

IN THE HIGH COURT OF DELHI AT NEW DELHI

% Judgment delivered on: 22.12.2017

+ **C.S. (COMM) 334/2016, IA No. 4525/2016 & 6625/2016**

NEWS NATION NETWORKS PRIVATE LIMITED Plaintiff

Versus

NEWS NATION GUJARAT AND ORS.Defendants

Advocates who appeared in this case:

For the Plaintiff :Ms Kanika Sinha and Mr Ankit Shah.

For the Defendants :Mr Ankit Shah and Mr Kamal for D-1 & 2.

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HON'BLE MR JUSTICE VIBHU BAKHRU

JUDGMENT

VIBHU BAKHRU, J

I.A. 6624/2016

1. The present application has been filed on behalf of defendant no. 1, under Order VII Rule 10 and 11 of the Code of Civil Procedure, 1908 (hereafter 'CPC'), *inter alia*, praying that the above captioned suit be dismissed as not disclosing "a clear right to sue" and also not disclosing "the real cause of action". The applicant also seeks that the plaint be returned as this Court has no jurisdiction to entertain the suit.

2. The above captioned suit has been filed by the plaintiff seeking a decree of permanent injunction restraining passing off, damages, delivery up etc. against all the defendants.

3. The principal controversy involved in this application is whether any part of cause of action has arisen within the territorial jurisdiction of this Court.

4. The plaintiff, News Nation Network Private Limited, a company incorporated under the Companies Act, 1956, is a media house engaged in the business of broadcasting, telecasting, relaying, transmitting and distribution of news. It is stated that the plaintiff owns and operates a Hindi news channel under the trademark and trade name *NEWS NATION*, which is broadcasted all over India - including in the State of Gujarat - by way of cable streaming, Direct To Home (DTH) service and also by online streaming.

5. The plaintiff states that the mark *NEWS NATION* is a combination of two words and was coined by the plaintiff in the year 2012 and is being used by it since April, 2013. The plaintiff has applied for registration of the mark *NEWS NATION*; however, the same is pending before the Registrar of Trademarks, Delhi. It is further stated that the plaintiff has a formidable presence on the internet and operates a website with domain name “*www.newsnation.in*”, along with significant presence on social networking sites such as *Facebook* and *Twitter*. The plaintiff claims that its mark *NEWS NATION* has acquired “*invaluable goodwill and reputation*” and the same is identified as that of the plaintiff alone. The plaintiff further claims that it has incurred substantial expenditure in advertising its trademark/trade name *NEWS NATION*.

6. The plaintiff has averred that defendant nos. 2 and 3 have established a media house and have started publishing a newspaper under the name and style of “*NEWS NATION GUJARAT*”, defendant no.1. The defendants

are also running a website with domain name “*www.newsnationgujarat.com*” along with an interactive *Facebook* page titled as “*news nation Gujarat*” (hereafter ‘the *facebook page*’). It is further stated that although the newspaper bearing trademark/trade name *NEWS NATION GUJARAT* is being circulated in Gujarat; however, it is being circulated through the World Wide Web and the same is accessible to users in Delhi as well. It is stated that the use by the defendants of the trademark / trade name *NEWS NATION* is causing grave confusion and deception among the public at large and therefore, amounts to passing off, unfair competition and unfair trade practice.

7. Defendant nos. 1 and 2 have filed a written statement contesting the averments made in the plaint. It is also stated therein that the newspaper, News Nation Gujarat, is published by an NGO, Human Welfare Foundation, and defendant no. 2 is a trustee. It is also averred that defendant no. 3 has no connection with the newspaper and is a figment of the plaintiff’s imagination.

8. It is common ground that for the purposes of considering the objection as to the territorial jurisdiction of the Court at a pre-trial stage, under Order VII Rule 10 of CPC, the defense raised by the defendants is not required to be examined; only the averments made in the plaint are required to be looked into. The question has to be considered on a demurrer accepting the plaintiff’s averments to be correct (See: *Expnar SA and Another v. Eupharma Laboratories Ltd. and Another: (2004) 3 SCC 688*).

9. The mark *News Nation* is not a registered trade mark (although an application for registration of the said trademark is pending). Thus, the present suit is a suit for passing off and the question whether this Court has

jurisdiction to entertain the suit has to be considered in the context of Section 20 of CPC.

10. At this stage, it is necessary to refer to the relevant paragraphs in the plaint regarding the cause of action and the jurisdiction of this Court. The same are set out below:

“26. That the cause of action arose in October, 2015 when the Defendants first used the mark “News Nation Gujarat” and has continued ever since. The cause of action again arose in January when the Plaintiff started receiving some queries about News nation Gujarat and again arose in January, when the Plaintiff was informed by its correspondent about the Defendant’s illegal adoption of the Plaintiff’s mark. The cause of action further arose when the legal notice dated 01.02.2016 was served upon the Defendants and no reply received. The cause of action again arose on 16 February 2016 when the Plaintiff received an e-mail from one of its clients Prime Time Communications inquiring about the infringing newspaper. The cause of action again arose each time the Plaintiff received telephonic queries by members of trade several of whom are even based in Delhi, inquiring about the newspaper NEWS NATION GUJARAT and expressing their intention to advertise in the same. It is humbly submitted that the cause of action is a continuous and recurring one and continues to subsist and arises afresh on day-to-day basis till such time the Defendants’ cease all use of the Plaintiff’s trademark and tradename ‘NEWS NATION’.

27. That the Hon’ble Court has jurisdiction to entertain and try the present suit inasmuch as the cause of action has arisen in Delhi. The Defendants are circulating news under the impugned NEWS NATION GUJARAT mark through its websites and online web pages which are accessible and being viewed in Delhi and within the jurisdiction of this Hon’ble Court. The alleged mark of the Defendants NEWS NATION GUJARAT is causing confusion amongst people and members of industry based in Delhi. This is evident

from the e-mail dated 16.02.2016 written by a third party M/s. Prime Time Communications based in Delhi, that uses the Plaintiff's channels for advertising its products/services, inquiring about the newspaper NEWS NATION GUJARAT and expressed its intention to advertise in the same. The said e-mail was received by the Plaintiff at its registered office in Delhi. That apart from the said e-mail, the Plaintiff has been receiving several telephone calls from members of the trade several of whom are also based within the territorial jurisdiction of this Hon'ble Court inquiring about News Nation Gujarat and expressing their intention to advertise in the same. In addition to the above, it is further submitted that Plaintiff's trademark application for the mark NEWS NATION which is the subject matter of the Suit, is also pending before the Registrar of Trademarks in Delhi and therefore has its *situs* in Delhi. It is thus submitted that this Hon'ble Court has the jurisdiction to entertain and try the present Suit."

11. Insofar as the contention that the defendants are circulating news under the mark "NEWS NATION GUJARAT" through the website www.newsnationgujarat.com is concerned, the documents produced by the plaintiff do not support the plea that the defendants are circulating the news through their website. The defendants have asserted that their website is not functional as yet. During the course of proceedings, it was conceded on behalf of the plaintiff that the defendants do not circulate their paper online through their website but on social media platforms. It was contended that the defendants' newspaper was available on its "*facebook page*" and the defendants were circulating news through www.facebook.com, which the plaintiff claims is an interactive site.

12. Undisputedly, defendant no.1 is a newspaper published in Gujarati and is circulated in the State of Gujarat. There is no allegation that the hard copy of defendants' newspaper is circulated within the territorial

jurisdiction of this Court. There is also no allegation that the defendants have consummated any commercial transaction within the territorial jurisdiction of this Court. Thus, the jurisdiction of this Court is invoked only on the basis of two assertions. First, that the newspaper is published on a page on www.facebook.com - which is an interactive site inasmuch as, users, can place their comments on the facebook page as well. Second, that the plaintiff has received queries from one M/s Prime Time Communications expressing its intention to advertise in the newspaper published by the defendants.

13. Although, it is also pleaded that the defendants have a website, www.newsnationgujarat.com, it was conceded during the course of the proceedings that the website was not displaying the newspaper published by the defendants. However, for the purposes of the present application it is assumed that the defendant has a website.

14. The question whether a universal website which can be viewed all over the world confers jurisdiction in the state where it is viewed, has been a subject matter of much debate.

15. Maintenance of the facebook page on a social media site can at best be representative of the defendants issuing an advertisement of their product i.e. newspaper. Although, it is stated that www.facebook.com is an interactive site, there is no allegation that any commercial transaction is carried out between users and the defendants through www.facebook.com. The allegation is merely that the users of www.facebook.com can read an article or news published and can post their comments.

16. The question whether a mere advertisement would itself confer jurisdiction on the Court where the advertisement is published, has been considered by this Court in *Pfizer Products Inc. v. Rajesh Chopra and Ors.*:127 (2006) DLT 783, in the context of an advertisement that was issued in a Trademark Journal. This Court while interpreting the decision of the Supreme Court in *Dhodha House v. S.K. Maingi & Patel Field Marshal Industries and Ors v. P.M. Diesel Ltd.* :(2006) 9 SCC 41, held as under:-

“.....The ratio of the Supreme Court decision in *Dhodha House* (supra) therefore, in my view, is not that the filing of an application at the Registrar of Trade Marks at a particular place would not clothe courts at that place with territorial jurisdiction to entertain the matter. The ratio is that an advertisement by itself in a Trade Mark Journal would not confer jurisdiction upon a court within whose territorial limits the advertisement is published or is seen.....”

17. One of the oft cited cases concerning information provided on a home page of a website is the case of *Cyber sell Inc, an Arizona Corporation v. Cyber sell Inc. a Florida Corporation: 130 F.3d 414 (1997)*. In that case, the United States Court of Appeals considered a case where the Arizona Corporation had advertised its commercial services over the internet under the service mark “Cybersell”. An infringement action was brought by a Florida Corporation of the same name. In that case, the court held as under:-

“Here, Cybersell FL has conducted no commercial activity over the Internet in Arizona. All that it did was post an essentially passive home page on the web, using the name “CyberSell,” which Cybersell AZ was in the process of registering as a federal service mark. While there is no

question that anyone, anywhere could access that home page and thereby learn about the services offered, we cannot see how from that fact alone it can be inferred that Cybersell FL deliberately directed its merchandising efforts towards Arizona residents.

Cybersell FL did nothing to encourage people in Arizona to access its site, and there is no evidence that any part of its business (let alone a continuous part of its business) was sought or achieved in Arizona. To the contrary, it appears to be an operation where business was primarily generated by the personal contacts of one of its founders. While those contacts are not entirely local, they aren't in Arizona either. No Arizonan except for Cybersell AZ "hit" Cybersell FL's web site. There is no evidence that any Arizona resident signed up for Cybersell FL's web construction services. It entered into no contracts in Arizona, made no sales in Arizona, received no telephone calls from Arizona, earned no income from Arizona, and sent no messages over the Internet to Arizona. The only message it received over the Internet from Arizona was from Cybersell AZ. Cybersell FL did not have an "800" number, let alone a toll-free number that also used the "Cybersell" name. The interactivity of its web page is limited to receiving the browser's name and address and an indication of interest - signing up for the service is not an option, nor did anyone from Arizona do so. No money changed hands on the Internet from (or through) Arizona. In short, Cybersell FL has done no act and has consummated no transaction, nor has it performed any act by which it purposefully availed itself of the privilege of conducting activities, in Arizona, thereby invoking the benefits and protections of Arizona law.

We therefore hold that Cybersell FL's contacts are insufficient to establish "purposeful availment" Cybersell AZ has thus failed to satisfy the first prong of our three-part

test for specific jurisdiction. We decline to go further solely on the footing that Cybersell AZ has alleged trademark infringement over the Internet by Cybersell FL's use of the registered name "Cybersell" on an essentially passive web page advertisement. Otherwise, every complaint arising out of alleged trademark infringement on the Internet would automatically result in personal jurisdiction wherever the plaintiff's principal place of business is located. That would not comport with traditional notions of what qualifies as purposeful activity invoking the benefits and protections of the forum state. See *Peterson v. Kennedy*, 771 F.2d 1244, 1262 (9th Cir.1985 (series of phone calls and letters to California physician regarding plaintiff's injuries insufficient to satisfy first prong of test)."

18. In *Cybersell* (*supra*), the Court adopted a three pronged test to determine whether a district court may exercise specific jurisdiction over a non-resident defendant:

- (i) The non-resident defendant must do some act or consummate some transaction 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;
- (ii) The claim must be one which arises out of the results from the defendants forum-related activities; and
- (iii) exercise of jurisdiction must be reasonable."

19. In the facts of that case, the court concluded that Cybersell FL's contacts are insufficient to establish "purposeful availment" of the jurisdiction of the Foreign State of Arizona. Thus, an advertisement on a passive website was held to be insufficient to attract the jurisdiction of the

foreign state. This view has also been reiterated by this Court in *Banyan Tree Holding (P) Limited v. A Murali Krishna Reddy and Anr.* : 2010 (42) PTC 361 (Del) as well as in the decision of a coordinate bench of this Court in *(India TV) Independent News Service Private Ltd v. India Broadcast Live LLC and Ors: 2007 (35) PTC 177 (Del)*.

20. In *(India TV) Independent News (supra)*, this Court referred to the case of *Cybersell (supra)* and held as under:-

“As regards the exercise of personal jurisdiction in cases involving Internet activities, the position appears to be that mere 'passive' posting of a website Page 1720 does not give jurisdiction to the court within whose jurisdiction, the complainant company is present. Thus, personal jurisdiction cannot be exercised over non-residents merely because their website is accessible within the jurisdiction of the court. There has to be something more to indicate purposeful direction of activity to the forum state in a substantial way. In *Cybersell Inc. case (supra)* limited interactivity of the website restricted to received browser's name and expression of interest but not signing up for the services provided was not considered to be sufficient for the exercise of jurisdiction.”

21. However, in that case, this Court also held that where the website was not merely passive but interactive and permitted the browsers to not only access the content but also subscribe to the services provided by the owners/operators, the position would be different. The relevant extract of the said decision is set out below:-

“I am in agreement with the proposition that the mere fact that a website is accessible in a particular place may not itself be sufficient for the courts of that place to exercise

personal jurisdiction over the owners of the website. However, where the website is not merely 'passive' but is interactive permitting the browsers to not only access the contents thereof but also subscribe to the services provided by the owners/operators, the position would be different.”

22. In the case of ***Banyan Tree Holding (P) Limited*** (*supra*), the Division Bench of this Court also laid down that the extent of an interactive site was also important and held that “*it is not enough merely to show that the website hosted by the Defendant is an interactive one. It would have to be shown that the nature of the activity indulged in by the defendant by the use of the website was with an intention to conclude a commercial transaction with the website user.*” The Court further held as under:-

“42 This Court holds that jurisdiction of the forum court does not get attracted merely on the basis of interactivity of the website which is accessible in the forum state. The degree of the interactivity apart, the nature of the activity permissible and whether it results in a commercial transaction has to be examined. For the “effects” test to apply, the plaintiff must necessarily plead and show prima facie that the specific targeting of the forum state by the Defendant resulted in an injury or harm to the plaintiff within the forum state by the Defendant resulted in an injury or harm to the plaintiff within the forum state. For the purposes of a passing off or an infringement action (where the plaintiff is not located within the jurisdiction of the court), the injurious effect on the plaintiffs business, goodwill or reputation within the forum state as a result of the Defendants website being accessed in the forum state would have to be shown. Naturally therefore, this would require the presence of the plaintiff in the forum state and not merely the possibility of such presence in the future. Secondly, to show that an injurious effect has been felt by

the plaintiff it would have to be shown that viewers in the forum state were specifically targeted. Therefore the “effects” test would have to be applied in conjunction with the “sliding scale” test to determine if the forum court has jurisdiction to try and suit concerning internet based disputes.

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45. This court holds that in order to prima facie establish that the Defendant purposefully availed of the jurisdiction of this Court, the plaintiff would have to show that the Defendant engaged in some commercial activity in the forum State by targeting its website specifically at customers within that State. This is consistent with the law laid down in Cybersell and reiterated later in Toys R Us. It is also consistent with the application of the “Tighter” version of the “effects” test which is “targeting”. In any action for passing off or infringement, it would have to be shown that the Defendant by using its mark intended to pass off its goods as that of the plaintiffs. A mere hosting of a website which can be accessible from 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 website 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. Even an interactive website, which is not shown to be specifically targeted at viewers in the forum state for commercial transactions, will not result in the court of the forum state having jurisdiction. In sum, for the purposes of Section 20(c) CPC, in order to show that some part of the cause of action has arisen in the forum state by the use of the internet by the Defendant, the plaintiff will have to show prima facie that the said website, whether

euphemistically termed as “passive Plus” or “interactive”, was specifically targeted at viewers in the forum state for commercial transactions. The plaintiff would have to plead this and produce material to prima facie show that some commercial transaction using the website was entered into by the Defendant with a user of its website within the forum state and that the specific targeting of the forum state by the Defendant resulted in an injury or harm to the plaintiff within the forum state. Question No. (ii) is answered accordingly.”

23. If the facts of the present case are examined in the light of the principles as indicated above, it is clear that merely hosting a web page on facebook would not be sufficient to confer jurisdiction on a Court where the defendant does not carry on business. Merely because facebook is an interactive site and permits the users to offer comments or indicate whether they “like what they see” on the site, would not be sufficient to provide a cause of action for passing off in a jurisdiction where the defendant does not enter into any commercial transaction.

24. The next aspect to be considered is whether the fact that plaintiff has received queries for advertisement is sufficient for the plaintiff to file a suit in this Court. What essentially the plaintiff seeks to invoke is the effect doctrine. The plaintiff contends that the activity carried out by the defendant under the name “News Nation Gujarat” has the material effect within the jurisdiction of this Court and thus, this Court would have the jurisdiction to try this suit. This court finds it difficult to accept this contention. In a passing off action, it would be necessary for the plaintiff to plead and establish that there has been a commercial transaction within the jurisdiction of this Court, which amounts to passing off the commercial transaction. In the present case, there is no allegation that any commercial

transaction has been consummated within the jurisdiction of this Court. The mere fact that the plaintiff has received queries for advertisement would be wholly insufficient to attract the jurisdiction of this Court. The effect doctrine was also considered by this Court in *Banyan Tree Holding (P) Limited* (*supra*) and the Court has unequivocally held that the commercial transaction was necessary to show that defendant had specifically targeted persons within the jurisdiction of this Court.

25. In view of the above, this Court is satisfied that this Court does not have the jurisdiction to entertain the present suit and therefore, the plaint must be returned.

26. Accordingly, list on 12.02.2018 for further proceedings.

VIBHU BAKHRU, J

DECEMBER 22, 2017

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