

Navigating Global Jurisdiction: The Indian Courts' Approach to Online IP Infringement

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Introduction

The modern commerce landscape faces a significant challenge: the widespread infringement of intellectual property ("IP") rights due to online interactions that enable instant global access. This issue is exacerbated by cross-border activities, necessitating the application of private international law ("PIL"). However, IP protection remains territorial, guided by the principle of "*lex loci protectionis*." This results in complexities when it intersects with PIL. Online IP infringement further convolutes matters due to the internet's omnipresence and accessibility, making the establishment of jurisdiction a complicated process for legal professionals. A pivotal development in this arena occurred in 2021 when the Delhi High Court rendered a judgement in the case of *HK Media Limited and Anr v. Brainlink International Inc.*,^[1] illuminating India's legal framework for determining jurisdiction in cases of online IP infringement within the context of cross-border disputes.

Facts

HT Media, the plaintiff in this case, was involved in the business of print media and online publications. They operated online editions of their newspapers through their websites, specifically www.hindustantimes.com, and held registered trademarks for "*Hindustan*" and "*Hindustan Times*". The defendants, Brainlink Int. Inc., were a corporation based in New York and owned the domain name www.hindustan.com. Their website provided news content like HT Media, focusing on India-America interests and stock market reports from India.

Due to the striking similarity between the websites, the plaintiffs initiated legal proceedings seeking a permanent injunction against the defendants, restraining

them from using the domain name. Simultaneously, the defendants filed a suit in the United States District Court, asserting non-infringement of the plaintiffs' rights.

In response, the plaintiffs argued that the Indian court should halt the proceedings in the foreign court through an anti-suit injunction. They contended that the defendants were subject to the personal jurisdiction of the Delhi High Court, making it appropriate for the Indian court to intervene in the case.

Enhanced and vital interpretation of “Carrying on Business”

The court's jurisdiction in the present case was established under Section 134 of the Trade Marks Act 1999, which permits a plaintiff to file a suit in the court's jurisdiction where it carries on business.

In cases of online infringement of IP, the test for carrying on business was outlined in *World Wrestling Entertainment Inc. v. Reshma Collection*.^[2] In the *World Wrestling case*, the plaintiffs were a company incorporated under the State of Delaware, USA laws. They filed for a trade mark infringement in a suit in the Delhi High Court. They contested that their website was accessible in Delhi, and thus, under Section 134 of the Trade Marks Act, they carried on business in Delhi. The court noted that “*the availability of transactions through a website at a particular place is virtually the same thing as a seller having shops in that place in the physical world.*” This means that if a website is accessible via the internet at a particular place, the courts of that place could claim jurisdiction over the dispute. Moreover, due to the pervasive and global access of the internet, this gives the parties an opportunity for forum shopping; the jurisdiction can be established at any place where the online site is accessible.

This principle was further affirmed in the case of *Millennium & Copthorne International Ltd. v. Aryans Plaza Services (P) Ltd.*^[3] In this instance, the plaintiff, “*Millennium & Copthorne,*” was a London-based company without a physical office in India. Nevertheless, the plaintiff extensively promoted its services in India through its online presence, collaborating with notable companies such as “*MakeMyTrip*” and “*Hotel Travel Ltd.*” Applying this law, the plaintiff argued that despite lacking an office in Delhi, they were carrying out business in Delhi and thus qualified to file the suit in the Delhi High Court under Section 134 of the Trade Marks Act.

Unsurprisingly, this approach raises concerns about predictability. This is because parties could file suits in any court where their website is accessible. In the present case, however, this reasoning was not accepted, as the court emphasised the physical existence of the plaintiff's registered office in Delhi to meet the criterion of "*carrying on business.*" Moreover, the court deemed the lawsuit filed in the Eastern District of New York vexatious and oppressive.

One of the grounds to establish that the jurisdiction of the US court was oppressive was that the plaintiff was not carrying on business in the US. This determination was made by diverging from the precedent set in the *World Wrestling case*, as illustrated above. In this case, the court analysed the target audience of the plaintiff's business. This analysis demonstrated that the plaintiff was indeed conducting business in India, and most of its readers were residents of India despite the global accessibility of its website. Had the court followed the *World Wrestling case ratio*, the mere accessibility of the plaintiff's website would have constituted carrying on business in the US. However, the court, in this instance, refrained from doing so. Hence, the court's interpretation of "*carrying on business*" was twofold: it relied on the physical presence of the plaintiff's registered office and evaluated its target audience to establish the "*carrying on of business.*" The court did not solely consider the accessibility of the plaintiff's website, as was the practice in previous cases.

The ruling in the *WWE case* allowed parties to potentially misuse the right of forum shopping, enabling them to file suits in any country where their website was accessible. However, the approach adopted in the present case aligns more closely with the principles of PIL. It helps prevent the abuse of forum shopping by restricting the options available to parties when filing a suit under the ambit of "*carrying on business.*" This decision establishes a precedent, underscoring the significance of establishing jurisdiction based on various connecting factors, such as the registered office of the party's business and its target audience. This approach emphasises the importance of a collective analysis by considering a range of factors rather than solely relying on the accessibility of a website in a specific location.

The test of "Cause of Action"

In online IP infringement cases, another ground for establishing jurisdiction revolves around determining the place where the cause of action arose. The Delhi

High Court has established precedents in this regard, notably in *Banyan Tree Holding (P) Ltd. v. A. Murali Krishna Reddy*,^[4] and further elucidated in *Impresario Entertainment v. S & D Hospitality*.^[5] In the *Banyan Tree* case, the plaintiff had a registered office in Singapore. It had an e-commerce website accessible in India, and thus, it instituted a suit in Delhi. It filed for trade mark infringement against the defendant, whose place of business was in Andhra Pradesh, India. The issue in this case was regarding the jurisdiction of the Delhi High Court, as neither of the parties resided in the territory of Delhi. Thus, the court established the “*tighter version of the effects test*” for deciding the place of cause of action in online infringement matters. The court ruled that to establish jurisdiction when the defendant does not reside or conduct business in the forum state but the website in question is universally accessible, and the plaintiff must demonstrate that the defendant specifically targeted the forum state with the intent to harm the plaintiff.

Building on this, in *Impresario Entertainment v. S & D Hospitality*, a Mumbai-based restaurant business (plaintiff) sued a Hyderabad-based restaurant (defendant) with a similar name in the Delhi High Court. The plaintiff claimed jurisdiction under the grounds of cause of action based on the reasoning that interactive website listings such as Zomato were accessible in Delhi, and thus, it was also one of the places where infringement took place, resulting in the cause of action. However, the court ruled in favour of the defendant, stating that mere website interactivity was insufficient for establishing jurisdiction under this ground. Thus, the *Impresario* case emphasised the concept of “*specifically targeting the forum state*,” requiring the plaintiff to prove that one of their customers was misled by the defendant, leading to the conclusion of a commercial transaction or a strong intention to finalise a transaction.

The tests for carrying on business and cause of action represented opposite ends of the spectrum: the former was relatively easy to establish, and the latter was challenging to prove, placing the burden on the plaintiff. In the present case, the court struck a balance between these tests. It established a criterion where the connecting factors for identifying where the cause of action arose required a demonstration of the likelihood of damage without conclusively proving a commercial transaction. The court held that since the plaintiff was an Indian news channel catering to an Indian audience, their goodwill and reputation were primarily in India. Consequently, any damage inflicted would stem from the

defendant's site being accessed from India, given that the plaintiff's primary target audience resided there. The burden of proof was not on the plaintiff to prove that he had "actually" faced financial damage but to show that there was a "likelihood" of facing such financial damage to invoke the grounds for cause of action, unlike in the cases of *Banyan Tree* and *Impresario*. Furthermore, as the IP rights were safeguarded in India, any infringement would constitute a cause of action where these rights were granted.

Implications of the case

In the European Union (EU), the court's jurisdiction is established under Art 7(2) of the Brussels I Recast Regulation. The connecting factors in this article are the places where the damage occurred or may occur. Thus, jurisdiction is established based on the location of the harm caused by online infringement, which the likelihood of financial loss to the plaintiff would prove. The plaintiff must prove that damage was caused due to the accessibility of the defendant's site in that country. The court's reasoning in the present case aligns with the reasoning of the EU to establish jurisdiction in such cases, as even in the present case, the court established jurisdiction based on connecting factors such as the place of "damage" by analysing the plaintiff's target audience and how damage to its goodwill in India would lead to financial loss for the party. Thus, with the ruling in *HK Media Limited and Anr v. Brainlink International Inc.*, India has also adopted an Article 7(2) Brussels approach. This ruling sets an encouraging precedent, fostering consistency and harmonising private international law rules across nations for cross-border online IP infringement. It furthers the goals of establishing predictability and certainty in determining jurisdiction in cross-border disputes.

[1] 2020 SCC Online Del 1703.

[2] 2014 SCC Online Del 2031.

[3] 2018 SCC Online Del 8260.

[4] 2009 SCC Online Del 3780.

[5] 2018 SCC OnLine Del 6392.