

India: Forum Shopping and Web Presence

Ranjan Narula and Raka Roy consider the implications of a ruling in the Delhi High Court where the Court tried to set out a specific guideline on resolving jurisdictional issues arising in online transactions.

The ubiquity, universality and utility of the Internet have challenged the traditional methods of selling and buying goods and services. One of the challenges faced by the parties in an online transaction is determining the appropriate forum for adjudicating conflicts. In particular, this issue arises in those cases where parties seek redress on the basis of web presence, arguing that the party's goods or services are made available to consumers in all parts of India. The absence of precedents usually provides judges with a wide option to decide the jurisdictional issues involving the Internet. In India, this issue is still evolving. With only two major precedents on board, it has always been challenging for the Indian judiciary to sort out this challenge.

Facts

The conflict in *Banyan Tree Holding Pvt Ltd v Murali Krishna Reddy* essentially concerns misuse of the trade mark/brand name 'Banyan Tree'. The suit for passing off was filed at the Delhi High Court whereas neither party was based in Delhi. BTH is based in Singapore and the defendant is based in Hyderabad. BTH claims to be an established player in the hospitality industry. It claims to have adopted and used the mark BANYAN TREE along with the banyan tree device since 1994. BTH claims that, on the account of the extensive and continuous use by BTH of the BANYAN TREE mark and device in relation to its business, they have acquired secondary meaning, have become highly distinctive and have come to be associated with the BTH and its sister concerns. BTH has maintained the web sites www.banyantree.com and www.banayantreespa.com since 1996. The said web sites are accessible from anywhere in India. BTH brought the action on the basis that use of the name 'Banyan Tree Retreat' by Murali Krishna Reddy is an attempt to pass off its business and services as those of the plaintiff.

BTH invoked the jurisdiction of the Delhi High Court on the basis of the defendant's web site (www.makprojects.com/banyantree.htm) that is accessible in Delhi. It alleged that the defendant advertised services through this web site. Furthermore the defendant was offering services to consumers in Delhi through this web site. It also relied on one single instance when the defendants' brochure was sent to a resident in Delhi for the purposes of sale of property in their project.

The single judge at the time of admission of the case referred the matter to the division bench for opinion to determine the basis of court's jurisdiction in a trade mark infringement or passing off action based on accessibility of a web site and the extent of the burden that the person invoking the jurisdiction of the court had to discharge. Interestingly, the division bench also looked into 'trap orders' or 'trap transactions' made through the online presence of the party and examined to what extent they can form the basis of filing an action.

Submissions by parties before the Division Bench

As regards the accessibility of the defendants' web site in Delhi, counsel for the plaintiff emphasised that (a) the nature of the web site, (b) the intention of the web site's host to market its products in Delhi and (c) the effect of such action by the defendants in Delhi are the three factors that have to be accounted taken into account when determining whether the court has territorial jurisdiction. However, it was the defendant's case that mere hosting of a web site which can be accessible by anyone from within the jurisdiction of the court is not sufficient for this purpose. Also a mere posting of an advertisement by the Defendant depicting its mark on a passive web site which does not enable the defendant to enter into any commercial transaction with the viewer in the forum state cannot satisfy the requirement of giving rise to a cause of action in the forum state.

Decision

The division bench examined the law as it has developed in other countries (US, UK, Canada, Australia etc) and also examined two earlier cases decided on the subject (ie the Casio India case and India TV case) which that essentially took differing views

a) In Casio India's case# the court had held that mere web presence is sufficient to invoke jurisdiction of a particular court. In this case the defendant was based in Mumbai and case was filed in Delhi. However the defendant had a web site that was accessible in Delhi.

b) In India TV's case# the Court categorically clarified that for a court to claim jurisdiction, it is necessary for the defendant's web site to be interactive permitting browsers to not only access but also subscribe to the services provided by the owners/operators in the court's jurisdiction.

The court after considering the above cases laid down following guidelines:

1) In a trade mark infringement or passing off action where the defendant is sought to be sued on the basis that its web site is accessible in the forum court, it would have to be shown that the defendant had engaged in commercial activity by targeting its web site specifically at customers within the jurisdiction of that court. The court clarified that mere posting of an advertisement by a defendant depicting its mark on a passive web site that does not enable consumers to enter into commercial transaction with the party cannot be the basis for invoking the jurisdiction of the court. It would have to be shown that the nature of the activity indulged in by the defendant by the use of the web site was with an intention to conclude a commercial transaction with the web site user.

2) In relation to 'trap orders' and 'trap transactions', the court approved evidence procured through such transactions. However, it clarified that the following factors will be relevant:

The fairness of the transaction
the nature of the goods or services offered for purchase and if whether they required
customers to physically verify their quality
a lone trap transaction will not be sufficient
evidence of trap transactions with supporting materials must be produced for the
scrutiny of the court.

Our comments

Over the last ten years, the Delhi High Court with its IP savvy image has attracted IP owners and practitioners and emerged as a preferred forum for litigation. In some cases the boundaries were stretched and 'availability of goods on-line' or 'accessibility of web site' was often cited to bring the actions before the Delhi High Court. The clear guidelines now provided by the court will no doubt help the IP holders to look at this aspect carefully and help development of other forums for IP litigation.

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