

Judgment clarifies key issues in web-related disputes

By Priti Suri
and Neeraj Dubey
PSA,
Legal Counsellors



PSA

PSA
Legal Counsellors
14A & 14B Hansalaya, 15 Barakhamba Road
New Delhi - 110001, India
Tel: +91 11 4350 0500
Fax: +91 11 4350 0502
www.psalegal.com
Email: p.suri@psalegal.com

The increased usage of web space and the absence of uniformity in the regulations followed to settle internet-related disputes have caused great confusion. In cyberspace, jurisdictional issues arise more often than anticipated and the only way to avoid this is by finding a greater means of “accessing” extra-territoriality. Indian laws have so far dealt with two sets of reasoning – cause of action and consequences. In November 2009, a division bench of Delhi High Court in *Banyan Tree Holding Private Limited v A Murali Krishna Reddy and Others* examined these aspects and categorically held that merely accessing a website in Delhi would not satisfy the exercise of jurisdiction by Delhi High Court.

Banyan Tree Holdings (BTH), a hospitality company in Singapore with business ventures across globe, was using the mark “Banyan Tree” in its business transactions since 1944 which over the years had become highly distinctive globally. However, BTH’s application to register its mark in India was still pending. In 2007, a Hyderabad-based township developer initiated a project entitled “Banyan Tree Retreat” on its website.

BTH raised objections, stating that the word and mark adopted by the developer were deceptively similar to that of BTH and the use of this mark by the developer was a dishonest attempt to capitalize on the reputation and goodwill of BTH. Accordingly, BTH filed a suit for injunction to restrain the developer from using the mark.

BTH claimed that Delhi High Court had territorial jurisdiction under section 20 of the Code of Civil Procedure, 1908 (CPC), to entertain the suit because: (i) the developer has a presence in Delhi through its interactive website which is accessible in Delhi; (ii) the developer offers services to customers in Delhi; (iii)

of the ubiquity, universality, and utility of the features of the internet and the world wide web; and (iv) the cause of action has arisen within the jurisdiction of Delhi High Court.

The high court held that jurisdiction of the forum court (the court where a suit is filed) is not satisfied merely on the basis of “interactivity” of the website which is accessible in the forum state. It is also necessary to examine the nature of the activity in order to determine if it is permissible and whether it results in a commercial transaction. It has to be necessarily shown that the website was specifically targeted at viewers in the forum state for commercial transactions which resulted in injury or harm to BTH within the forum state.

Since BTH is not located within the jurisdiction of the court, any harm to its business, goodwill or reputation within the forum state as a result of the developer’s website accessibility in that state would have to be shown. Naturally, this would require the presence of BTH in the forum state, not merely the possibility of such a presence in the future.

Previously, in *Independent News Service Pvt Limited v India Broadcast Live Llc and Ors* (2007), Delhi High Court had held that the mere fact that a website is accessible in a particular place may not in itself be sufficient for the courts of that place to exercise personal jurisdiction over the owners of the website. However, where the website is interactive, permitting browsers to access the contents and also subscribe to the services provided by the owners and operators, the position would be different. Thus, mere website accessibility may not be sufficient to attract jurisdiction of the forum court.

It has also been clarified in the Banyan Tree case that in terms of section 134(2) of the Trademarks Act, 1999 (TMA), Delhi High Court would also have jurisdiction

to entertain the suit even if the developer did not reside or undertake business within its jurisdiction, had it been a case of infringement. However, in a passing-off case, section 134(2) of the TMA, and also sections 20(a) (if defendant resides) and (b) (if defendant resides, carries on business, or works for gain) of the CPC do not apply to establish jurisdiction. Therefore, jurisdiction can be established only in terms of section 20(c) of the CPC, which says where “the cause of action, wholly or in part, arises”. Evidence would be required to show how the website was specifically targeted at viewers in the forum state for commercial transactions. This contention also has to be substantiated with documentary evidence showing the injury or harm in the forum state. Further, a commercial transaction entered with an internet user within the forum state should not be a solitary trap transaction or trap order set up by the plaintiff.

The provisions under the TMA and the CPC, together with the principles laid down by Indian courts so far, settle the issue of jurisdiction in cases related to injunction and passing-off. In matters of passing-off, jurisdiction must exist under the forum state’s long-arm statute and the assertion of personal jurisdiction must be consistent with the limitations of the CPC.

Even a display of prototypes and representations, brochures and information on a passive website should amount to a conclusive commercial transaction and courts should in all these instances acknowledge that these websites still have the potential to affect the market in the forum state. This judgment is a promising start to the speedy settlement of other web-related disputes in India.

Priti Suri is the proprietor of PSA where Neeraj Dubey is an associate.