back

Status: Pending

Case Number: **WP 28138/2025 (KAHC010614652025)**

Classification: **C**

Date of Filing: **15/09/2025 15:30:04**

Petitioner: **M/S. HOMBALE FILMS LLP**

Petitioner Advocate: **BHARGAVA D BHAT**

Respondent: **THE STATE OF KARNATAKA**

Respondent Advocate:

Filing No.: **WP 28340/2025**

Judge: **RAVI V HOSMANI**

Last Posted For: **ORDERS**

Last Date of Action: **23/09/2025**

Last Action Taken: **ADJOURNED**

Next Hearing Date:

Daily Orders: WP 28138/2025

1	RAVI V HOSMANI	23/09/2025

ORAL ORDERS ON INTERIM PRAYER

WP no.28138/2025 is filed by registered Limited Liability Partnership ('LLP') carrying on business of movie production.

WP no.28146/2025 is filed by a Society registered under Societies Registration Act, 1986, comprised of Multiplex Operators in India including PVR Inox Ltd., Cinepolis, Miraj Cinemas, etc. which operate approximately 300 screens across State of Karnataka other than 576 Cinemas with 626 screens in Karnataka.

WP no.28165/2025 is filed by registered Limited Liability Partnership ('LLP') carrying on business of movie production which is operating 'DRC Cinema' stated to be first multi-screen theatre having world class equipment for acoustics, etc. in BM Habitat Mall, Mysuru, having four screens with total seating capacity of 890.

WP no.28187/2025 is filed by registered Limited Liability Partnership ('LLP') carrying on business of film distribution.

Since all these writ petitions involve challenge of Karnataka Cinemas (Regulation) (Amendment) Rules, 2025, Gazetted on 12.09.2025 ('Amendment', for short) , they are clubbed together.

Sri Mukul Rohatgi & Sri Udaya Holla, learned Senior Counsel appearing for Sri Avinash Balakrishna, advocate for petitioner in WP no.28146/2025, submitted, petitioner was aggrieved by impugned notification seeking to amend Rule 55 (6) of Karnataka Cinema (Control) Rules, 2014, ('Rules', for short) by inserting proviso thereto fixing maximum ticket price for all screenings of films in all languages in all theatres in State including Multiplexes, at Rs.200/- exclusive of all taxes along with another proviso exempting multi screen cinemas with premium facilities of upto 75 seats or less from said fixation.

It was submitted, such attempt was history repeating itself after an earlier such failed attempt wherein Government of Karnataka had sought to impose a price cap on movie tickets in all Multiplexes and single screens under Government Order ('GO', for short) bearing no.31:PIF:2017 Bangalore, dated 02.05.2017 and when same was challenged in WP no.21399-21400/2017, this Court had granted an interim order of stay on 11.05.2017. It was submitted, by subsequent GO no.KCI-PIF/15/2022, Bangalore, dated 22.04.2022, earlier GO dated 02.05.2017 was withdrawn and WP no.21399/2017 was disposed of taking note of same.

It was submitted, Hon'ble Supreme Court in case of KC Cinema v. State of Jammu and Kashmir & Ors. reported in (2023) 5 SCC 786, which involved challenge against Cinema theatres in Jammu and Kashmir prohibiting cinegoers from bringing eatables inside cinema halls, Hon'ble Supreme Court had held that Cinema Hall is private property of owner, who was entitled to stipulate terms and conditions for entry and so long as said terms were not contrary to public interest, safety and welfare, could not be interfered with. It was further held, conditions of entry was in exercise of right of cinema owners to carry on business or trade, as part of their business/economic activity and unless conditions of entry were unfair, unreasonable or unconscionable, same would not warrant interference. On said grounds, sought for stay of impugned amendment.

Sri Dhyan Chinnappa, learned Senior Counsel appearing for Sri Bhargava D Bhat, advocate for petitioner submitted, that in addition to above, Section 19 of Act did not contemplate any power to Government to frame Rules to regulate ticket price. Relying upon decision in case of Sri Durga Chand Kaushish & Anr. v. Union of India & Ors. reported in ILR 1979 II Del. 730, it was submitted, Division Bench of High Court of Delhi, while examining validity of Rule 45 (xiii) of Delhi Cinematograph Rules, 1953, and Condition no.8A in Conditions of Licence, whereunder Government had sought to direct all permanent cinemas to reduce rates of admission by 10%, by issuing notification, observed that there was no provision which provided for price control either as a purpose or a means to achieve a stated purpose and specifically noting that while purpose of Part III of Act was to ensure safety, health, sanitation, avoiding over crowding, ventilation and other analogous considerations, same would not include control of rates of admission to cinema auditoriums and control of price of cinema tickets.

It was further submitted, in absence of any specific statutory power such as Essential Commodities Act, 1955, Industrial (Development and Regulation) Act, 1951 etc., providing for regulation or controlling of prices of articles/services, such regulation or control could not be provided for exercising rule making power, which would not only be ultravires the Act, but also constitute unreasonable restriction on fundamental right guaranteed to petitioner under Article 19 (1) (g) of Constitution of India.

It was submitted, Hon'ble Supreme Court in case of Rohitash Kumar & Ors. v. Om Prakash Sharma & Ors. reported in (2013) 11 SCC 451, had held normal role of a proviso was to create an exception to a rule. It was submitted, when Rule 55 (6) of Rules provided that 'charges for each ticket as well as other charges shall be as applicable in relevant Acts and Rules', proviso sought to be inserted thereto would not fit into such a role. On other hand, it would be in nature of substantive provision. It was therefore submitted that insertion of ceiling limit on ticket price could not be imposed by way of a proviso.

It was further submitted, imposition of Cap on ticket price would in turn cause film makers desist from spending money for making movies. Attention was also drawn to second proviso, whereunder, totally unreasonable exception provided to Cap on ticket price. It was submitted, exclusion of gold-class screen and gold-class seats, Imax and 4DX theaters from Cap on ticket price contemplated under Government

Order dated 02.05.2017, were also done away with. And exception presently being restricted only to 'multi-screen cinema with premium facilities of 75 seats or less than that are exempted from maximum ticket price limit of Rs.200/-', was without defining 'premium facilities' and even fixation of 75 seats was without mentioning any basis.

It was submitted, Amendment was not only totally unreasonable, arbitrary and violative of Article 14, but also Article 19(1)(g) of Constitution of India, by seeking to impose unreasonable restrictions on right to do business and seeking for fair return on investment.

Sri DR Ravishankar, learned Senior Counsel appearing for Sri Bhargava D Bhat, advocate for petitioner submitted, ticket price in a cinema also known as admission fee was a matter of contract between theatre owner and cinegoer and when statute i.e. Cinema Act did not provide or contemplate any provision for regulating said contractual relationship, attempt for regulating same by Amendment to Rules would call for interference.

It was submitted, perusal of Cinema Act would indicate that, Sections 3 to 5 provide for establishment of licencing authorities and requirement of licences for exhibition of films; Sections 6 to 9 about criteria for grant, refusal and transfer of licences including suitability of premises and public interest; Section 11 seeks to regulate construction and use of cinema buildings, machinery etc; Sections 12 and 13 empowering State/licencing authority to issue directions for specific purposes; Sections 15 to 18 relating to power of suspension, revocation and appeal and Section 19 providing power to State Government to frame Rules to carry out purposes of the Act.

It was submitted, scheme of Cinemas Act was never to regulate or interfere with right of cinema owners to fix ticket price. It was submitted, right to regulate ticket price could not be presumed without express provision in statute providing for parameters for fixation. Relying upon decision of in case of PVR Ltd., v. State of Maharastra & Ors. reported in 2025 SCC OnLine Bom. 2624, which involved challenge of a GO prohibiting collection of convenience fee for computerized booking of tickets online, it was submitted, Division Bench of High Court of Bombay, had held in absence of any statutory power issuance of GO to govern contractual relationship could not be approved. It was further observed that, there could not be any such regulation without statutory expression of policy for governance.

It was further submitted, even if such power was permissible and exercised, same would still require to pass test of reasonableness. It was submitted, clubbing of all cinemas for regulation and creation of limited exception did not indicate that it was on any intelligible criteria for discrimination. It was submitted as compared to regular Theaters/Cinemas, cost of construction of Cineplexes, Multiplexes was enormous with added facilities catering to demands for comfort and luxury. Even simple factors, such as, cost of land being vastly different from Townships to Districts and Metropolitan cities was ignored. Thus, unequals were sought to be treated as equals for regulation, which would be in violation of law laid down in case of Uttar Pradesh Power Corporation Ltd., v. Ayodhya Prasad Mishra & Anr. reported in (2008) 10 SCC 139, wherein Hon'ble Supreme Court had held, it was well settled that equals cannot be treated unequally and likewise, even treatment of unequals equally would offend doctrine of equality enshrined in Article 14 of CoI. It was submitted, there was no indication that need for regulation was based on any previous study or data. Moreover, sourcing justification for imposition of cap on ticket price to budget statement would be whimsical and arbitrary and unsustainable, as such.

Sri Vikram Huilgol, learned Senior Counsel appearing for Sri Bhargava D. Bhat, advocate for petitioner submitted, petitioner was a Film Distributor, who was aggrieved by Amendment, on ground that price-cap sought to be imposed was totally oblivious of factors that go into making a movie. It was submitted, producer begins a project by acquiring rights for developing a story or an idea which is then placed with professional story and screenplay writers. After screenplay and script are ready, producer is required to assemble a creative team for principle photography, which includes locations scouting, Set-construction, shooting schedule and logistic arrangements for cast and crew. Producer would also be required to engage services of a Director, Assistant Director, Music Composer, Lyricist, Choreographer, Cinematographer and Artists. Even after completion of shooting, producer would be required to engage services of post-production team for dubbing, sound mixing, sound quality, incorporation of background scores, colour grading, VFX etc. as each such stage contributes significantly to enhance quality of movie. Even thereafter, producer would require to invest in promotion/ publicity, campaigns to attract viewers. Said process also involves, release of teasers, trailers across various media platforms, unveiling of posters, hoardings, music launches, press interaction etc., in addition to strategic timing and creation of opening day buzz. It was submitted, on an average entire process would take about three years and therefore, budget planning begins well in advance and investments planned accordingly. Imposition of price-cap on tickets would unsettle established norms for projection of return on investment.

It was submitted, employment of words 'Acts and Statutes' in Rule 55 (6) could only be understood to mean other statutes and not Act herein. Therefore, when scheme of Act did not contemplate regulation of ticket price, same could not be sought to be achieved by amendment to a Rule. On said grounds, it was submitted, Amendment was unreasonable and arbitrary, in violation of Articles 14 and 19 (1) (g) of

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Constitution of India and sought for stay of Amendment.

Sri Ismail Zabiulla, learned Additional Advocate General for respondent opposed writ petition and interim prayer sought. It was submitted that writ petitions were untenable and liable to be dismissed. It was submitted as per announcement during Budget Session in year 2017-18, GO dated 02.05.2017 was issued earlier as per Annexure-G for imposing price-cap on ticket price in Cinemas. Same was challenged on ground that fixation of price cannot be by an Executive Order. Under such circumstances, it was withdrawn.

It was submitted, prior to Amendment, on 15.07.2025, State had issued notification as per Annexure-D publishing Draft Rules and inviting objections. It was submitted, objections received were considered and thereafter, Amendment was introduced. It was submitted, legislative power of State to regulate subject matter could be traced to Entry no.33 in List-II of Seventh Schedule to CoI and preamble of Act which was, 'to provide for regulating exhibition of cinematographs and licensing of places therefor' read with Section 12 (2) - power of government to issue directions as well as Rule making power under Section 19 (2) (i) of Act, namely, 'regulating or prohibiting sale of any ticket or pass for admission, by whatever name called, infused sufficient legislative competence on State Government to frame Rules or introduce Amendment. Therefore, there was no substance in challenge of constitutionality of Amendment.

It was submitted, under similar circumstances, Hon'ble Supreme Court in case of Deepak Theater, Dhuri v. State of Punjab and Ors., reported in 1992 Supp. (1) SCC 684, had upheld power of State Government to fix rates of admission and classification of seats in Cinema theaters. Specific reference was made to following observation:
"5. …. … ... Though the right to fix rates of admission is a business incident, the appellant having created an interest in the general public therein, it has become necessary for the State to step in and regulate the activity of fixation of maximum rates of admission to different classes, as a welfare weal. Thereby fixation of rates of admission became a legitimate ancillary or incidental power in furtherance of the regulation under the Act. Access to and admission into theatre is a facility and concomitant right to a cinegoing public. Classification of seats and fixation of rates of admission according to paying capacity of a cinegoer is also an integral power of regulation. Power to fix rates of admission includes power to amend and revise the rates from time to time. The statute vests that power in the licensing authority subject to control by the State Government. The fixation of the rates of admission has thus become an integral and essential part of the power and regulation of exhibition of cinematograph".
… … …
… … …
"7. … … … The right to fix the rates of admission is not an unbridled power or right but by implication is subject to the regulation under the Act, rules and conditions of the licence. The owner/licensee has no unrestricted power or freedom to fix rates of admission at his whim. Therefore, fixation of rates of admission, though has its inception in the womb of private contract, but clothed with a public interest to be regulated under the Act, rules and conditions of the licence."

Above findings would cover all above contentions leaving no scope for interference. It was lastly submitted, Hon'ble Supreme Court in its recent decision in Waqf Amendment Act, 2025 (1) reported in 2025 SCC OnLine SC 1978, clarified considerations when a statutory provision is challenged as follows:
"116. The scope of grant of interim stay of a statute or any of its provision(s) has been crystalized in the Constitution Bench judgments which we have already referred to hereinabove.

117. It has consistently been held that there is always a presumption in favour of the constitutionality of an enactment and the burden is upon him who attacks it to show that there has been a clear transgression of the constitutional principles. It is quite well settled that the legislature understands and correctly appreciates the need of its own people, that its laws are directed to problems made manifest by experience and that its discrimination is based on adequate grounds. Equally, it is settled that the legislature is free to recognize degrees of harm and may confine its restrictions to those cases where the need is deemed to be the clearest. It has also been held that in order to sustain the presumption of constitutionality the court may take into consideration matters of common knowledge, matters of common report, the history of the times and may assume every state of facts which can be conceived existing at the time of legislation.

118. It has also been held that a statute enacted by Parliament or a State Legislature cannot be declared unconstitutional lightly. In doing so, the Court must be able to hold beyond any iota of doubt that the violation of the constitutional provisions was so glaring that the legislative provision under challenge cannot stand. It has been held that unless there is flagrant violation of the constitutional provisions, the law made by Parliament or a State Legislature cannot be declared invalid. It has also been held that in order to declare a law unconstitutional, the Court has to come to a conclusion that the violation of any of

the provisions of the Constitution is so evident that it leaves no manner of doubt.

119. The grounds on which a legislation can be declared invalid is with regard to the legislative competence of legislature or that such a legislation is in contravention of any of the fundamental rights stipulated in Part III of the Constitution or any other provision of the Constitution or that it is manifestly arbitrary."

On above grounds sought rejection of interim prayer and dismissal of writ petition.
In reply, learned counsel for petitioners submitted, decision in Deepak Theater (supra) was rendered in context of Punjab Cinemas (Regulation) Act, 1952, in which Section 7A was inserted in year 1969, which specifically empowered licencing authority to classify seats and stipulate rates for admission. Fact that said enactment contained a specific legislative provision, empowering licencing authority to classify seats and stipulate rates of admission, would distinguish said legislation from Act in question. Therefore, reliance on ratio in Deepak Theater (supra) was misconceived.

Heard learned counsel.
These writ petitions involve common ground of challenge of constitutional validity of Amendment on various grounds, which require to be considered at time of disposal of writ petition. Petitioners are seeking for grant of interim order of stay of Amendment, pending consideration of their challenge against legality/validity of Amendment.
Settled legal position in case of a legislation under challenge is that its constitutionality/validity would be presumed until struck down as clarified in Waqf Amendment Act, 2025 (1) (supra), and only under specific circumstances, it could be stayed.
Main grounds urged in challenge against Amendment are that it is reiteration of an earlier attempt at regulating ticket price, by issuing GO dated 02.05.2017 was withdrawn by GO dated 22.04.2022, after same was challenged before this Court and an interim order of stay was granted, whereby State virtually conceded its position that it cannot seek to regulate ticket price. But, thereafter seeking to achieve same objective by introducing Amendment. It is contended, as held in KC Cinema, Cinema hall was private property of owner, who was entitled to stipulate conditions for entry which was purely contractual and that same would not be amenable to regulation on price, in absence of express provision or statement of policy providing parameters for such fixation by relying on ratio in PVR Ltd's case (supra). It is also contended that regulation of contractual relationship would be permissible only on grounds of public policy, safety or welfare, which was not stated to be reason for Amendment.
It is also contended that main purpose of Act was to ensure safety, health, sanitation, avoiding over-crowding, ventilation and other consideration and that there was no power to regulate rate of admission. And therefore, as held in Sri Durga Chand Kaushish's case (supra), Amendment was ultra vires Act. It is also contended that Amendment violated fundamental rights of petitioners under Article 19 (1) (g) of CoI to carry on trade or business.
Amendment is also challenged on ground that unequals were sought to be treated equally by including movies in all languages exhibited in all theaters in State for fixation of maximum price of ticket at Rs.200/-, as violative principle of equality enshrined in Art. 14 of CoI. Referring to second proviso in Amendment carving out exception from price fixation in case of multi-screen cinemas with premium facilities of upto 75 seats without providing definition of premium facilities and without indicating any reason for fixation of limit of 75 seats, as violating rule of intelligible differentia for such classification with purpose sought to be achieved.
While, respondent - State contends, it is not in dispute that Budget assurance was basis for amendment. And that challenge against earlier GO dated 02.05.2017 was price fixation under executive fiat was not permissible, which would not apply herein as regulation is now sought achieved by legislation. It is also contended that, amendment was preceded by publication of Draft Rules and consideration of objections received and power to Legislate traceable to item no.33 in List-II of Seventh Schedule. In so far as provisions in Act, it is contended that purpose of price fixation could be traced to Preamble of Act, which included power to exhibition of Cinema, to Section 12 (2) which provide for power to issue directions by Licencing Authorities and Rule making power under Section 19 (2) (i) of Act. Reliance is also placed on ratio in Deepak Theater's case (supra), which had upheld regulation.

As noted above, there can be an interim order of stay, only if there is clear transgression of Constitutional principles, that discrimination is based on adequate grounds and unless there leaves no doubt about such provision violating Constitutional provisions.
In order to appreciate rival contentions, it would be appropriate to refer to Objective of Act, General Scheme of Act to prima facie understand purpose of Act.
As pointed out, objective behind Act was to provide for regulating exhibition by means of cinematographs and licencing of places in which cinematograph films are exhibited in State of Karnataka. Section 1 provides for title, extent and commencement, Section 2 deals with definitions. Sections - 3 to 5 provide for

establishment of licencing authorities, prohibiting exhibition of films without licence and for grant of licence. Likewise, Sections 6 to 9 deal with criteria for grant, restriction on powers of licencing authority, restriction on transfer of licences, with provision for appeal against orders for grant/refusal of licence under Section 10 and Section 11 providing for regulation of construction and use of cinema buildings, machinery etc.; Sections 12 and 13 provide for power of State/licencing authorities to issue directions for specific purposes; while Sections 15 to 18 are about powers of suspension, revocation and penalties and Section 19 empowering Government to frame Rules to carry out various purposes of Act.

Admittedly, Amendment is in exercise of power under Section 19 of Act. Sub-section 2 (a) to (i) thereof enumerates various purposes for which Rules could be framed. Most relevant among them would be Section 19 (2) (i), which reads as follows:

"19. Power to make rules - (1)...

(2) In particular and without prejudice to the generality of the foregoing power, such Rules may provide for -

(a)... ... .

(i) Regulating or prohibiting the sale of any ticket or pass for admission by whatever name called to a place licenced under this Act."

The Rule along with Amendment, would read as follows:

"Rule 55: Ticket Booths: (1) .....

(6) Charges for each ticket as well as other charges shall be as applicable in relevant Acts and Rules.

"Provided that the maximum ticket price for all screenings of films in all languages in all theaters in the State, including Multiplexes, has been fixed at Rs.200 (Two Hundred Rupees Only) exclusive of all taxes"

And provided that all Multi-screen cinemas with premium facilities of 75 seats or less than that are exempted from the maximum ticket price limit of Rs.200."

Prima facie, scheme of Act appears to be to regulate exhibition of cinematographs films by placing restriction on places of exhibition by subjecting said activity to licencing. Provisions provide for establishment of licencing authorities, manner of grant of licences, parameters for places of exhibition, considerations for grant of licences and generally ancillary provisions therefor. Power to frame Rules for regulation under Section 19 (2) (i) appears to be for regulating manner of and place of sale of tickets. Prima facie, there appears no provision specifically providing for or enabling regulation of ticket price in Statute.

Same is noticeable as heading of Rule 55 is about Ticket Booths and sub-section (6) thereof though appears to be about charges for each ticket as well as other charges, same is specifically stated to be as applicable in the relevant Acts and Rules, without any clarification about same. There is no provision providing for reference to other enactments or Rules, which deal with fixation of price of ticket. Thus in instant case, there are serious doubt about whether scheme of Act provides for regulation of ticket price and in its absence whether ticket price could be validly regulated by framing Rules.

Besides above, manner of regulation would still require to pass test of reasonableness with reference to Articles 14 and 19 (1) (g) of CoI. Bare perusal of Amendment would indicate that State Government has clubbed cinemas in all languages, in all theaters in State of Karnataka as equal for purposes of fixation of maximum ticket price. There is no dispute about ticket prices varying from theater to theater for same movie within same town or City and in different towns or Cities, having regard to cinegoer population, cost of production of movie, expected return as well as cost of investment on provision of facilities for comfort of cinegoer, especially in Theaters.

Judicial notice can be taken of fact that cost of land in a City like Bengaluru cannot be compared muchless equated with that in District places. Apart from above, even cost of production of each Film would differ from another. With number of theaters being limited by licences and viewership reducing with each show, everyone in this business would expect to earn return on investment/profit in as short a period as possible. On contrary, it would not be hard to fathom that as a direct consequence of placing cap on ticket price, each Film would require to be exhibited in more number of shows to earn expected return, which may not be possible with Film industry growing each day. Above factors leave no doubt that Provisos sought to be inserted by way of impugned Amendment suffer from vice of treating unequals as equal and equals unequally, without any intelligible differentia for classification.

Besides above, Amendment would also be suspect of entering into matters of pure contract between willing parties, except on ground of public interest, safety and welfare as held in KC Cinema (supra) and Sri Durga Chand Kaushish (supra). Right of admission to Cinema is contractual and owners of Cinemas would be justified in demanding return of investment and profit, which would be guided by market factors. Even applying balance of convenience test, if Amendment is not stayed, and petitioners ultimately succeed in writ petition, petitioners would stand to lose earning permanently, while if Amendment is stayed and

	petitioners ultimately loose, appropriate orders could be passed about money collected by petitioners above, cap fixed as same would be accounted for in course of business. For aforesaid reasons, it is found fit to grant an interim order of stay of Amendment, until further orders. In WPs.no.28138/2025, 28165/2025 & 28187/2025, I.A. no.1/2025 filed for dispensation is allowed. In W.P.no.28146/2025, learned counsel for petitioner submits that objections against impleading application would be filed in Registry. Office objections on impleading application to be complied within one week. List all Writ Petitions thereafter. **Last Updated On:** 2025-09-23 19:01:39	
2	RAVI V HOSMANI	16/09/2025
	ORAL ORDER IN WP no.28146/2025 Since, it is submitted that WPs no.28146/2025 and 28165/2025 and WP.no.28187/2025 involve similar challenge to amended Rule, they are clubbed together. Heard Sri Mukul Rohatgi and Sri Udaya Holla, Sri DR Ravishankar, Sri Dhyan Chinnappa, Sri Vikram Huilgol, learned Senior Counsel for petitioners and Sri Ismail Zabiulla, learned Additional Advocate General along with Sri Bhojegouda T Koller, learned Addl. Government Advocate for respondents on interim prayer. At this stage, an application for impleading is filed by Karnataka Film Chamber of Commerce in open Court in WP no.28146/2025. Learned counsel for petitioners seeks time to file objections to application. In view of above, applicant cannot be heard on interim prayer at this stage. Re-list these matters on 23.09.2025, for orders on interim prayer. **Last Updated On:** 2025-09-17 14:46:24