4 *Mehta Unani Pharmacy v. Amrutanjan*, 2002 SCC OnLine Mad 846, particularly para 11, on requirement of due diligence; 2½ years was considered as evidence of lack of due diligence, in relation to proceeding under Section 120 of the Trade Marks Act, 1999 (which is in *pari materia* and akin to Section 60 of the Act);

25.5 *Arijes Aluminum Udyog v. Sudhir Batra*, 1997 SCC OnLine Del 125, decision in relation to Section 120 of the Trademarks Act, wherein it was stated in para 10, that if threats result in damages, the person suing may also claim damages, and the focus on due diligence is an important ingredient.

26. Senior Counsel for plaintiff sought to distinguish the cases relied upon by the defendant as under:

26.1 *Super Cassettes v. Bathla* (*supra*) was on an issue of scope of injunction that can be granted under Section 60 of the Act, and the Court held that a comprehensive suit under Section 60 could be filed including for a perpetual injunction. There was no subsequent suit filed, and hence, observations in this regard are merely *obiter*. This decision was approved by the Hon'ble Supreme Court in *Mac Charles* (*supra*) where the defendant's suit was filed within 20 days;

26.2 *Music India v. Super Cassettes* (*supra*) where the defendant's suit was initiated within one month and therefore the issue of due diligence did not arise;



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26.3 *Zee Entertainment Enterprises v. Saregama India Ltd.*, 2017 SCC OnLine Del 7630, where the Division Bench of this Court made out the basis for why the Section 60 suit is maintainable, if threats of instituting legal proceedings have been issued. Herein suit for infringement was filed within two weeks of the suit under Section 60 of the Act, no notices were sent to third parties, and no prayer seeking damages was sought;

26.4 *Shipping Corporation v. Machado* (*supra*) in that the proceedings would become infructuous if a suit is filed under Section 151;

26.5 *QD Seatamon Designs* (*supra*) where defendant's suit was filed within one month of filing the suit and there was no finding on the issue of due diligence and no notices were sent to third parties.

26.6 *Chancery Pavillion* (*supra*) where suit for infringement was filed within 2.5 months by the defendant therein and the question of due diligence did not arise. Plus, no notices were sent to third parties either and pleadings in the Section 60 suit were not complete as suit for infringement was filed immediately after receipt of summons.

26.7 *Mac Charles* (*supra*) wherein suit for infringement was filed within 20 days of the Section 60 suit and no question of due diligence arose.

26.8 *Manya Vejju* (*supra*) wherein there was no subsequent suit for infringement as opposed to the present case, and also, an FIR was filed prior to institution of the suit under Section 60 of the Act. Lastly, no damages were sought therein.



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Analysis

27. Perused the material placed on record and heard arguments addressed by counsel for respective parties. Having done so, it so appears that the foremost issue in the present case may be culled out as to “*whether a suit filed by plaintiff under Section 60 of the Act, in context of groundless threats of legal proceedings, can subsist if a subsequent suit or proceedings are initiated by defendant claiming infringement of copyright rights by plaintiff*”.

28. Perusal of the decisions cited by the parties bear out that the issue now seems to be settled by various Courts, including this Court, High Courts of Bombay, Karnataka, and Madras, and noticed by the Apex Court as well.

29. In chronological order, the said decisions are as under:

29.1 *Music India v. Super Cassettes* (supra) – A Single Judge of the Bombay High Court observed as under:

“The provisions of sec. 60 make it clear that if a person is threatened with any alleged infringement of copyright and if, in fact, the actions of the person threatened do not constitute any infringement of the legal rights of the person who makes such threats, he can file a declaratory suit and obtain an injunction against the continuance of such threats. He can also obtain damages which he may have sustained by reasons of such threats. These provisions are designed to protect a person against any wrongful threats relating to infringement of copyright and the only relief which can be asked for



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is an injunction against the continuance of such threats and damages occasioned by reason of such threats. The proviso to this section makes this position amply clear because it provides that this section will have no application if a person, who has made such threats, commences and prosecutes with due diligence an action for infringement of the copyright claimed by him. The suit before the Delhi District Court is admittedly under sec. 60 of the Copyright Act, 1957. The 1st defendants were therefore entitled to obtain only an injunction against the continuance of any wrongful threat of infringement. Once a suit is filed - as it is filed in the present case - for infringement of copyright, by the person who has given the threat the suit under sec. 60 becomes infructuous as the Section ceases to apply in such situation.”

(emphasis added)

29.2 *Super Cassettes v. Bathla* (supra) – Decision by a Single Judge of this Court, where it was categorically held that once a suit is filed for infringement by the person who has given the threat, the suit under section 60 becomes infructuous. The relevant passage is extracted as under:

“6. The provisions of Section 60 make it clear that if a person is threatened with any alleged infringement of copyright and if, in fact, the actions of the persons threatened do not constitute any infringement of the legal rights of the person who makes such threats, he can file a declaratory suit and obtain an injunction against the continuance of such threats, He can also obtain damages which he may have sustained by reason of such threats. These provisions are designed to protect a person against



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any wrongful threats relating to infringement of copyright and the only relief which can be asked for is an injunction against the continuance of such threats and damages occasioned by reason of such threats. The provision to this Section makes this position amply clear because it provides that this section will have no application if a person, who has made such threats, commences and prosecutes with due diligence an action for infringement of the copyright claimed by him. Once a suit is filed for infringement of the copyright by the person who has given the threat, the suit under Section 60 becomes infructuous as the Section ceases to apply in such a situation. In the case in hand the plaintiffs before the trial court had filed a suit under Section 60 as is apparent from the copy of the plaint which is filed herewith and in that suit he has sought the declaration the effect that the defendant-M/s. Super Cassettes Industries Ltd. is not the exclusive owner of the musical work i.e. Pakistani song sung by the Pakistani artists and that the alleged assignment has no force in law because no such assignment is in existence nor Pakistan is a signatory to the phonogram convention, therefore, the defendant company cannot claim exclusive right. Further injunction was sought on the ground that the defendants were issuing verbal threats as well as by means of warning notice which tantamounts to interfering with the business of the plaintiffs. It is in this suit that the order was passed. Admittedly the suit as framed is what is envisaged under Section 60 of the Act. Injunction sought has flown from the principal pleadings as contained in the suit itself. Counsel for the respondent contended that there can be a comprehensive suit under Section 60 as well as for perpetual injunction. There is no quarrel with this proposition of law but the bare reading of the



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plaint shows that it was a suit simplicitor under Section 60 of the Act. No grounds have been laid in the suit itself by which it can be inferred that it was a suit for perpetual injunction also. Merely saying that the perpetual injunction be granted is not enough. Perpetual injunction de-hors the principal pleadings is redundant. The sum total of the reading of the plaint shows that it is a suit under Section 60 of the Act. The prayer has to be in consonance with the main pleadings. It is doubtful whether such an injunction could have been granted under the provision of Section 60 of the said Act and prima facie the injunction appears to be without jurisdiction.

(emphasis added)

29.3 Mac Charles (*supra*) – Order passed in SLP wherein the Supreme Court referred to the **Super Cassettes** (*supra*) decision and stated as under:

“The judgment and order in the matter of "Super Cassette Industries Ltd. Vs Bathla Cassettes India (P) Ltd., AIR 1994 Del 237, has further clarified the proviso which makes the position clear that this Section will have no application if a person who has made such threats commences and prosecutes with due diligence an action for infringement of the copyright claimed by him. Once a suit is filed for infringement of the copyright by the person who has given the threat, the suit under Section 60 becomes infructuous as the Section ceases to apply in such a situation.”

(emphasis added)

29.4 QD Seatamon (*supra*) – wherein a Single Judge of the High Court of Madras, in Para 6(c), considered whether a subsequent suit would render the



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initial suit filed on groundless threats infructuous. The Court therefore goes on to notice the previous decisions including in *Super Cassettes v. Bathla* (*supra*) and *Mac Charles* (*supra*) and states as under:

“(c) However, the moot question is when an action of infringement of copyright is commenced against an entity/person after such entity/person files a case of groundless threat of legal proceedings, will such commencement of action for infringement of copyright render the groundless threat suit infructuous? In other words, when infringement suit is post groundless threat suit, will it render the prior groundless threat suit infructuous is the question.

(d) This moot question was answered by Delhi High Court in *Super Cassette Industries Ltd. v. Bathla Cassettes India (P) Ltd.* (*supra*). In *Super Cassette Industries Ltd. v. Bathla Cassettes India (P) Ltd.* (*supra*), Delhi High Court answered this moot question by holding that once a suit is filed for infringement of the copyright by the person who has given the threat, the suit under Section 60 becomes infructuous as the section 60 ceases to apply in such a situation. In other words, Delhi High Court made it clear that a suit for infringement of copyright will render prior suit for groundless threat infructuous. To be noted, the judgment of Delhi High Court in *Super Cassette Industries Ltd. v. Bathla Cassettes India (P) Ltd.* (*supra*) was dated 04.02.1993.

(e) Subsequently, two decades later on 30.09.2013, Hon'ble Supreme Court in *MAC Charles (I) Ltd. v. Indian Performing Rights Society Ltd.* (*supra*) referred to the aforesaid *Super Cassette Industries Ltd. v. Bathla Cassettes India (P) Ltd.* (*supra*) of Delhi High Court and held that once a suit is filed



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for infringement of copyright by the person who has given the threat, the suit under Section 60 becomes infructuous as the section ceases to apply in such a situation. To be noted, Super Cassette Industries Ltd. v. Bathla Cassettes India (P) Ltd. (supra) of Delhi High Court besides Super Cassette Industries Ltd. v. Bathla Cassettes India (P) Ltd. (supra) has been reported in Super Cassette Industries Ltd. v. Bathla Cassettes India (P) Ltd. (supra) also. Supreme Court in MAC Charles (I) Ltd. v. Indian Performing Rights Society Ltd. (supra) held that Delhi High Court has clarified in Super Cassette Industries Ltd. v. Bathla Cassettes India (P) Ltd. (supra) the proviso to Section 60 which makes the position clear that this Section will have no application if a person who has made such threats commences and prosecutes with due diligence an action for infringement of the copyright claimed by him.”

(emphasis added)

29.5 An argument had been raised in *QD Seatamon* (supra) by the counsel appearing for the party who filed the suit relating to groundless threats stating that the decision in *Mac Charles* (supra) was *sub silentio* on the issue. However, this aspect had also been deliberated upon by the Court and in para 6(w), it had been held that the statement of law made in *Mac Charles* (supra), cannot cease to be a declaration of law made by the Supreme Court within the meaning of Article 141. Also, the following observations in this decision are also relevant:

“Though the order is only the one not granting leave to appeal, it is nonetheless a statement of law contained in the order and therefore, it becomes a declaration of law by Supreme Court within the



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meaning of Article 141. Flowing from this is the position laid down by Supreme Court that such declaration of law by Supreme Court is binding not just the parties thereto, but all Courts, Tribunals or authorities in any proceedings subsequent thereto by way of judicial discipline as the Supreme Court is the Apex Court of the Country.”

(emphasis added)

29.6 *Manya Vejju* (supra) – Herein, pursuant to filing the suit under Section 60 of the Act, the defendant initiated an action for infringement of copyright by lodging an FIR. The Court extensively considered the provisions under Section 60 including the *proviso* referred to ***Super Cassettes***, (supra) and ***Mac Charles*** (supra) and held as under.

“21. The proviso to Section 60, restricts the scope of application of the enacting part of Section 60. It provides that the said Section shall not apply if the person making such threat, with due diligence, commences and prosecutes an action for infringement of the copyright claimed by him. The crucial phrases in the proviso are “with due diligence” and “commences and prosecutes an action for infringement”. The phrase “due diligence” connotes that the action is initiated in good faith and with such care, caution and foresight as the circumstances of the particular case demand. The phrase “commences and prosecutes” in turn, indicates that threat of action ought not to be an empty rhetoric, but prosecution of the cause in the right earnest. If these conditions are satisfied, the action cannot be termed as groundless and, therefore, the main part of Section 60 providing a



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remedy in case of groundless threat ceases to operate.

...

26. The aforesaid enunciation of law would indicate that once an action is initiated for the alleged infringement of copyright by the person who claims to be the owner thereof, albeit bona fide and with due diligence, the aspect of infringement or otherwise of the copyright, is to be adjudicated in such a proceeding and the remedy for the alleged groundless threat of legal proceeding ceases to operate. The fact that such action for infringement of the copyright has been initiated by the person claiming the copyright subsequent to the institution of the suit under the main part of Section 60, is of no consequence. Even if the proceeding for infringement of copyright is instituted subsequently, a suit for groundless threat becomes infructuous as Section 60 itself ceases to apply. It thus emerges that where a person claiming copyright has already instituted a proceeding for infringement of the copyright, a suit under Section 60 seeking remedy for groundless threat cannot be entertained. If such proceeding is instituted even after the institution of the suit under the main part of Section 60, still the proviso becomes operative and the suit under Section 60 becomes infructuous.

27. The reason is not far to seek. The object of Section 60 is not to restrain a person claiming to be the owner of the copyright from instituting a proceeding for infringement of the copyright. Its true purpose is to provide remedy in case of groundless threat of legal proceedings or liability. Once such proceeding for infringement of copyright is instituted, with due diligence, the rights and liabilities of the parties must be decided in the said proceeding.”



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(emphasis added)

29.7 Chancery Pavilion (*supra*) –Court considered the decision of the Apex Court in **Mac Charles** (*supra*) and held as under:

“29. In the case on hand, according to plaintiff, alleged action of defendants is an empty threat. The defendants have shown that positive action has been initiated by filing a proper suit before the High Court of Delhi which is numbered as CS(OS)No.616/2013 on 02.04.2013. In other words, since a separate suit is filed by the defendants, after suit came to be filed by the plaintiff in O.S.No.617/2013 on 19.01.2013 at Bengaluru, the said suit filed by the plaintiff at Bengaluru would not be maintainable. In other words, right of the plaintiff to initiate action under Section 60 of the Copyright Act, 1957 would automatically terminate, in view of the positive action taken by the defendants in filing CS(OS) No.616/2013 on 02.04.2013 on the file of High Court of Delhi, whereby, proviso to Section 60 of the Copyright Act, 1957, comes into play.

30. On careful reading of the decision relied on by the counsel for appellant/plaintiff referred to supra in the case of Dhiraj Dharamdas Dewani supra, the High Court of Bombay, has held that only function of proviso to Section 60 of the Copyright Act is to prevent filing of suit by alleged infringer when owner of the copyright has earlier filed a suit under Section 55 of the Act. In the case on hand, facts are distinguishable, inasmuch as, the suit is filed by the defendants on 02.04.2013 after the suit filed by the plaintiff on 19.01.2013.



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31. Per contra, the decision relied on by the counsel for respondents rendered by the Hon'ble Apex Court in the case of M/s Mac Charles (I) Ltd., supra, makes it clear that, "when once the positive action is taken by the copyright holder of infringement, action under Section 60 would no longer survive in view of proviso to Section 60". Therefore, this Court is of the considered opinion that the grounds urged in the appeal memorandum are hardly sufficient to allow the plaintiff to continue with the suit in O.S.No.617/2013 at Bengaluru by setting aside the impugned Order, whereby, suit of the plaintiff came to be rejected under Order VII Rule 11(d) of CPC.

32. Further, it is always open for the plaintiff to have its defence filed before the High Court at Delhi and get the suit decided on the merits of the matter and scope of the present appeal would not permit to address the rival contentions with regard to merits of the matter. Accordingly, from the above discussion, the point No.1 is answered in the affirmative."

(emphasis added)

30. It is quite evident from the decisions noted above and the passages extracted that the point of law stands settled on section 60 and the play of its *proviso*. Arguments propounded by Senior Counsel for plaintiff in respect of distinguishing in these decisions cannot take away from the fact that the statement of law has been made clearly, succinctly, and determinatively by various courts, and a stamp of approval has been provided by the Hon'ble Supreme Court. It would be difficult for this Court to displace such a finding, having now found endorsement by the Hon'ble Supreme Court.



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31. Therefore, Section 60 *proviso* would entail that even if a subsequent suit is filed, *albeit* with due diligence, the initial suit filed challenging the groundless threats would not subsist.

32. What remains is the consideration of the precondition of “*due diligence*”. None of these decisions seem to deliberate upon the aspect of due diligence, as to what it entails and what it does not. Some articulation is found in the decision in *Manya Vejju* (*supra*), a decision by the Single Judge of Bombay High Court, in para 21, which is extracted above in para 29.6. The learned Judge seems to suggest that due diligence connotes that the action is initiated in good faith and with care, caution, and foresight, as the circumstances of the particular case demand. What may not amount to *due diligence* can also be gleaned from the facts of the case in *Mehta Unani Pharmacy* (*supra*), a case relied rendered by Division Bench of the High Court of Madras and relied upon by the plaintiff. In this case, since the subsequent suit was filed 2 ½ years later, after a proceeding under Section 120 of the Trade and Merchandise Marks Act, 1958 [*now Section 142 of the Trade Marks Act, 1999 and pari materia to Section 60 of the Act*], it was considered as evidence of lack of due diligence and, therefore, relief was not given to the plaintiff in the subsequent suit.

33. Facts in these cases involved a range of periods when defendant, as per the *proviso* to Section 60, filed a subsequent proceeding/ suit alleging infringement. From a few days, to weeks, to one month, to 2 ½ years is the sliding scale that is presented by all these decisions. The aspect of due



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diligence being a *tabula rasa*, the Court has to apply its own assessment to the facts of each case.

34. It would not be correct to give a formulaic basis for assessment of *due diligence*, considering that the facts of each case may be quite different. The spirit of *due diligence* in a Section 60 *proviso* suit is premised upon the reasonably proximate and responsible assertion by the defendant of the copyright that it claims, and the infringement, that it seeks to remedy *qua* the plaintiff of the Section 60 suit.

35. The essence is that if the defendant in Section 60 *proviso* suit proceeds ahead and ‘puts his money where his mouth is’, then the element of “groundless threat” dissipates. Section 60 is premised upon a remedy only in case of a “groundless threat” of legal proceedings. Clearly that forms the basis of the cause of action for any plaintiff in a Section 60 suit; it is a special *sui generis* remedy which is provided to a party under Chapter XII of the Act titled “Civil Remedies”.

36. The Cambridge Dictionary meaning of the word “groundless” is *inter alia* baseless, unfounded, unwarranted, etc. It entails an action having no reason or cause. Therefore, the moment a proceeding is initiated by the defendant against plaintiff in terms of the *proviso* to Section 60, stating the reason, cause, grounds and purpose why it had issued the alleged threats, naturally and logically, the basis/cause of action for plaintiff’s suit under Section 60 extinguishes. The threat is no longer “groundless”.



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37. The proceeding initiated by the defendant, therefore, has to be well-meaning, well-organized, and not unreasonably delayed. Unreasonable delay would seem to suggest that defendant does not really have a right and indeed was issuing the threats without any basis.

38. It was in this context that a two-and-a-half-year delay in *Mehta Unani Pharmacy* (*supra*) was considered inordinate. In the present case, the time period between the filing of Section 60 suit and the suit by defendant is about 6 months.

39. The defendant had filed its written statement on 11th January 2018 and filed a suit thereafter on 16th April 2018. The reason given by defendant is that they had filed voluminous documents which they were collating since it involved various assignments that they had got from *Shemaroo* and other companies relating to the works in which copyright claim is disputed.

40. This is a factual issue and does not need to be gone into deep dissection. The suit filed by defendant is a substantive suit claiming rights in their behalf and has also now proceeded ahead to recordal of evidence. The 6-month gap would, therefore, not be considered as unreasonable in these circumstances since the written statement was only filed in January 2018, the replication by the plaintiff in the present suit was filed on 09th April 2018. Issues are not yet framed in the present suit despite the passage of time.

41. What is also relevant, and peculiar to the facts of this case, is that a reciprocal and reverse situation had arisen prior to these proceedings. *CS(COMM) 3/2017* was filed by Zee Entertainment against Saregama on the



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basis of groundless threat issued by Saregama related to their copyright. Subsequently, Saregama filed a suit being **CS(COMM) 57/2017** and then claimed that Zee's suit had become infructuous in terms of the *proviso* to Section 60 of the Act. An order was passed by the Single Judge of this Court on 24th January 2017 in favour of Saregama declaring **CS(COMM) 3/2017** as infructuous.

42. In this case, therefore, Zee was non-suited and parties were relegated to the suit filed by Saregama. The said decision was taken up in appeal in **RFA(OS)(COMM) 4/2017**. Division Bench of this Court *vide* order dated 22nd March 2017 [2017:DHC:1687-DB] affirmed the view taken by the Single Judge and noted as under:

“7. The juridical philosophy behind Section 60 of the Copyright Act is obvious. If a person issues a legal notice to a party alleging violation of a copyrightable work, the party to whom the notice is served would have to engage the services of a lawyer to respond to the notice, for the reason a non-traverse of the claim in the notice would be held against the recipient of the notice. In this manner a party can be unnecessarily harassed. Therefore, if a party issuing a notice continues with the threat and as a result the sword of Damocles continues to hang over the head of the noticee, the noticee may seek a declaration. But where the person alleging violation commences prosecution with due diligence, of an action for infringement, the proviso to Section 60 would come into play. The argument of learned senior counsel for the appellant that the proviso envisages commencement of an action for infringement prior in point of time to the suit for



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declaration filed is noted and rejected keeping in view the facts of the instant case. Rather than to respond to the legal notice served by the respondent upon the appellant, within two days the appellant filed the suit for declaration. It is not a case where the alleged infringer believed that groundless threats of legal action are imparted to him for months together had waited at the mercy of the alleged owner of the copyrighted work.”

(emphasis added)

43. Ironically, therefore, the current application under Order VII Rule 11 of CPC seems to be a mirror image of what has already transpired, though, the dismissal of Section 60 suit by Zee, was not prefaced by an Order VII Rule 11 application.

44. An Order VII Rule 11 application does not seem to be necessary where Section 60 *proviso* is triggered since the law as stated above seems to be that the suit *automatically* becomes infructuous. However, since in these proceedings an averment had been made on behalf of Zee that they would be filing an application under Order VII Rule 11 of CPC, the matter has been considered.

45. Besides, an application Order VII Rule 11 of CPC requires a Court to look at averments in the plaint and decide on that basis whether it is barred under any of the sub-sections. This is in contrast to the situation which arises in Section 60 of the Act, which mandates the previous suit as infructuous by the filing of the subsequent suit. Therefore, a strict application of Order VII



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Rule 11 of CPC may not resonate with the *proviso* to Section 60. This has also been noted by the Predecessor Bench in order dated 10th November 2023.

46. One of the objections taken by Senior Counsel for plaintiff was that there has been tremendous delay in moving the Order VII Rule 11 application, in that the suit was filed in 2018 and there was no mention of such an application until the same was moved in 2023. However, a careful perusal of the order sheets would show that the moment defendant filed a suit for infringement in 2018, their counsel had been raising the issue of maintainability, on which they persisted throughout the next few proceedings as well. This is evident from orders dated 07th August 2018, 31st January 2019, 01st November 2019, 19th May 2022, and 17th August 2023. Having consistently raised this issue of maintainability, it finally transpires that an application under Order VII Rule 11 had to be moved. This argument of plaintiff, therefore, is not sustainable on facts since the issue of maintainability of the present suit was raised by defendant as early as August 2018. Delay by the Court in considering this issue cannot accrue to the benefit of the plaintiff.

47. On the other aspect, Senior Counsel for plaintiff claims that the suit is a composite suit and therefore, beyond the scope of Section 60 provisions. However, this Court notes that the plaint itself states that it is a suit of declaration and permanent injunction under Section 60 of the Act restraining the defendant against issuance of groundless threat of legal proceedings. This being the basis on which the plaintiff had moved the present suit, it would be



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impossible for the plaintiff to squirm out from the situation, from the framing of their own plaint.

48. Senior Counsel for plaintiff stressed on the prayers sought in the present suit in that they sought *declaration, injunction, and damages* and not just injunction. However, Section 60 itself provides that the person aggrieved with groundless threats can institute a declaratory suit as well as seek an injunction and recover damages [*sustained by the reason of such threats*]. Therefore, plaintiff's suit, *ex facie*, is squarely within the confines of Section 60, and the contention of Senior Counsel for plaintiff is unsustainable.

49. Moreover, a closer look at the way the prayer (i) is drafted would show that it uses the language of Section 60, in that a decree of declaration is sought that “...*utilization of the sound recordings and the underlying musical and literary works...does not amount to infringement of any legal right of the Defendant*”. This prayer uses the very language of Section 60 which, as noted above states, “...*institute a declaratory suit that the alleged infringement to which the threats related was not in fact an infringement of any legal rights of the person making such threats...*”.

50. As regards the plaintiff's submission that they would be relegated to being a counter-claimant in the suit by defendant, the plea cannot be accepted, in the teeth of the law as has been cited above. The plaintiff will be quite at liberty to file a counter-claim in **CS(COMM) 811/2018**, and lead evidence, in accordance with the applicable law.



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51. The burden of proof, being on Zee to prove their rights, which forms the basis of the alleged infringement, would have to be discharged by Zee. Only if it is proven that Zee indeed had a right and had a legitimate grievance of infringement by Saregama, the right of damages may not subsist. On the contrary, if it is held that Zee does not have a right as it claims, the claim for damages by Saregama would kick in and would have to be adjudicated. The aspect of counter claim was also considered by the previous decision in *Manya Vejju* (*supra*) in para 27 wherein it is stated as under:

“27. The reason is not far to seek. The object of Section 60 is not to restrain a person claiming to be the owner of the copyright from instituting a proceeding for infringement of the copyright. Its true purpose is to provide remedy in case of groundless threat of legal proceedings or liability. Once such proceeding for infringement of copyright is instituted, with due diligence, the rights and liabilities of the parties must be decided in the said proceeding.”

(emphasis added)

52. The Court in *QD Seatamon* (*supra*) also contemplated filing of a counter claim in the subsequent suit filed for infringement of copyright. The relevant portion of the said decision is extracted as under:

“(b) As part of his concluding submissions, learned counsel for plaintiff Mr. Anirudh Krishnan submitted that if this court is not inclined to accept his submissions regarding sub silentio, it may be left open for plaintiff to seek damages by way of counter claim in the junior suit. If the law permits a counter



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claim of this nature to be made in the junior suit, this order will not come in the way and this order will not become an impediment. To be noted, it is not for this Court to grant leave to make counter claim. It is only clarified that if law permits counter claim to be made in the junior suit, this order will not impede the same and therefore, these observations shall not be construed as leave to make counter claim.”

(emphasis added)

53. The other aspect which remains to be addressed is the injunction which subsists in favour of Saregama of Zee of not issuing any further threats against Saregama. Considering that the suits have already been consolidated by an order of this Court dated 17th August 2023, this Court directs that injunction based upon defendant's undertaking shall subsist during the pendency of the Zee suit (**CS(COMM) 811/2018**) and will be treated as a direction passed in that suit. This is also necessitated in the interest of justice considering the ongoing bitter dispute between the parties and there is a cross suit as well filed by Saregama being **CS(COMM) 57/2017** [*also pending adjudication before this Court*].

Conclusion

54. In light of the discussion above, defendant's suit being **CS(COMM) 811/2018** filed for infringement of copyright falls well within the scope of the proviso to Section 60. Hence, the present suit instituted by plaintiff shall no longer subsist and is rendered infructuous.



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55. The plaintiff is at liberty to file a counter-claim in **CS(COMM) 811/2018**, and lead evidence, in accordance with the applicable law.

56. During the pendency of **CS(COMM) 811/2018**, which was consolidated with this suit, it is directed that the defendant [*plaintiff in CS(COMM) 811/2018*] will not issue any letters/notices to the plaintiff herein [*Saregama India Ltd.*] or any third party, with respect to the rights that are claimed in the suit.

57. It is made clear that nothing observed herein is a comment upon the rights and contentions of the parties *vis-à-vis* claim of copyright over the said works, which may be finally decided, post-trial, in terms of the applicable law.

CS(COMM) 764/2017 & I.A. 12856/2017

1. As noted above in para 44, an Order VII Rule 11 of CPC application is not necessary for asserting that the plaintiff's suit be rendered infructuous on account of the subsequent suit being filed by defendant, on application of Section 60 of the Copyright Act.

2. Accordingly, in view of the discussion above, the suit and application are rendered infructuous.

3. Judgment be uploaded on the website of this Court.

**(ANISH DAYAL)
JUDGE**

MAY 29, 2024/RK/sc