

Phonographic Performance Limited vs Canvas Communication on 17 December, 2021

Author: C.Hari Shankar

Bench: C.Hari Shankar

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* IN THE HIGH COURT OF DELHI AT NEW DELHI

+ CS(COMM) 671/2021, I.A. 16950/2021, I.A. 16951/2021, I.A.
16952/2021, I.A. 16953/2021 & I.A. 16954/2021

PHONOGRAPHIC PERFORMANCE LIMITED Plaintiff

Through: Mr. Akhil Sibal, Sr. Adv.
Mr. Ankur Sangal, Ms. Su.
Roy, Ms. Trisha Nag, Ms.
Asavari Jain and
Deboshree Mukherjee, Adv.

versus

CANVAS COMMUNICATION Defendant

Through: Mr. Varun Nischal, Adv.

CORAM:

HON'BLE MR. JUSTICE C.HARI SHANKAR

ORDER

% 17.12.2021 I.A. 16954/2021 (under Section 151 of CPC, 1908- for exemption)

1. Subject to the plaintiff filing legible copies of any dim or illegible documents on which he may seek to place reliance, within four weeks from today, exemption is granted for the present.

2. The application stands disposed of.

I.A. 16952/2021 (under Section 149 read with Section 151 of CPC, 1908- for filing court fees)

3. Mr. Akhil Sibal, learned Senior Counsel, submits on instructions, that the deficiency in court fees would be paid up within a week. Granting liberty to do so, this application is disposed of.

I.A. 16951/2021 (under Order XI, Rule 1(4), read with Section 151 of CPC, 1908- for additional documents)

4. Subject to the right of the defendants to admit or deny the same, the plaintiff is permitted to file additional documents within a period of four weeks from today.

5. The application stands disposed of.

I.A. 16953/2021 (under Section 12A of the Commercial Courts Act, 2015 read with Section 151 of CPC, 1908- seeking exemption from pre-institution mediation)

6. For the reasons stated in this application, the plaintiff is exempted from the requirement of pre-institution mediation.

7. The application is allowed accordingly.

CS(COMM) 671/2021 & I.A. 16950/2021 (under Order XXXIX, Rules 1 & 2, read with Section 151 of CPC, 1908- for interim injunction)

8. The plaintiff is engaged in the business of issue of licenses for public performance/ communication to the public of sound recordings, on the basis of assignments made to it by its members, who own copyright in such recordings.

9. Section 13(1)(c) of the Copyright Act, 1957 ("the Copyright Act"), clarifies that a sound recording is a separate work in which copyright subsists.

10. Section 30 of the Copyright Act entitles the plaintiff, as owner of copyright in the aforesaid sound recordings, assigned to it by the original owners of copyright, to grant licenses for communication to the public/ public performance of the plaintiffs' repertoire of sound recordings to any third parties. Any communication to the public or performance before the public of such sound recordings, which form part of the repertoire of the plaintiff, without a license from the plaintiff, constitutes infringement of copyright under Section 51(a)(i) of the Copyright Act. Permitting a place to be used for profit for the communication of such sound recordings also amounts to infringement under Section 51(a)(ii) of the Copyright Act.

11. The plaint has been filed as a quia timet action. The plaintiff claims to have come to learn, on 13th December, 2021, that the defendant was putting up Stall No. D-145 at the Warehouse Expo being organised at Pragati Maidan from 16th December, 2021 and was planning to use sound recordings, in which copyright was, as above, held by the plaintiff and which constitute part of the repertoire of the plaintiff, without obtaining any license from the plaintiff to do so. This provoked the plaintiff to issue a notice, by e-mail, to the defendants on 13th December, 2021, requiring the defendant to cease and desist from using or playing any of the sound recordings, in which the plaintiff possesses copyright and which form part of its repertoire.

12. The defendant vide response dated 13th December, 2021, did not deny the fact that it was intending to exploit sound recordings in which the plaintiff holds copyright. The only defence of the defendant, in response - which is also the sole defence urged before me during the present proceedings, by Mr. Varun Nischal, learned Counsel for the defendant - is that the plaintiff was not entitled to issue licenses, in respect of the sound recordings in question, by virtue of the second proviso to Section 33(1) of the Copyright Act.

13. It is not in dispute that the plaintiff was a copyright society, registered under Section 33 of the Copyright Act, from 7th May, 1996, till 20th June, 2014 and that though, after 2012 Copyright Amendment Act, the plaintiff was required to re-register itself, as a copyright society, this was not done. The fact that the plaintiff is not, presently, a copyright society is not in dispute.

14. Section 33(1) of the Copyright Act, with its provisos, reads as under:

"33. Registration of Copyright society (1) No person or association of persons shall, after coming into force of the Copyright (Amendment) Act, 1994 commence or, carry on the business of issuing or granting licences in respect of any work in which copyright subsists or in respect of any other rights conferred by this Act except under or in accordance with the registration granted under sub-section (3):

Provided that an owner of copyright shall, in his individual capacity, continue to have the right to grant licences in respect of his own works consistent with his obligations as a member of the registered copyright society:

Provided further that the business of issuing or granting license in respect of literary, dramatic, musical and artistic works incorporated in a cinematograph films or sound recording shall be carried out only through a copyright society duly registered under this Act:

Provided also that a performing rights society functioning in accordance with the provisions of section 33 on the date immediately before the coming into force of the Copyright (Amendment) Act, 1994 (38 of 1994) shall be deemed to be a copyright society for the purposes of this Chapter and every such society shall get itself registered within a period of one year from the date of commencement of the Copyright (Amendment) Act, 1994."

15. Mr. Akhil Sibal, learned Senior Counsel for the plaintiff, submits that the defendant does not dispute the exploitation, by it, of the sound recordings in which the plaintiff holds copyright. In fact, the aforesaid Expo has started yesterday, i.e. on 16th December, 2021, and Mr. Sibal, learned Senior Counsel for the plaintiff submits that the defendant is, in fact, exploiting the aforesaid sound recordings.

16. Mr. Sibal submits that the point of law raised by the defendant stands settled against the defendant by the judgment of a coordinate Bench of this Court in Novex Communication Pvt. Ltd. v. Lemon Tree Hotels Ltd.¹ It is clear that the issue in controversy in that case 2019 SCC Online Del 6568 was similar to that involved in the present case, as is manifest from the opening paragraph of the judgment which reads thus:

"1. This Regular First Appeal under Section 96 of the Code of Civil Procedure, 1908 (CPC) is filed by the plaintiff in the suit impugning the Judgment of the trial court dated 07.08.2018 by which the trial court has decided the preliminary issue as

regards the maintainability of the suit partially in favour of the appellant/plaintiff and partially against the appellant/plaintiff. The trial court has partially rejected the entitlement of the appellant/plaintiff to sue for the infringement of copyright by referring to Section 33 of the Copyright Act, 1957 (hereinafter 'The Act'), but the trial court has allowed the appellant/plaintiff to sue for infringement of the copyright as an agent of only one party, being the defendant no. 2 in the suit, namely Yash Raj Films Private Limited. The trial court has held that the appellant/plaintiff cannot sue for infringement of copyright, although the appellant/plaintiff is the assignee and owner of the sound recordings in terms of the Assignment Deeds executed by Zee Entertainment Enterprises Ltd. (hereinafter 'Zee'), Eros International Media Limited (hereinafter 'Eros') and Shemaroo Entertainment Limited (hereinafter 'Shemaroo'), because as per Section 33(1) of the Act only a copyright society is to legally license copyright works of sound recordings and it is this finding of the trial court that is impugned in the present appeal."

17. Mr. Sibal has invited my attention to Paras 8(ii)(b), 8(iii), 8(iv)(a), 8(iv)(b) and 8(iv)(c), of the aforesaid decision, which read thus:

" 8(ii)(b) The first Proviso to Section 33(1) of the Act, however clarifies and makes it clear that an owner of a copyright in his individual capacity will continue to have the right to grant licenses in respect of his own works i.e. works owned by the individual person, subject to and consistent with the obligation of such an owner as a member of the copyright society.

8(iii) In my opinion, the latter part of the first Proviso to Section 33(1) of the Act whereby it is stated that the owner has an entitlement to grant a license consistent with his obligation as member of the registered copyright society, this can only mean that if the owner of the copyright work has granted exclusive license to the copyright society to grant further licenses, then in such a case, the owner of the copyright could/can take away from himself the right of granting licenses i.e. thereby not being able to grant any license with respect to copyright work which is owned by the individual owner on such a right being granted exclusively to the copyright society. In other words, if an individual owner gives such a right to the copyright society that the individual owner though the owner of the copyright, he will not license the copyright works owned by him except to the copyright society, only in such a case would the individual owner of the copyright work not have a right to grant further license, but if the owner of the copyright work has retained with himself the right to give license, although the license is also granted to the copyright society, then such an individual owner despite having granted license to the copyright society can further keep granting licenses with respect to the copyright works owned by the individual owner.

8(iv)(a) The second Proviso to Section 33(1) provides that with respect to a literary work, dramatic work, musical work or artistic work, as embedded in a cinematographic work or sound recording, with respect to such basic works being a

literary work, dramatic work, musical work or artistic work, the business of issuing or granting of license would vest only with a copyright society. As already stated above, it is noted that there exists an independent copyright in a cinematographic work or sound recording independent of a literary work and/or dramatic work and/or musical work and/or artistic work. The literary work or dramatic work or musical work or artistic work incorporated and embedded in a cinematograph film results in a copyright work, being a cinematograph film as a whole, yet the fact that the cinematograph film contains the basic copyright works, there will continue to exist such independent copyright that will not destroy the copyright in the literary work and/or dramatic work, and/or artistic work which is used to make the cinematograph film. This interpretation applies mutatis mutandis to the sound recording because a sound recording will, besides having an independent copyright, embody in its copyright, literary work and musical work.

8(iv)(b) At this stage, I may also clarify that there is a difference between a musical work and a sound recording. Musical work does not mean music, as is known to a layman, because to a layman, music means hearing music. A musical work, under the Act, has nothing to do with sound or hearing, and a musical work is nothing else but the musical notes and notations which represent a particular sound and not the sound itself. It is when the musical notes are played on an instrument by a person or on instruments by an orchestra or a literary work is sung by a person, the same then results in a sound and this sound when recorded results in a sound recording which is a copyright work in itself, separate from the copyright in a musical work. To put it in an over simplistic fashion, musical work are the alphabets/words/sentences of the musical world or the sound recording world and it is such alphabets/words/sentences of a musical work which result in a sound recording when such musical work is played by a musician or orchestra or sung by a singer etc.

8(iv)(c) In my opinion, when the second Proviso to Section 33(1) talks of issuing or granting of license with respect to the musical work in sound recordings, it is only for the musical work in the sound recording and not the sound recording itself. To clarify further, there are two expressions used in the second Proviso to Section 33(1) of the Act, first being a cinematograph film and the second being a sound recording. Both these words are for the earlier copyright works existing and stated in the second Proviso being the literary work, dramatic work, musical work or artistic work. In a cinematographic work, all four works being literary work and/or dramatic work and/or musical work and/or artistic work are included, whereas, in a sound recording, only musical or literary work are included. Therefore, it is not as if that the second Proviso to Section 33(1) says that so far as sound recording is concerned, the same cannot be licensed except by a copyright society. Obviously, if this interpretation is given, the same will nullify or render otiose the first Proviso to Section 33(1)."

18. Clearly, the coordinate Bench of this Court has interpreted the provisions of Section 33 to hold that the owner of a copyright does not cede, at any time, the right to issue licenses in respect of the

copyright, unless the owner grants exclusive right in that regard to a copyright society. Else, the coordinate Bench has expressed the view that the right of the owner would subsist. Following thereupon, the coordinate Bench has interpreted the second proviso to Section 33(1), by noting that there is an independent copyright in a sound recording, distinct from the copyright in a cinematographic work or other work in which the sound recording may be included. That independent right, according to the coordinate Bench, from the afore-extracted paragraphs, subsists, unless and until the owner of copyright exclusively authorises a copyright society to issue such licenses.

19. In view thereof, clearly, the stand taken by the defendant in its response to the plaintiffs' cease and desist notice is contrary to the law expounded by this Court in the afore-noted decision.

20. Mr. Nischal, learned Counsel for the defendant, fairly does not contest this position, but places reliance on the judgment of a learned Single Judge of the High Court of Madras in *Novex Communications Pvt. Ltd. v. DXC Technology Pvt. Ltd.*². The learned single Judge of the High Court of Madras has, in that case, differed with the view taken by this Court.

21. With all due respect to the learned Single Judge of the Madras High Court, at least, at the prima facie, stage, this Court is bound to follow the decision rendered by its own coordinate Bench, especially as no contrary decision by any other coordinate Bench of this Court or of any superior court, has been brought to my notice.

22. Viewed thus, the exploitation, by the defendant, of the sound recordings in which the plaintiff holds copyright, is in the teeth of the provisions of the Act, read with the judgment of this Court in *Novex 2021 SCC Online Mad 6266 Communication Pvt. Ltd. v. Lemon Tree Hotels Ltd*¹ and cannot, therefore, sustain.

23. A clear prima facie case, therefore, exists in favour of the plaintiff.

24. As continued exploitation of the copyright would result in a situation which cannot be reversed, considerations of the balance of convenience and irreparable loss would also justify grant of an interim injunction in this case.

25. In view thereof, let the plaint be registered as a suit.

26. Issue summons in the suit. Summons are accepted on behalf of the defendant by Mr. Nischal.

27. Written statement, accompanied by affidavit of admission and denial of the documents, filed by the plaintiff, be filed within four weeks, with advance copy to learned counsel for the plaintiff, who may file replication thereto, accompanied by affidavit of admission and denial of the documents filed by the defendant, within two weeks thereof.

28. List before the Joint Registrar for completion of pleadings, admission and denial of documents and marking of exhibits, on 2nd March, 2022.

I.A. 16950/2021 (under Order XXXIX, Rules 1 & 2, read with Section 151 of CPC, 1908- for interim injunction)

29. This application seeks ad interim relief in the following terms:

"It is therefore most respectfully prayed that this Hon'ble Court be pleased to grant the following reliefs in favour of the Plaintiffs:

(i) A decree of interim injunction restraining the Defendant, its directors, partners or proprietors, licensees, assigns, officers, servants, agents, representatives, contractors, sister concerns and any other person working for and on behalf of the Defendant from doing any act including exploitation/ use of the Plaintiff's copyrighted works which amounts to infringement of the Plaintiff's copyright;

(ii) an order of ex-parte ad-interim injunction in terms of prayer (a);

(iii) Such further and other relief as may be deemed fit by this Hon'ble Court may be granted."

30. Issue notice. Notice is accepted on behalf of the defendant by Mr. Nischal.

31. Reply, if any, be filed within a period of four weeks, with advance copy to learned counsel for the plaintiff, who may file rejoinder thereto, if any, before the next date of hearing.

32. In view of the fact that a clear prima facie case has been established in favour of the plaintiff and that the considerations of balance of convenience and irreparable loss would also justify grant of interim relief, till the next date of hearing, the defendant is restrained from exploiting or using any sound recordings or other work in which the plaintiff holds copyright and as would tantamount to infringement of the said copyright held by the plaintiff. This would also include sound recordings which may be in the process of being exploited by the defendant in connection with the Work Expo Exhibition being presently held at Pragati Maidan.

33. List before the Court on 22nd March, 2022.

C.HARI SHANKAR, J DECEMBER 17, 2021 SS