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Suits Is Not Strictly Mandatory In
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CIVIL

Bombay High Court Holds That Mediation Procedure In Commercial Suits Is Not Strictly Mandatory In Commercial IPR Suits

AUTHOR Brian Noronha

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The Hon'ble Bombay High Court (“HC”) has recently held, in a noteworthy judgment^[i], that the mandatory provisions of section 12A of Commercial Courts Act, 2015, are not required to be complied with in commercial suits involving protection of intellectual property rights. In deciding the same, the HC relied on two aspects. First, the claim in a commercial suit seeking protection of an intellectual property is based on a continuing wrong, and in such cases any delay in approaching the court ought to be viewed in context of the continuing nature of the wrong. Secondly, correspondence between the parties in this matter clearly brought out a picture that there was no likelihood of the matter being settled between the parties via mediation. Thus, there was no relevance of the objection being brought about by the defendants, that the pre-institution mediation procedure was not complied with prior to institution of the suit.

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Background of the Case

The plaintiff in the present dispute had filed the present suit seeking reliefs in respect of infringement of its copyright, where it noticed that the defendants had unlawfully and unauthorizedly used in their movie, ‘Vikram Vedha’, certain audio visual clips of the television series ‘Shaktiman’, that is owned by the plaintiffs via an assignment agreement.

The Contentions

The defendants had filed an application under Order VII Rule 11 of the Code of Civil Procedure, 1908, seeking the rejection of the plaint filed in the present suit owing to an admitted non-compliance with the mediation procedure prescribed under section 12A of the Commercial Courts Act, 2015. The defendants further submitted that the plaintiffs were aware about the alleged infringement for a period of almost one year prior to the institution of the suit. Thus, no steps having been taken by the plaintiff would show that there is no urgency on its part.

Analysis by the Court

The HC dismissed the application filed by the defendants, and held that in the present dispute there was no merit in either rejecting the plaint under the provisions of Order VII Rule 11 of the Code of Civil Procedure, 1908, or in referring the parties to mediation under section 12A of the Commercial Courts Act, 2015. The HC stated the same in view of the fact that the present suit was filed seeking protection of intellectual property, and that a case had been made out for interim relief to be granted to the plaintiff. The law in that regard is clear, that a refusal to grant injunction to a plaintiff in intellectual property matters where a case has been made out, would occasion a failure of justice and that the injury to a plaintiff may not be capable of being undone at a later stage. The HC further observed that the defendants had pointedly responded to the notice issued by the plaintiff, prior to the institution of the suit, to the former, and declined to entertain the same. Therefore, the conduct of the defendant in such a matter was held to be relevant in order to decide whether commercial suits involving intellectual property matters ought to be referred to a mandatory mediation procedure.

Author's Opinion

In the opinion of the author, the present judgment under discussion is both interesting and potentially landmark in nature. The mandatory nature of the mediation procedure prescribed under section 12A of the Commercial Courts Act, 2015, is well settled and well known. However, under the present judgment, the HC has introduced a new and improved understanding of the law. Thus, the same would be helpful in future commercial suits that are filed seeking the protection of intellectual property rights.

[i] Bombay High Court – I. A. (L) No. 26065 of 2024 in Com. IPR Suit (L) No. 10862 of 2024, tilted as Y-Not Films LLP and Anr.; in the matter between Ultra Media and Entertainment Pvt. Ltd. versus Y-Not Films LLP and Anr., decision dated 6th September, 2024. The coram comprised of R. I. Chagla, J.