

IP Hotline

November 09, 2021

EXTRA-TERRITORIALITY AND TRADEMARK INFRINGEMENT: THE DELHI HIGH COURT REVISITS THE "PURPOSEFUL AVAILMENT" TEST

In a recent judgment¹, the Delhi High Court ("Court") held that:

- An Indian court can exercise jurisdiction over a defendant website located outside of India, only if it is shown that the website intentionally targets Indian customers.

FACTS

- Tata Sons Private Limited ("Plaintiff"), under its well-known brand name/trademark "TATA", appears to be providing a platform for trading in crypto-currency, though the Plaintiff itself does not deal in crypto-currency under any brand name or trade mark.
- The Defendant No.1, Hakuna Matata \$Tata Founders operates the website www.tatabonus.com and is located in the United Kingdom. Defendant No.2 is located in the United States, and operates the website, www.hakunamatatafinance.com. Both the Defendants use their respective websites for the sale and purchase of cryptocurrencies, under the name "TATA Coin/\$TATA". The Plaintiff instituted a suit in the Court, alleging that its trademark, "TATA", was being infringed by the Defendants, and sought an interim injunction against the Defendants to prevent them from continuing to use the "TATA" trademark on their websites.

ISSUE BEFORE THE COURT

- Whether the Court had jurisdiction over the defendants located outside India?

PLAINTIFF'S CONTENTIONS

- The Plaintiff argued that the Court can exercise extraterritorial jurisdiction over the Defendants if there is (i) purposeful availment, by the Defendant, of the jurisdiction of the court, (ii) arising of the cause of action, from the activities of the Defendant, within the jurisdiction of the court and (iii) substantial connection between the acts of the Defendant or their consequences and the jurisdiction of the court. The plaintiff relied on various precedents, including the judgment in *India TV) Independent News Services Pvt. Ltd. v. India Broadcast Live LLC ("India TV")*,² for making this argument.
- As per the Plaintiff, all three elements of the above test were met in this case as the Defendant had purposefully availed of the Court's jurisdiction by making their cryptocurrency available for purchase by Indian customers. For this, the Plaintiff relied on the following:
 - a. Defendants' cryptocurrency could be purchased by users in India by using the websites;
 - b. Indian users had posed questions on the Twitter page of Defendant No.1 enquiring details on purchasing their cryptocurrency from India;
 - c. Defendants' websites received 50 visits from Indian users in a day;
 - d. Defendant No.1's Telegram group had several Indian members.
- The Plaintiff also argued that the effect of the Defendant's infringing acts was felt in India, since it had resulted in dilution of the goodwill associated with the Plaintiff's registered trademarks. Since the adverse impact on the Plaintiff's business was felt in India, an Indian court could exercise its jurisdiction over the Defendant.

JUDGMENT

The Court denied the Plaintiff's plea for an interim injunction, and held:

- For the Court to exercise its jurisdiction over the Defendants, it should be proved through evidence that the Defendants intended to target Indian customers through their websites.
- In order for an Indian court to exercise jurisdiction in case of internet activities, the websites with infringing content must not only be accessible within the jurisdiction of the court, but there should be "*purposeful direction of activity to the forum state in a substantial way.*" Where this is absent, an Indian court does not have the long arm jurisdiction to act against a non-resident.
- In the present case, there was no purposeful availment of the Court's jurisdiction by the Defendants, for the following reasons:

Research Papers

FAQs on Setting Up of Offices in India

December 13, 2024

FAQs on Downstream Investment

December 13, 2024

Gaming Law 2024

December 12, 2024

Research Articles

The Revolution Realized: Bitcoin's Triumph

December 05, 2024

The Bitcoin Effect

November 14, 2024

Acquirers Beware: Indian Merger Control Regime Revamped!

September 15, 2024

Audio

Securities Market Regulator's Continued Quest Against "Unfiltered" Financial Advice

December 18, 2024

Digital Lending - Part 1 - What's New with NBFC P2Ps

November 19, 2024

Renewable Roadmap: Budget 2024 and Beyond - Part I

August 26, 2024

NDA Connect

Connect with us at events, conferences and seminars.

NDA Hotline

[Click here to view Hotline archives.](#)

Video

"Investment return is not enough" Nishith Desai with Nikunj Dalmia (ET Now) at FIIB event in Riyadh

October 31, 2024

Analysing SEBI's Consultation Paper on Simplification of registration for FPIs

- a. Although cryptocurrency could be purchased by Indian users on the Defendants' websites, no specific evidence was available to show that the Defendants had specifically targeted the Indian market.
 - b. The mere fact that persons from India posted queries on the Twitter page of the Defendant No.1 is not sufficient to show purposeful availment by the Defendants. There was no evidence to show that the Defendants had responded to these queries at any time or invited Indian customers to purchase its product.
 - c. Jurisdiction of an Indian court cannot be invoked only because a website appears to get traffic from India. The Court noted that 50 users per day is a very small number of visitors on the website.
 - d. There was no evidence to show that the members of the Defendant's Telegram page were present in India, even though they had Indian names, or that they accessed the websites from India.
- A court in India will not have jurisdiction over a non-resident defendant even if it is assumed that the Plaintiff's brand is diluted in India as a result of the Defendant's act of offering services to Indian users, if the Indian users are not specifically targeted.

COMMENTS

When bringing trademark infringement actions against foreign defendants, plaintiffs should ensure that evidence is available to establish that the defendants have availed the jurisdiction of the forum court. Some evidence that may be relevant for this could be advertisements of the websites with infringing content in Indian media, specific statements made by the website operators that India is a significant market for their products/services, the facility for accepting Indian currency on the websites, etc.

If the issue pertains to use of an infringing domain name, an effective solution for trademark owners aggrieved with infringement of their trademarks through third party domain names is to pursue dispute resolution through the Uniform Domain Name Dispute Resolution Policy ("UDRP") Administrative Procedure for generic top-level domains such as .com, .net, etc.³ If the domain name is a ".in" domain, then the trademark owners can initiate action as per the .IN Domain Name Dispute Resolution Policy ("INDRP").⁴ Both, the INDRP and UDRP provide for a time-bound arbitration process for effective resolution.

— Athira Sankar & Aparna Gaur

You can direct your queries or comments to the authors

¹ *Tata Sons Private Limited v. Hakuna Matata Tata Founders & Ors.*, CS(COMM) 316/2021 & I.A.8000/2021, decision of the Delhi High Court dated October 26, 2021

² 2007 (35) PTC 177 Del

³ See <https://www.wipo.int/amc/en/domains/guide/#b>

⁴ See <https://www.registry.in/IN%20Domain%20Name%20Dispute%20Resolution%20Policy%20%28INDRP%29>

DISCLAIMER

The contents of this hotline should not be construed as legal opinion. View detailed disclaimer.

This Hotline provides general information existing at the time of preparation. The Hotline is intended as a news update and Nishith Desai Associates neither assumes nor accepts any responsibility for any loss arising to any person acting or refraining from acting as a result of any material contained in this Hotline. It is recommended that professional advice be taken based on the specific facts and circumstances. This Hotline does not substitute the need to refer to the original pronouncements.

This is not a Spam mail. You have received this mail because you have either requested for it or someone must have suggested your name. Since India has no anti-spamming law, we refer to the US directive, which states that a mail cannot be considered Spam if it contains the sender's contact information, which this mail does. In case this mail doesn't concern you, please unsubscribe from mailing list.

Scope of judicial interference and inquiry in an application for appointment of arbitrator under the (Indian) Arbitration and Conciliation Act, 1996

September 22, 2024