

DUAL CAPACITY OF ADVOCATES: IMPLICATIONS FOR IP LAW FIRMS

Arpan Banerjee & Manasi Chaudhari***

ABSTRACT *Due to the global nature of intellectual property (IP) infringements, a fair number of plaintiffs in Indian IP cases turn out to be foreign entities with no offices or agents in India. Such entities often appoint partners of law firms as their constituted attorneys. However, Indian law prohibits an advocate from acting in the dual capacity of a lawyer and client's representative. In this article, we discuss the law on the subject, including case law involving IP law firms, and interview leading IP law firms to understand their practices. We suggest strategies which law firms can use to skirt the dual capacity issue, such as appointing non-advocates as constituted attorneys.*

I. INTRODUCTION

In 1991, India ushered in economic liberalisation by relaxing limits on Foreign Direct Investment (FDI). Today, FDI is permitted in most sectors of the Indian economy without prior government approval. Nevertheless, several large multinational corporations (MNCs) still do not operate in India. One reason is that a few key sectors, such as single-brand retail, aviation,

* Assistant Professor, Assistant Dean and Executive Director, Centre for IP & Technology Law, Jindal Global Law School (on research leave); Scientia Doctoral Scholar, University of New South Wales, Sydney.

** Advocate, High Court of Judicature at Hyderabad. The authors wish to thank the individuals who granted them interviews.

and construction, were opened up to 100 percent FDI only very recently.¹ Another is that in sectors where FDI is allowed without restrictions, many MNCs have preferred to invest in China or the ASEAN region, as they are perceived as providing a friendlier environment to foreign investors.² For instance, despite no ostensible regulatory impediments and the promise of a large middle-class consumer market, Burger King launched its first outlet in India as late as 2014,³ while Kia Motors will launch its first car in India only in 2019.⁴

Given the global nature of IP infringements, many large MNCs with no presence in India have found their rights being infringed in the country. This is especially true in the context of trademark infringement. For example, IKEA, whose entry to India was restricted until recently due to FDI limits in retail, is reportedly battling against numerous usurpers of its mark in India, including an entity that has obtained a trademark registration for IKEA.⁵ Furthermore, even corporations confined to a small number of jurisdictions, or even a single jurisdiction, have sued in India for passing off and/or trademark infringement. Examples include the Las Vegas Sands casino group,⁶ the British low-cost carrier EasyJet,⁷ and Jane Norman, a mid-sized clothing

¹ K.R. Srivats, *Cabinet Okays 100% FDI in Single Brand Retail via Automatic Route*, BUSINESS LINE (January 10, 2018), available at <https://www.thehindubusinessline.com/economy/policy/cabinet-okays-100-fdi-in-single-brand-retail-via-automatic-route/article10023519.ece> (Last visited on February 21, 2018).

² Economic Growth Center, Yale University, *Export Growth in India: Has FDI Played a Role*, (2000), available at <https://ageconsearch.umn.edu/bitstream/28372/1/dp000816.pdf> (Last visited on March 31, 2018); Center for Globalization and Sustainable Development, Columbia University, *Multinational Companies and Foreign Direct Investment in China and India*, (2004), available at https://academiccommons.columbia.edu/download/fedora_content/download/ac:188194/content/bajpai_mncs_china_india_2004_2.pdf (Last visited on March 31, 2018).

³ V.S. Pinto, *Burger King readies India Launch*, BUSINESS STANDARD (September 22, 2014), available at http://www.business-standard.com/article/companies/burger-king-readies-india-launch-114092100813_1.html (Last visited on February 21, 2018).

⁴ C.H.R.S. Sarma, *Kia Motors to Release First Car from AP Plant by March 2019*, BUSINESS LINE (February 21, 2018), available at <https://www.thehindubusinessline.com/companies/kia-motors-to-release-first-car-from-ap-plant-by-march-2019/article22816130.ece> (Last visited on February 21, 2018).

⁵ S. Mitra and S.D. Gupta, *IKEA Stares at Trademark Hurdle*, BUSINESS STANDARD (January 29, 2013), available at http://www.business-standard.com/article/companies/ikea-stares-at-trademark-hurdle-113011100112_1.html (Last visited on February 21, 2018); When IKEA wanted to enter the Indian market, it found that there were already 3 Indian companies who were using the brand name 'IKEA,' and one of them had also registered the trademark for IKEA in India.

⁶ *Las Vegas Sands Corpn. v. Bhasin Infotech & Infrastructure (P) Ltd.*, 2012 SCC OnLine Del 3336: (2012) 51 PTC 260.

⁷ *Easygroup IP Licensing Ltd. v. Easyjet Aviation Services (P) Ltd.*, 2013 SCC OnLine Del 3181: (2013) 55 PTC 485.

retailer little known outside the UK, which was the victim of a massive counterfeiting racket spanning across India.⁸

Thus, in contrast with some other areas of legal practice, it is not unusual for plaintiffs in IP cases to be entities with no links to India. For such entities, legal representation becomes an important preliminary issue. Such entities usually prefer to appoint their lawyers as their constituted attorneys through a power of attorney, rather than entrust the task to unknown third parties. Naturally, this makes it easy for documents being filed before the court, such as affidavits and undertakings, to be signed and processed quickly. However, rules framed by the Bar Council of India prohibit an advocate from acting or pleading in any matter in which he or she is “pecuniarily interested”.⁹ Our article examines the hazards posed by this bar on ‘dual capacity’ — a seemingly innocuous rule, but one that has been used against some of India’s most well-known IP law firms by creating preliminary issues regarding the maintainability of IP infringement suits.

In part I of our article, we discuss a leading decision regarding this provision. In part II, we discuss how this decision has affected IP law firms. Here, we discuss findings of interviews with some of India’s leading IP law firms, which we approached to inquire about their practices. We conclude by suggesting strategies which law firms can use to skirt the dual capacity issue, such as appointing non-advocates as constituted attorneys.

II. LAW ON DUAL CAPACITY

From a pragmatic perspective, it is arguable that the practice of an advocate acting in the additional capacity of a constituted attorney is not necessarily an unconscionable breach of ethics. In many situations, it is impractical to expect a litigant with no presence in India to entrust the responsibility of acting as a constituted attorney to an unknown third party, not least because of the possibility of sensitive commercial information being compromised. The possibility of the litigant directly signing documents and dispatching them to India may be too expensive and time-consuming. Following the liberalisation of the Indian economy, many partners of law firms thus began to act in a dual capacity. However, in *ONGC v. Offshore Enterprises Inc.*,¹⁰ the Bombay High Court struck down this practice.

⁸ *Jane Norman Ltd. v. Jane Norman Retail (P) Ltd.*, 2014 SCC OnLine Del 3047.

⁹ Rule 9, Bar Council of India Rules, 1975.

¹⁰ *ONGC v. Offshore Enterprises Inc.*, 1992 SCC OnLine Bom 497; AIR 1993 Bom 217 (“ONGC”).

In *ONGC*, the partners of a law firm representing one of the parties had filed affidavits in the court in the capacity of constituted attorneys. The Bombay Incorporated Law Society and the Bar Council of Maharashtra and Goa both made submissions to the court on the matter, the former seeking a “middle ground” allowing dual capacity in a limited sphere, and the latter opposing it completely.¹¹ The court ultimately agreed with the Bar Council of Maharashtra and Goa. It held that a constituted attorney is “merely entitled to ‘act’ and ‘appear’ for a party and has no right to ‘plead’ in a court”.¹² The court observed:

It is unfortunate that a totally wrong practice has grown up in our Court where one or the other partner of a solicitors’ firm signs pleadings and affidavits on behalf of a foreign client in pursuance of authorisation contained in the power of attorney and the same firm of Advocates/Solicitors acts, appears and pleads in a professional capacity.¹³

The court laid down, *inter alia*, the following two principles:

- (a) An Advocate is not entitled to act in a professional capacity as well as constituted attorney of a party in the same matter or cause. An Advocate cannot combine the two roles. If a firm of Advocates is appointed as Advocates by a Suitor, none of the partners of the Advocates’ firm can act as recognised agents in pursuance of a power of attorney concerning the same cause.
- (b) The existing practice followed by the firm of advocates/solicitors/attorneys, particularly in case of non-resident clients combining the two roles, is opposed to law and is required to be discontinued forthwith.¹⁴

The court also blocked the possibility of law firms bypassing the ruling by naming one partner or associate in the *vakalatnama* and another in the client’s power of attorney.¹⁵ The court remarked: “It is not sufficient that an Advocate acts impartially. It is also necessary that the Advocate must always

¹¹ *ONGC v. Offshore Enterprises Inc.*, 1992 SCC OnLine Bom 497; AIR 1993 Bom 217.

¹² *ONGC v. Offshore Enterprises Inc.*, 1992 SCC OnLine Bom 497; AIR 1993 Bom 217.

¹³ *ONGC v. Offshore Enterprises Inc.*, 1992 SCC OnLine Bom 497; AIR 1993 Bom 217.

¹⁴ *ONGC v. Offshore Enterprises Inc.*, 1992 SCC OnLine Bom 497; AIR 1993 Bom 217.

¹⁵ *ONGC v. Offshore Enterprises Inc.*, 1992 SCC OnLine Bom 497; AIR 1993 Bom 217 (stating: “It makes no difference that the power of attorney is executed in favour of one or other partner of the firm of the Advocate and the litigation is in fact conducted by another partner of the advocate’s firm. If the *vakalatnama* is executed by a client in favour of a firm of advocates it follows that all the partners of the said firm are engaged as Advocates by the client concerned. Each and every partner of Advocates’ firm is enjoined to act in such cases in professional capacity or no other capacity”).

appear to act impartially.”¹⁶ Here, it can be contended that the court’s view was in accordance with the provisions of the Indian Partnership Act of 1932, which states that every partner is an agent of a partnership firm, and his or her acts are binding upon the firm.¹⁷

The court’s ruling has since been followed by other High Courts, including another bench of the Bombay High Court¹⁸ and the Calcutta High Court.¹⁹ In an IP law context, the dual capacity issue has arisen in multiple IP infringement cases, discussed in the next section.

III. IMPLICATIONS FOR IP FIRMS

In at least five reported IP cases heard by High Courts, the defendants in question raised objections concerning dual capacity. In most of the cases, the plaintiffs appeared to have a strong case with respect to the question of IP infringement, thus suggesting that the defendants used the issue of dual capacity as a stalling tactic.

In the first of the five cases, Columbia Pictures, based in the US, sued the Indian cable operator, Siti Cable, for copyright infringement, for allegedly showing their films without a licence. Siti Cable contended that Columbia Pictures’ constituted attorney was an advocate in the law firm engaged by it (which happens to be one of India’s top IP law firms). A single-judge bench of the Delhi High Court rejected Columbia’s plaint and dismissed the suit. Applying the ratio of *ONGC*, the judge held that the firm’s practice of acting in a dual capacity was “opposed to law”.²⁰ A two-judge bench of the Delhi High Court reversed the order, on the technicality that Columbia’s constituted attorney, although an advocate, was not a part of the firm but was only “associating with” the firm “in some legal work on a case to case basis”.²¹ Thus, the constituted attorney of the firm and the partner of the firm, who was engaged as Columbia’s advocate, were performing two separate roles.²²

¹⁶ *ONGC v. Offshore Enterprises Inc.*, 1992 SCC OnLine Bom 497; AIR 1993 Bom 217.

¹⁷ Sec. 18, Indian Partnership Act, 1932 (stating: “Subject to the provisions of this Act, a partner is the agent of the firm for the purposes of the business of the firm.”).

¹⁸ *BBN (UK) Ltd. v. Janardan Mohandas Rajan Pillai*, 1993 SCC OnLine Bom 17; (1993) 3 Bom CR 228.

¹⁹ *Veer Probhu Mktg. Ltd. v. National Supply Corpn.*, 2005 SCC OnLine Cal 558; AIR 2006 Cal 301.

²⁰ *Columbia Pictures Industries Inc. v. Siti Cable Network Ltd.*, 2001 SCC OnLine Del 359; 2001 PTC 319 (“*Columbia Pictures*”).

²¹ *Columbia Pictures Industries Inc. v. Siti Cable Network Ltd.*, 2001 SCC OnLine Del 359; 2001 PTC 319.

²² *Columbia Pictures Industries Inc. v. Siti Cable Network Ltd.*, 2001 SCC OnLine Del 359; 2001 PTC 319.

The court also observed that the law firm in question, although styled as a law firm and perceived to be one, was actually structured as a sole proprietorship. Thus, the Indian Partnership Act and the ratio of *ONGC* did not apply to the firm.²³ The court clarified that it had “no quarrel with the legal proposition enumerated in” *ONGC*.²⁴

In the second case, the same law firm and the constituted attorney were once again involved. Here, Time Warner, based in the US, sued shopkeepers in Delhi’s infamous Palika Bazaar for allegedly selling pirated copies of their films.²⁵ The defendants raised the same objection that Siti Cable had done in *Columbia Pictures*. Once again, the Delhi High Court upheld the power of attorney issued by Time Warner, on the same grounds.²⁶ The court further held that even if the defendants’ objection was found to be valid, it would at most be a “mere case of irregularity which can be subsequently corrected”.²⁷

In the third case, Jolen, a US-based cosmetics company, filed a suit for passing off and copyright infringement (in its logo) against an Indian defendant.²⁸ The defendant had appointed an advocate as its constituted attorney. The Madras High Court held that the power of attorney appointing the advocate was valid, as he was not acting in the capacity of an advocate.²⁹ The court observed that “if an advocate is appointed to act as Power of Attorney Agent”, it is permitted “so long as there is no conflict of interest in the discharge of his professional duty and his duty as Power of Attorney Agent”.³⁰

In the fourth case, Montblanc, based in Germany, sued multiple defendants alleging trade mark infringement and passing off over the manufacture and sale of certain pens. Initially, Montblanc’s constituted attorney was a partner in a reputed full-service law firm advising it, although she did not plead herself. The Delhi High Court refused to lift an interim injunction against the defendants merely on account of what the court felt was an

²³ *Columbia Pictures Industries Inc. v. Siti Cable Network Ltd.*, 2001 SCC OnLine Del 359: 2001 PTC 319.

²⁴ *Columbia Pictures Industries Inc. v. Siti Cable Network Ltd.*, 2001 SCC OnLine Del 359: 2001 PTC 319.

²⁵ *Time Warner Entertainment Co. LP v. Harbhajan Singh*, 2005 SCC OnLine Del 1157: (2005) 31 PTC 668 (“*Time Warner*”).

²⁶ *Time Warner Entertainment Co. LP v. Harbhajan Singh*, 2005 SCC OnLine Del 1157: (2005) 31 PTC 668.

²⁷ *Time Warner Entertainment Co. LP v. Harbhajan Singh*, 2005 SCC OnLine Del 1157: (2005) 31 PTC 668.

²⁸ *Jolen Inc. v. Shobanlal Jain*, 2004 SCC OnLine Mad 883: (2005) 30 PTC 385 (“*Jolen*”).

²⁹ *Jolen Inc. v. Shobanlal Jain*, 2004 SCC OnLine Mad 883: (2005) 30 PTC 385.

³⁰ *Jolen Inc. v. Shobanlal Jain*, 2004 SCC OnLine Mad 883: (2005) 30 PTC 385.

alleged “technical irregularity” that was anyways rectifiable.³¹ Montblanc later appointed another person (a non-advocate not working with the law firm) as its constituted attorney.³² Nevertheless, the defendants continued to raise objections, and (somewhat cheekily) complained to the Bar Council against the law firm partner, alleging moral turpitude. Frustratingly for Montblanc, the case dragged on for over six years, despite a Supreme Court order directing its speedy disposal.³³

The last of the five cases was an IP infringement case involving a British oil and gas company. The defendant raised objections over the plaintiff’s lawyers (belonging to a top IP law firm) also acting as constituted attorneys.³⁴ The Delhi High Court, while referring to *ONGC* and *Columbia Pictures*, reiterated that law was a noble profession and that “it would be professional misconduct if a lawyer were to don two hats at the same time”.³⁵ The court further stated that foreign companies must respect the laws of India and refrain from appointing law firms as their constituted attorneys.³⁶ However, the court dismissed the defendants’ plea on maintainability of the suit. The court held that dual capacity is a mixed question of law and fact, and cannot be raised at the appellate stage, which the defendants were doing.³⁷

In most of the cases discussed above, the plaintiffs were fortunate to have evaded the dual capacity hurdle using various procedural and technical defences. However, as courts have repeatedly upheld the decision in *ONGC*, in a more appropriate case, these defences may not apply and a court may return the suit. Furthermore, in *Columbia Pictures* and *Mont Blanc*, the dual capacity issue clearly delayed the case and resulted in additional hearings, presumably resulting in additional costs. Do lawyers at IP law firms then still persist with dual capacity roles? Or, do they work around the problem by approaching advocates who are not a part to the firm to act as constituted attorneys (like in *Columbia Pictures*, *Time Warner*, and *Jolen*), or even non-advocates (like in *Mont Blanc*)? To gain a sense of prevailing

³¹ *Mont Blanc Simplo-Gmbh v. New Delhi Stationery Mart*, 2009 SCC OnLine Del 2423: (2009) 41 PTC 555 (“*Mont Blanc*”).

³² *Add Corpn. Ltd. v. Montblanc Simplo-Gmbh*, IA No. 3418 of 2009, decided on 16-9-2010 (Del) (UR).

³³ *Add Corpn. Ltd. v. Montblanc Simplo-Gmbh*, SLP (C) No. 17111-17112 of 2009, decided on 23-7-2010 (SC) (UR).

³⁴ *Baker Oil Tools (India) (P) Ltd. v. Baker Hughes Ltd.*, 2011 SCC OnLine Del 2567: (2011) 47 PTC 296 (“*Baker Oil*”).

³⁵ *Baker Oil Tools (India) (P) Ltd. v. Baker Hughes Ltd.*, 2011 SCC OnLine Del 2567: (2011) 47 PTC 296.

³⁶ *Baker Oil Tools (India) (P) Ltd. v. Baker Hughes Ltd.*, 2011 SCC OnLine Del 2567: (2011) 47 PTC 296.

³⁷ *Baker Oil Tools (India) (P) Ltd. v. Baker Hughes Ltd.*, 2011 SCC OnLine Del 2567: (2011) 47 PTC 296.

practices, we interviewed lawyers at four of India's leading IP law firms and one renowned full-service law firm with a strong IP department. All the five firms represent a large number of MNCs and entities based overseas. Collectively, the firms have represented clients in disputes in courts across India.

Firm A informed us that their overseas clients, if unable to find an agent in India, sign both the *vakalatnama* and the power of attorney (appointing constituted attorneys) in the name of the firm's partners and associates. Thus, the firm's lawyers clearly act in a dual capacity in certain cases. In contrast, Firm B told us that it follows a strict policy of avoiding dual capacity. Firm B ensures that a power of attorney is not executed in the name of its lawyers and that a constituted attorney is not named in the *vakalatnama* as the advocate. Firm C told us that it varies its practice, usually based on the needs of the client. In some situations, the power of attorney names partners or associates of the firm as constituted attorneys, and the *vakalatnama* contains the same names. In other situations, dual capacity is avoided. Firm D informed us that it is extremely careful about avoiding dual capacity. The firm ensures that the constituted attorney is always a non-advocate. This may be someone recommended by the client or if the client has no reliable contact in India, a clerk or secretary working at the firm. The firm ensures that even an advocate unrelated to the firm is not appointed a constituted attorney. Firm E gave us a similar answer.

If our small but formidable sample is an indication, there is no consistency in practice across law firms. Some (perhaps most) firms scrupulously avoid creating dual capacity for their lawyers, but others do not. With respect to the latter approach, a few relevant factors should be mentioned which also arose in the course of our interviews. First, in straightforward piracy and counterfeiting cases, the defendants are typically small traders against whom orders are often passed *ex parte*. These defendants frequently choose not to appeal against orders. In such cases, the odds of a dual capacity-objection being raised are probably slim. Second, many cases of dual capacity probably go unnoticed by defendants, possibly because most small traders do not engage lawyers of high quality. Third, in some cases, the nature of the infringement is immediate and needs to be stopped urgently such as the online piracy of a current film, or impending pirated streaming of a live television programme, or a fly-by-night trademark counterfeiting racket. Here, some overseas clients may simply not have enough time to arrange a reliable third party to act as a constituted attorney and request their lawyer to do so. Fourth, many clients may be very uncomfortable sharing sensitive commercial information with a third party and request their lawyers to act in a

dual capacity even if advised against the risks of such a strategy. We must also add that we are not certain if some of the firms we spoke to are actually sole proprietorships, which style themselves as law firms and nominally designate certain experienced lawyers as “partners”.

IV. CONCLUSION

This article has dealt with a fairly dry procedural topic, but one with important implications for IP practitioners. Of the precedents we have discussed, none really proved to be fatal for plaintiffs. The only adverse order was perhaps that of the single-judge bench in *Columbia Pictures*, which too was reversed on appeal. Nevertheless, as mentioned earlier, the dual capacity issue did lead to additional delays and litigation costs, and, in a more appropriate case, can seriously prejudice an otherwise strong claim for IP infringement. In India, where defendants routinely use procedural laws to delay cases, dual capacity is a potential minefield that can and should be avoided — even in cases where sole proprietorships are involved. Law firms can easily avoid dual capacity by entrusting non-advocates within the firm to act as constituted attorneys, as Firms *D* and *E* do. Other than secretaries and clerks, many IP law firms also hire scientific and technical experts, without law degrees, as patent agents (in India, non-advocates with science degrees are eligible to appear for the patent agent examination). Thus, there seems little reason for IP law firms to persist with creating dual capacity roles for their lawyers.