

IN THE HIGH COURT OF DELHI AT NEW DELHI

SUBJECT : CODE OF CIVIL PROCEDURE

Date of decision: July 4, 2008

FAO(OS) 116/2008

Autodesk Inc and anr.

Through

Appellants

Mr.Saikrishna Rajagopal with
Mr.Sidharth Chopra, Advs.

Versus

Mr.A.V.T.Shankardass and anr.

Through

Respondents

Mr.Dushyant K Mahant, Advocate

Coram :

Hon'ble Mr.Justice Manmohan Sarin

Hon'ble Mr.Justice Manmohan

Manmohan Sarin, J.

1. This appeal has been preferred by the appellants aggrieved by the order dated 5th March, 2008 passed by the learned Single Judge, dismissing IA No.2852/2008 praying for appointment of a Local Commissioner ex parte.

2. The appellants are the owners of copyright in world famous software 3DS Max and Autodesk Maya. Appellants finding infringement and unauthorized use of their software, filed a suit against the respondents for permanent injunction to restrain infringement of copyright, delivery up, rendition of account of profits and damages etc for unlicensed usage of their software. The suit was accompanied with an application for interim injunction and application for ex parte appointment of Local Commissioner being I.A No. 2852/2008. Summons in the suit were issued and notice in the IA under Order 39 Rule 1 and 2 CPC was issued. However, the application for appointment of a Local Commissioner was dismissed by the impugned order against which the present appeal has been filed. While issuing notice in the appeal, we also appointed ex parte Local Commissioner to visit the premises of the respondents to make out an inventory of the unlicensed software belonging to appellant no.1 found to be in use by respondent. Local Commissioner was also permitted to take into custody the Central Processing Units (CPUs), Floppy Discs/DVDs and take the assistance of representatives of the appellants

and their technical expert. Reasons for appointing Local Commissioner ex parte, pending notice in the appeal are duly recorded in our order dated 10th March, 2008.

3. Report of the Local Commissioner has since been received. He found incriminating evidence of unlicensed software being used and took possession of the same. There have been negotiations thereafter between the appellants and respondents. We were finally informed on 26th May, 2008 of proposed settlement filed before the learned Single Judge, copy of which has also been tendered before us.

4. Accordingly, for all practical purposes with the appointment of Local Commissioner pending notice in appeal and the execution of the commission, the grievance against the impugned order stands redressed and relief granted. However, the appellant and contesting respondent both urged before us that in view of divergent views and orders being passed by Single Benches on the request for appointment of Local Commissioner in cases of infringement of copy right in computer software and of piracy, it was of critical importance that the Division Bench lays down guidelines for exercise of discretion in such matters. Accordingly, we, in our order dated 10th March, 2008, while appointing Local Commissioner indicated that we proposed to lay down the guidelines for exercise of discretion. Appellant and respondent have been heard on this aspect and suggested guidelines filed by them perused.

5. We now proceed to deal with the appeal on merits and are taking the present case as an illustrative one for the purpose of laying down the guidelines.

6. Appellant-Autodesk Incorporates while seeking appointment of Local Commissioner had pleaded that they were the owners of the world famous software 3DS Max and Autodesk Maya having copyright therein. The said software had attained international acclaim for being a pioneer in designing and in animation programmes. Appellant had filed a suit inter alia for infringement of the copyright, rendition of account, damages of Rs.20 lacs in which as noted above, a settlement has been arrived at. The appellant claim to have authorized and granted a single licence to the respondent-Media Factory India Pvt. Ltd for use of software 3DS Max. The alleged use of software in 29 other computers by the respondent was unauthorized and infringement of copyright. No licence had been granted for the software Autodesk Maya. Appellant had sought an ex parte injunction in which notice had been issued. The appointment of a Local Commissioner ex parte was sought on the ground that upon receipt of summons in suit or notice in the injunction application, the respondents could easily remove the evidence of infringing software. Appellant with a view to justify or make out a prima facie case for appointment of a Local Commissioner had produced an affidavit sworn by a private investigator Mr.Jatin Batra, who had affirmed on oath that he had called the telephone number given on respondents website on 22.1.2008 and spoken to an Executive by the name Mr.Vinod working in the Design Department of respondent- Media Factory India Pvt.Ltd. In the conversation, Mr.Batra gathered that respondents were using 50 animators and the animation work is mainly done on 3DS Max and Autodesk Maya which were loaded on approximately 30 machines. The appellants having granted only a single licence and their software reportedly being loaded and used on 30 m/cs, filed the suit.

Relying on the affidavit of the Investigator, appellant filed the suit as also sought appointment of a Local Commissioner.

7. The learned Single Judge in the impugned order found that the affidavit of the private Investigator alone does not amount to existence of a strong prima facie case or clear evidence that respondents have incriminating evidence or documents of infringing unauthorized software. The learned Single Judge held that the question of protection of evidence likely to be erased did not arise because the material available in the form of affidavit did not point to any credible or reasonable suspicion. The Learned Single Judge observed that the court was simply being invited to presume a state of affairs.

8. Counsel for the appellant had assailed the said finding by urging that the essential question which arose for consideration was the preservation of the infringing and incriminating evidence. Appellant also pointed out the learned Single Judge in another case filed by the same appellants in CS(OS) No.148/2008 with similar allegations and wherein an affidavit of the same Investigator was filed, had granted ex parte appointment of Local Commissioner vide orders dated 28.1.2008. Not only that, the learned Single Judge had permitted the Local Commissioner to visit any other premises where the Local Commissioner may have reason to believe that infringing/offending software was being used. It is also urged that the attention of the Learned Single Judge was drawn to the orders passed by the Division Bench which the learned Single Judge also noted in his order but sought to distinguish them, while no material difference existed.

9.. Learned Single Judge, as noted earlier, declined to appoint the Local Commissioner for reasons as noted by him. He observed that apart from the affidavit of the Investigator no other material or evidence had been placed on record. He went on to observe that there was not even a visit by the investigator. He thus held that there was absence of strong prime facie case. Reliance was placed on Anton Pillar KG Vs.Manufacturing Processes Limited and others reported at FSR 1976 page 129 to hold that there was absence of strong prima facie case. Further clear evidence of respondent being in possession of incriminating evidence was lacking. The Judge held that there was no basis for credible or reasonable suspicion and Court was simply being asked or invited to presume a state of affair.

10. We have considered the reasons as recorded by the learned Single Judge and are of the view that the order is not sustainable. The learned Single Judge erred in holding that the appellant did not have a strong prima facie case. Indisputably the appellant was the owner of the copyright in world famous software 3Ds Max and Autodesk Maya. Appellant had only granted a single licence based on the information as obtained by the Investigator during his conversation with the Executive of the respondent, the software for which there was only a single licence was being used for 30 computers and 50 animators. The private Investigator had sworn an affidavit on oath with regard to his conversation and information as received. In these circumstances, it could not be said that the appellant did not have a strong prima facie case. At the initial stage itself, it would be unrealistic to expect production of evidence of actual usage. The learned Single Judge failed to consider that in an action of infringement of software and piracy, the element of

surprise was of critical importance and necessary. Issuance of notice would result in effacement of entire incriminating evidence. It was thus not a question of collecting evidence but of preserving evidence. In Anton Piller KG Vs. Manufacturing Processes Limited and others (Supra) the Court duly recognized that the essence of the plaintiffs case was seeking an emergency order without the defendant being aware of the nature of the order unless it was presented to them. (ii) Appellant has cited numerous cases wherein the appointment of a Local Commissioner has been made ex parte. In a number of similar matters, various single Judges including the learned Single Judge himself had granted the order of ex parte Local Commissioner and even authorized him to search and visit premises, where the Local Commissioner may reasonably believe the incriminating evidence to exist. We may also observe that the Division Bench had also made its views known in the order passed in two FAO(OS) Nos. 94/08 and 95/08. Even if a learned Single Judge has a firm belief or conviction and holds a view which is at variance with the view taken by the Division Bench, judicial discipline and propriety demand that the view of the Division Bench is adhered to rather than distinguishing it without there being any material difference or basis therefor. The cases at hand in which appointment of Local Commissioner was sought, have a major common factor i.e possibility of incriminating software being removed, while having their own peculiar facts. As regards following the decision of the Division Bench, reference may be made to the following:- In Tribhovandas Purshottamdas Thakkar vs. Ratilal Motilal Patel reported in AIR 1968 SC 372, the Supreme Court clearly stipulated It has been held time and again that a Single Judge of a High Court is ordinary bound to accept as correct judgments of courts of coordinate jurisdiction and of Division Benches and of the Full Benches of his court and of this Court. The reason of the rule which makes a precedent binding lies in the desire to secure uniformity and certainty in the law. In Kanya Junior High School, Bal Vidya Mandir, Etah, U.P. Vs. U.P. Basic Shiksha Parishad, Allahabad, U.P. and ors reported in (2006) 11 SCC page 92, the Apex Court again reiterated in paras 15 and 35, ..Law is consistent and clear that the Single Judge of the High Court is bound by the decision of the Division Bench. In view of the said clear findings of the Division Bench of the same High Court, the learned Single Judge of the same High Court could not take a contrary view. The learned Single Judge was bound by the judgment of the Division Bench of the said High Court.

12. We are of the view that in this case the learned Single Judge has failed to exercise jurisdiction vested in him in accordance with law, especially in failing to pass orders, which would preserve and protect the incriminating evidence. Reference may be invited to Payani Achuthan Vs. Chamballikundu Harijan Fisheries Development Cooperative Society and others reported at AIR 1996 Kerala 276. Reference may also be usefully made to Basanta Kumar Swain VS. Baidya Kumar Parida and others reported at AIR 1989 Orissa 118, wherein it was observed that where the Court is satisfied that the party is not able to produce the desired evidence for reasonable circumstances, it may assist a party by appointing a Local Commissioner to get the evidence. The learned Single Judge failed to fathom that the service of the impugned order or notice in the application could result in either the movement of the system or the software to unknown destination leaving no surviving evidence thereby causing grave prejudice to the appellants.

13. In view of the foregoing discussion, we hold the impugned order to be unsustainable and the same is set aside formally, since we had even at the stage of issuing notice appointed the Local Commissioner pursuant to which the Local Commissioner as noted earlier had reported the existence of incriminating evidence and usage of unlicensed software. Further, that the parties have reached a settlement, which is formally to be recorded by the Learned Single Judge. No further directions in this regard are necessary.

14. Coming now to the question of guidelines to be set, we have heard both the counsel for the parties. We are conscious of the fact that it is neither feasible nor practical to lay down guidelines, which would cater to numerous and all the situations that may arise. However, some of the following relevant factors and guidelines are being enumerated which the Court may take into consideration on the question of appointment of a Local Commissioner in software infringement and piracy matters:- (i) The object of appointment of a Local Commissioner in software piracy matters is not, as much to collect evidence but to preserve and protect the infringing evidence. The pirated software or incriminating evidence can only be obtained from the premises of the opposite party alone and in the absence of an ex parte appointment of a Local Commissioner there is likelihood that such evidence may be lost, removed or destroyed; (ii) Request for ex parte appointment of a Local Commissioner in such matters is usual and in fact is intended to sub serve the ends of justice as it is imperative to have an element of surprise so that the actual position is not altered; (iii) The test of reasonable and credible information regarding the existence of pirated software or incriminating evidence should not be subjected to strict proof or the requirement to demonstrate or produce part of the pirated software/incriminating evidence at the initial stage itself. It has to be tested on the touchstone of pragmatism and the natural and normal course of conduct and practice in trade. (iv) It may not always be possible for a plaintiff to obtain any admission by employing decoy customers and gaining access to the defendants premises. Any such attempt also inheres in it the possibility of dis-appearance of the pirated software/incriminating evidence in case the decoy customers is exposed. Accordingly, visit by decoy customer or investigator is not to be insisted upon as pre condition. A report of private Investigator need not be dis-regarded or rejected simply because of his engagement by the plaintiff. The information provided by the private Investigator should receive objective evaluation. (v) In cases where certain and definite information with regard to the existence of pirated software or incriminating evidence is not available or where the Court may nurture some element of doubt, it may consider asking the plaintiff to deposit cost in Court so that in case pirated software or incriminating evidence is not found then the defendant can be suitably compensated for the obtrusion in his work or privacy. We may also notice that the learned counsel for the respondent submitted that there is general exploitation by the multinational companies holding copyrights who make the cost of licences prohibitive. As a result of the appointment of Local Commissioner and consequential orders passed by the Courts, seizing the equipments and machines, including the software in question, the business of the respondent comes to stand still. Counsel for the defendant, therefore, prayed that the computer system and the CPUs which may be found or suspected to be involved in use of infringing software should not be seized or taken possession of and the ghost copies of the same including the

software could be made for purposes of use as evidence in Court. Counsel for the plaintiff strongly objected to the same, raising objections to the feasibility of making ghost copies of hard discs and the possibility of manipulation therein and objections being raised of their admissibility. We are of the view that the above need not form part of the suggested guidelines and the directions to be given. These issues are best left to be assessed and appropriate orders passed in each individual case by the court.

Sd./-
MANMOHAN SARIN, J.

Sd./-
MANMOHAN, J.

July 4, 2008