

# *Keeping an eye on forum shopping*

**Manisha Singh and Zoya Nafis of LexOrbis** discusses how the Indian Supreme Court has handled the unfair practice of forum-shopping in Indian IP cases

**F**orum shopping refers to the practice adopted by some litigants of having their case heard in the court which is most likely to provide a favourable judgment. In India, so-called forum shopping is not permitted as such. However, the existence of tangled procedural laws makes forum shopping in IP cases in India quite common.

## **Legal framework**

In India, an action must be filed at the forum that has jurisdiction over the suit under the provisions of the trade mark legislation or other IP legislation, or in accordance with the Code of Civil Procedure (CPC). The general rule of jurisdiction stipulates that a suit is best filed where the defendant is based or where the cause of action arises. Section 20 of the CPC provides for this, stating:

Every suit shall be instituted in a court within the local limits of whose jurisdiction – (a) the defendant, or each of the defendants where there are more than one, at the time of the commencement of the suit, actually and voluntarily resides, or carries on business, or personally works for gain; or (b) any of the



## MANIPULATION OF JURISDICTION



# MANIPULATION OF JURISDICTION

defendants, where there are more than one, at the time of the commencement of the suit, actually and voluntarily resides, or carries on business, or personally works for gain, provided that in such case either the leave of the court is given, or the defendants who do not reside, or carry on business, or personally work for gain, as aforesaid, acquiesce in such institution; or (c) the cause of action, wholly or in part, arises.

However, section 154(2) of the Trade Marks Act, 1999 and section 62 of the Copyright Act provide an exception to section 20 of the CPC and give an option for rights holders to file suit in a court in the jurisdiction where the rights holder is based, irrespective of where the defendant is based or where the cause of action arose.

Section 154(2) in The Trade Marks Act, 1999 provides:

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



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and voluntarily resides or carries on business or personally works for gain.

Section 62 of the Copyright Act provides for jurisdiction of the court over copyright infringement matters. It says:

- 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.

These provisions were incorporated to act as exceptions to the general rule and to enable the right holder to file a suit at a place of their residence or where they work for gain. But these provisions are often misused by the right holders for their own advantage, defeating the honest intention of the legislature in drafting these provisions. For instance, for quite some time, right holders have preferred to file trade mark and copyright infringement suits at the Delhi High Court, as it is known for granting ex parte injunction orders. Since cases like this drag on for years and years in India, plaintiffs are mainly interested in securing a temporary injunction and the Delhi High Court has been liberal in granting ex parte ad interim injunctions.

Further, because of the large number of filings of IP cases before the Delhi High Court compared to other courts in the country, its judges and lawyers have acquired expertise in handling such matters.

The practice of forum shopping in IP cases is now quite prevalent in India. The defendants are

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## MANIPULATION OF JURISDICTION

often harassed by the plaintiffs, who chose to file suits at distant places, taking advantage of the exceptions to the CPC as per the Copyright Act and Trade Marks Act.

Recently, the Supreme Court of India (SC) came to the rescue of harassed defendants and clarified the position in regard to these provisions.

### ***Indian Performing Rights Society v Sanjay Dalia***

In *Indian Performing Rights Society v Sanjay Dalia & Anr*, the SC elucidated the issue.

The SC expounded on the position of filing trade mark and copyright infringement suits in the appropriate forum in its verdict of the appeal filed by the Indian Performing Right Society Limited (IPRS).

In the appeal, the appellant filed a suit in the High Court of Delhi relying on the above-mentioned provisions. The appellant claimed that the branch office of the plaintiff was situated in Delhi, while the entire cause of action, according to the plaintiff, had arisen in Mumbai, Maharashtra, where the head office of the plaintiff was also located.

The defendant objected to the filing of the suit before the Delhi Court and questioned the territorial jurisdiction of the court. The Single Bench and Division Bench of the High Court upheld the objection and held that the suit should have been filed in the court at Mumbai where the head office of the plaintiff was located and where the cause of the action took place. Following this, an appeal was filed by the plaintiff at the SC against such orders.

The case highlighted the need to interpret section 62 of the Copyright Act, 1957 and section 134(2) of the Trade Marks Act, 1999 with regard to the place where a suit can be instituted by the plaintiff.

The Supreme Court thoroughly dealt with the issues involved in the case and clarified the position in regard to territorial jurisdiction in IP cases. The court observed that the intendment of section 62 of the Copyright Act and section 134 of the Trade Marks Act was an additional forum in the form of a district court within whose limits the plaintiff actually and voluntarily resided or carried on business or personally worked for gain. The purpose of the provisions was to enable the



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plaintiff to institute a suit at a place where he or they resided or carried on business or has branch offices and not to empower the plaintiff to harass the defendant by filing suits at far-off places.

The expression 'notwithstanding anything contained in the Code of Civil Procedure' in section 62 of the Copyright Act and section 134 of the Trade Marks Act does not oust the applicability of the provisions of section 20 of CPC. It was clear that an additional remedy had been provided to the plaintiff so as to file a suit where he was residing or carrying on business. Section 20 of the CPC enables a plaintiff to file a suit where the defendant resided or where the cause of action arose. Sections 20(a) and (b) usually provide the venue where the defendant or other resided, carried on business or personally worked for gain. Section 20(c) of the CPC enables a plaintiff to institute a suit where the cause of action wholly or in part, arose. The Explanation appended to Section 20 CPC provided that a corporation should be deemed to carry on business at its sole or principal office in India or in respect of

any cause of action arising at any place where it had a subordinate office. Therefore, a corporation can be sued at a place where its sole or principal office is, and where the cause of action wholly or in part arose, where it has also a subordinate office.

The SC stated that the provisions of section 62 of the Copyright Act and section 134 of the Trade

**The provisions are often misused by the right holders for their own advantage, defeating the honest intention of the legislature**

# MANIPULATION OF JURISDICTION

## Defendants are often harassed by the plaintiffs, who chose to file suits at distant places

Marks Act have to be interpreted in a purposive manner. This means that a suit can be filed by the plaintiff at a place where he was residing or carrying on business or personally worked for gain. To file a suit, it is not necessary to go to the place where the defendant was residing or the cause of action wholly or in part arose. However, if the plaintiff was residing or carrying on business at a place where cause of action also took place, wholly or in part, they must file a suit at that place. They cannot rely on the provisions of section 62 of the Copyright Act and section 134 of the Trade Marks Act to file a suit at a farther place just to harass the defendant.

The SC used the principle explained in Heydon's case (the interpretation of the provisions has to be such to prevent mischief while deciding this

case). As per this appeal, if the interpretation of the appellants had been accepted, then any branch office of the company could be used for bringing the jurisdiction to far-off places to harass the defendant. The avoidance of counter mischief to the defendant was also necessary while giving the remedy to the plaintiff under the provisions in question.

The court also rejected the contention of the plaintiff, that the Delhi High Court has handled vast numbers of IP matters in the country, and so has acquired expertise in handling such disputes. As the bulk of such litigation is filed at Delhi and lawyers available at Delhi have expertise in such matters, it would be convenient to the parties to contest the suit at Delhi. Such aspects are, however, irrelevant for deciding the territorial jurisdiction. It is not the convenience of the lawyers or their expertise which decides territorial jurisdiction. Therefore, the SC dismissed the appeal.

### Decentralising IP cases

By narrowing the options available to determine the place of institution of a suit by the plaintiff, the Supreme Court has ensured that the plaintiff is given the convenience to file a suit at their place of residence or where they work for gain, provided the interest of the defendant is also safeguarded and the defendant is not harassed unnecessarily at the hands of the plaintiff. The decision will decentralise the trying of IP suits and enable other Indian courts and lawyers to gain relevant expertise.



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