

JURISDICTION ISSUES RELATING TO VIOLATION OF IPR IN CYBERSPACE

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With the advent of the internet, the boundaries between the real and the virtual worlds have increasingly narrowed. The biggest repercussion of this development is that in all disputes relating to the cyber space, including IPR disputes, the preliminary issue of jurisdiction has gathered immense importance. It is essential for effective improvement of the IPR enforcement and grievance redressal regime that the jurisdictional aspect is carefully deliberated upon in view of constant recent developments at this end.

1. JURISDICTION DEFINED

The term jurisdiction means the competency to try, decide and entertain the suit with reference to its subject matter and the powers of Court. Jurisdiction is the legal power of determining and hearing controversies.¹

The issue of jurisdiction stands preliminary before taking further step in deciding the matter expeditiously. Every matter can be objected to at its initial stage on the ground of jurisdiction. Hence, a preliminary objection is one that challenges the competence of a Court to hear and decide a particular case before it.²

¹ Pankaj Jain and Pandey Sangeet Rai, *Copyright and Trademark Laws relating to Computers* at IX (EBC, 2005) at 187.

² AIR 1935 ALL310:156IC 1088: 1935 AWR 599: 1935 ALJ 527.

THE CONCEPT OF PERSONAL JURISDICTION

Personal jurisdiction is a term that has originated in the US. It refers to the power of Court to try and entertain the suit in a particular matter over an individual.³ It is for every Plaintiff to establish that the Court where it files a suit has personal jurisdiction over the Defendant.

2. INTERNET JURISDICTION

The nature of Internet can be expressed as being multi – jurisdictional because of its flexibility to be accessed from any corner of the world. Due to the reason of the complexities mentioned above that surround the internet, various tests have been laid down by Courts and tribunals all over the world.

One of the primary theories relating to internet jurisdiction was laid down in *Burger King v. Rudzewicz*⁴. Here, the Court observed that jurisdiction could not be avoided “merely because the Defendant did not physically enter the forum state. The *purposeful availment* is satisfied when the Defendant’s contacts with the forum proximately result from actions by the Defendant himself that create a substantial connection with the forum state”.

3. APPROACHES TO CYBERSPACE JURISDICTION

Some of the important approaches towards internet jurisdiction are as follows:-

a) *Determining Personal jurisdiction by applying ‘minimum contacts’*

As far back as in the year 1945 the Supreme Court of the USA established and enhanced the scope of personal jurisdiction through *minimum contact* in the landmark case of *International Shoe v. Washington*.⁵ The rule of minimum contact can very well be illustrated from the case of *Panavision Int’l. L.P. v. Toppen*.⁶ Here, an Illinois resident, was an individual who “attempts to profit from the Internet by reserving and later reselling or licensing Domain Names back to the companies that spent millions of dollars developing the goodwill of the trademark”. The California Court held that jurisdiction was “proper because Toeppen’s out – of – state

³ Jain and Rai, *supra* note 1 at 188.

⁴ 471 US 176 (1985).

⁵ 326 US 310 (1945).

⁶ 938 F Supp 616 (CD Ca 1996).

conduct as intended to, and did, result in harmful effects in California. The Court found that the Defendant had purposefully availed himself of the privilege of acting in the Forum state or causing a consequence in the Forum State.

The “Purposeful availment” test assures that a non – resident Defendant will be aware that it could be sued in the Forum state.⁷

To summarize, it can be said that to establish personal jurisdiction: -

- 1) the non – resident Defendant must do some transaction or consummate some act with the forum or perform some act by which he purposefully avails himself of the privilege of conducting activities in the forum, thereby invoking the benefits and protections as well as the liabilities under its laws;
- 2) the claim must be such as arises out of or result from the Defendant’s forum – related activities; and
- 3) exercise of jurisdiction must be reasonable.⁸

However, if in a majority of instances relating to violation of intellectual property rights in cyberspace, the minimum contact test is applied by virtue of which the Defendant could be tried anywhere in the world as the Internet possesses the global quality within itself.

b) Refusing personal jurisdiction on account of Insufficient contacts

The vast interconnectivity of the Internet cannot be the only reason for extending *purposeful availment* over every Defendant. Extending personal jurisdiction indefinitely by the judicial system over out – of – state parties with little other contact than e – mail or website presence in a state can lead to establishment of personal jurisdiction in any state. It is thus important for fair administration of justice, that Courts take a close look at whether the Internet Defendant is truly purposefully availing another jurisdiction.

⁷ *World – Wide Volkswagen Corp. v. Woodson*; 444 US 286 (1980) at p. 297.

⁸ Omeluk case, 52 F 3d 270.

In *Cybersell Inc. v. Cybersell Inc.*⁹, there was a dispute over a service mark between two corporations, one at Orlando and another at Arizona. The issue in controversy here was whether mere use of a website by the Florida corporation was sufficient to grant the Court jurisdiction. The Court held that it would not confirm with “traditional notions of fair play and substantial justice”¹⁰ for Arizona to exercise personal jurisdiction over an allegedly infringing Florida website advertiser who has no contacts with Arizona other than maintaining a home page that is accessible to Arizonans, and to everyone else, over the Internet.

c) ***The Sliding Scale Framework***

Refusing jurisdiction on account of insufficient contacts is something that depends on a case to case basis. Courts in some online infringement cases have found the existence of a website alone sufficient to grant personal jurisdiction, but only after subjectively analyzing the “interactivity” offered by the site.

To resolve the preliminary issues relating to jurisdiction in the cyberspace, the Courts have started applying the sliding scale framework. The sliding scale framework was first developed by the United States District Court for the Western District of Pennsylvania in *Zippo Manufacturing Co. v. Zippo Dot Com. Inc.*¹¹ The framework is based on the premise that the likelihood of constitutional exercise of personal jurisdiction is directly proportionate to the nature and quality of commercial activity being conducted by an entity over the Internet. There are three different categories of Internet activity on the Zippo sliding scale: -

(1) a) **Doing Business Category**

This implies repeated contact between the forum state and the Defendant, justifying proper exercise of jurisdiction over him.

⁹ 44 USPQ 2d 1770, WL 754467 (WDNC 1997)

¹⁰ The Court in *Cybersells case* have applied the case of *Darby v. Compagnie Nationale Air France*, 769 F Supp. 1255 at p. 1262 (SDNY 1991) for the referred view.

¹¹ 952 F Supp 1119 at p. 1124 (WD Pa 1997).

(2) b) Interactive Category

This category is characterized by ‘interactive websites’ and the exercise of jurisdiction by the forum is justified on the basis of the level of interactivity and the extent to which the said exchange of information is commercial in nature.

(3) c) Passive Website Category

In these cases, the exercise of jurisdiction is not termed proper as here the Defendant does nothing more than post information on the internet, which, coincidentally can also viewed from the forum state.

d) Real and Substantial test

The real and substantial connection test may, however, be applied in infringement disputes where the Defendant may not necessarily be the website owner. Section 3(e) of the *Court Jurisdiction and Proceedings Transfer Act* of Canada provides for such a test.

Under this test, in order to determine whether any Court has jurisdiction or not, it is important to determine whether there is any real and substantial connection of the Province and the facts on which the proceedings against the Defendant is based. The approach of permitting a suit where there is a real and substantial connection with the action provides a reasonable balance between the rights of the parties. Consequently, the Court must then consider the reasonableness of assertion of jurisdiction and great care must be exercised while extending jurisdiction to the international field.

As stated before, Courts have generally applied the minimum contacts test for cyberspace jurisdiction in international cases. To determine the existence of minimum contact or otherwise, it would be prudent to follow a ‘*Three Prong*’ Test combining the best parts of all the above given theories.

The test would consist of: -

- 1) Whether there was purposeful availment?
- 2) Whether the claim arises out of or is related to Defendants activities?
- 3) Whether the exercise of jurisdiction confirms with fair play and substantial justice?

The scope of personal jurisdiction over a foreign national has many issues still to be resolved. For example, whether any web activity by anyone done without commercial intent i.e. without advertisements or soliciting sales, without a sale with a contract or other contract with the forum state, without the potentially foreseeable harm of a trademark infringement, would be sufficient to permit the assertion of jurisdiction over a foreign Defendant? In this regard, it is reiterated that the outcome in such matters will still differ on a case to case basis and there is no straightjacket formula covering all cases.

e) Jurisdiction on the basis of Domicile

This basis of exercising jurisdiction is prevalent in the UK. Applying this rule to typical actions for abusive registration of Domain Names, jurisdiction would depend on the domicile of the registrant of the Domain Name and not upon the country where the Domain Name Registrar is based.¹² Thus, it is appropriate to deal with an English hijacker in England, whether he has registered a .com name or a Domain Name indicating some other country. If the claimant does not have registered or common law rights in the domicile of the hijacker, he may be able to bring a claim under Section 56 (well – known marks)¹³ of the 1994 Act. Failing that, he will have to persuade a Court in his own country to exercise extra – territorial jurisdiction over the Defendant and generally this requires some substantial link between that country and the Defendant.

4. INDIAN SCENARIO

The Indian Courts are continuously endeavouring to enhance the scope of jurisdiction to bring within its scope the Internet related matters where the Defendant is either an out – of – state person or entity or where such an out – of – state person or entity files a suit in a foreign Court over the Indian Citizens and detains the Indian citizens for the wrongful act committed by them.

a) Indian territorial jurisdiction over the Out – of – State Defendant

The owner of a trademark can file a civil suit in the Indian Courts of the infringement of his rights vested in such mark, if he fulfils the criteria laid down in Section 134 of the Trademark Act, 1999 which is equivalent to Section 62 of the Copyright Act, 1957. Every suit in respect

¹² Kerly's, *Law of Trademarks and Trade Names* (London Sweet & Maxwell, 2001) at 741.

¹³ Trademarks Act 1994 of the U. K: http://www.opsi.gov.uk/acts/acts1994/Ukpga_19940026_en_3.htm.

of the infringement of trademark in any work or the infringement of any other right conferred by this Act shall be instituted in the District Court. Section 2(4) of the code of Civil Procedure provides that:

“District means the local limits of the jurisdiction of a principal Civil Court of original jurisdiction (hereinafter called a ‘District Court’), and includes the local limits of the ordinary original civil jurisdiction of a High Court”.

However, to determine whether the Court has jurisdiction or not the section further lays down certain criteria which provides that a District Court having jurisdiction shall 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, in spite of anything else contained or that may have been mentioned in the Code of Civil Procedure. A suit for passing off arising out of the use by the Defendant of a trademark, which is, identical with or deceptively similar to the Plaintiff’s trademark whether registered or unregistered, shall thus be instituted in a District Court having jurisdiction to try the suit. However, it does not provide the meaning of the “District Court”. The code of Civil Procedure provides the jurisdiction of the District Court.

b) Cause of action

The Code of Civil Procedure provides for territorial jurisdiction. Section 20 of the Code provides for jurisdiction where the suit can be instituted on the basis of cause of action.¹⁴

¹⁴ Section 20 of the *Code of Civil Procedure*, 1908 provides: -

Subject to the limitations aforesaid, 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 voluntary resides, or carries on business or personally works for gain; or
- (b) any of the Defendant, where there are more than one at the time of the commencement of the suit, actually and voluntary 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 acquiescence in such institution; or
- (c) the cause of action wholly or in part arises.

In the context of the Internet, however, it becomes very difficult to determine these above – mentioned factors to reach the out – of – state Defendants. But if the cause of action clause was to be carefully examined, it is amply clear that the Defendant’s residence or his business or his personal work of gain would be immaterial if the cause of action wholly or in part arises in India.¹⁵ The Indian Courts would thus have the jurisdiction even though the Defendant is not a resident of India. However, it becomes very hard to deal with or understand the troublesome issues of Internet jurisdiction in infringement disputes, where there are usually no contracts between the two parties i.e. the owner of the copyright and the infringer.

The Indian Courts have strived to deal with the issue. The Courts have granted certain interlocutory orders in some Domain Name disputes in which the law of passing off had been applied. In *Tatasons v. Ghasson Yacoub*¹⁶, the Defendant had registered the Domain Name ‘tatagroup.com’ in the US while the Plaintiff was a resident of India. Mukul Mudgal, J. held that since the Internet has transactional ramifications, it is the effect of the impugned transaction in India, which is the decisive factor for determining jurisdiction. The Court thus held that the Internet could be accessed in New Delhi though it had been registered in the US and thus established jurisdiction over the Defendant on the basis of part cause of action as provided in section 20 (c) of the Code of Civil Procedure, 1908. Part cause of action having arisen within the jurisdiction this Court, it cannot be said that this Court has no jurisdiction¹⁷. But if Internet jurisdiction was determined on the basis of accessibility, it would be such that all kinds of infringement disputes arising over the Internet would cling to the Indian jurisdiction. Thus, though amendment of section 20 provides for part cause of action, it is also important that Courts interpret the term with a requirement of something more than mere accessibility. The Courts have been efficiently and effectively trying to deal with the impediment by referring to US laws in personal jurisdiction. It is apparent that part cause of action can be termed as equivalent to sufficient contacts¹⁸. In order to determine the jurisdiction of Court, if in a dispute, it can be seen

¹⁵ *City and Industrial Development Corpn. Of Maharashtra v. R.M. Mohite & Co.* 1998 (2) Mah LR 641 : (1998) 3 Mh LJ 223 : (1998) 2 Bom CJ 584.

¹⁶ Suit No. 1672 of 1999.

¹⁷ *Kotak Mahindra Finance Ltd. v. Parasrampuriah Synthetics Ltd.*; (1998) 1 Bom CJ 627: 1998 (4) BCR 748.

¹⁸ 326 US 310 (1945).

that Defendant had some kind of minimum contact within the local limits of such District Court, a part cause of action criteria can be established. An Indian Court in *Yahoo! Inc. v. Akash Arora*¹⁹ rightly held that there should be something more than mere accessibility to establish part cause of action. The cause of action requirement can thus be fulfilled with reference to the sliding scale framework.²⁰ If the Plaintiff establishes that the Defendant is doing business with the local limits of jurisdiction or is in some way interacting within the local limits of such state, then the Courts of such state can enhance the scope of jurisdiction on such out of state Defendants.

While, the Delhi High Court, in the landmark case of *Banyan Tree Holding (P) Ltd v. A. Murali Krishna Reddy and Anr.*²¹ applied the rule of purposeful availment to the Indian scenario by holding that in order to establish the jurisdiction, the Plaintiff would have to show that the Defendant purposefully availed of the jurisdiction of the forum by targeting customers within the forum state, the Court also relied upon the ‘long arm’ provision contained in Section 62 (2) of the Copyright Act, 1957 which provides that the physical location of the defendant is immaterial and the case could be instituted in the local limits of a Court within which the Plaintiff, “carries on business”.²² For some, this raises concerns regarding the extraterritoriality of Indian IPR law²³, however, the Courts have consistently upheld the Banyan Tree principle to give relevance to the plaintiff’s place of business in such disputes in contrast to the rules of territorial jurisdiction generally applicable to other disputes. In *Blueberry Books & Ors. vs Google India Pvt. Ltd & Ors.*²⁴, the Delhi High Court, while relying upon the decision of the Supreme Court of India in *Indian Performing Rights Society vs Sanjay Dalia*²⁵ harmoniously construed the provisions of Section 62 of the Copyright Act, 1957 with the general provisions

¹⁹ (1999) 19 PTC 210 (Delhi).

²⁰ The sliding scale framework has been laid down in the case of *Zippo Manufacturing Co. v. Zippo Dot Com Inc.*, 952 F Supp 1119 at p. 1124 (WD Pa 1997).

²¹ 2010 (42) PTC 361.

²² The said provision is analogous to Section 134(2) of the Trademark Act, 2002.

²³ See, Hrishita Mukherjee, “Copyright Protection in Cyberspace-A Comparative Study of USA and India”, *International Journal of Science and Research (IJSR) Vol 5 Issue 5 (May 2016)* at 3.

²⁴ FAO (OS) 69/2014 decided by the Delhi High Court on 25.05.2016.

²⁵ 2015 (10) SCC 161.

contained in Section 20 of the Code of Civil Procedure and allowed the plaintiff to institute a suit where he is having place of business. However, the Court also stressed that once it is shown that the defendant “carries on business within the jurisdiction” of the Court, and the plaintiff, which is the copyright owner, also “resides” there, jurisdiction cannot be denied.

In the infringement disputes where an Indian Citizen is involved, and where the foreign national is the claimant, the foreign national can obtain a foreign judgement which would be conclusive in India. However, there are certain exceptions mentioned in Section 13 of the Code of Civil Procedure with regard to the same. Section 13 states that:

“A foreign judgement shall be conclusive as to any matter thereby directly adjudicated upon between the same parties or between parties under whom they or any of them claim litigating under the same title except:

- (a) Where it has not been pronounced by the Court of competent jurisdiction.*
- (b) Where it has not been given on the merits of the case;*
- (c) Where it appears on the face of the proceeding to be founded on an incorrect view of international law or a refusal to recognize the law of [India] in cases in which such law is applicable.*
- (d) Where the proceedings in which the judgements were obtained are opposed to natural justice;*
- (e) Where it has been obtained by fraud;*
- (f) Where it sustains a claim founded on a breach of any law in force in [India]”.*

It is thus very essential to note that ideally the users of the world wide web should access and communicate with the web with the awareness of the international laws as they can be liable in the foreign Courts also, if such act violates the rights of foreign nationals. The daily addition of cases in this field has necessitated a need for framing a unique, and a new legal framework with an international perspective in which much of the outcomes of the jurisdiction issue should be drawn with the result of solving such matters expeditiously in their preliminary stage. A

possible innovative solution is perhaps increasingly resorting to online or international dispute resolution mechanisms provided by the World Intellectual Property Organization (WIPO) or as enshrined in the Uniform Domain Name Dispute Resolution Policy (UDRP) established by the Internet Corporation for Assigned Names and Numbers (ICANN). The nature of these mechanisms is international in nature and presumes that the internet is a virtual space in itself, thus negating traditional jurisdiction problems giving an international character to these disputes like that of the internet itself, based on the principle *what happens on the internet, stays on the internet*.

