

(2016) 10 DEL CK 0062

DELHI HIGH COURT

Case No: CS(OS) No. 2517 of 2015

Nirog Pharma Pvt. Ltd.

APPELLANT

Vs

Umesh Gupta

RESPONDENT

Date of Decision: Oct. 21, 2016

Acts Referred:

- Civil Procedure Code, 1908 (CPC) - Order 8 Rule 10
- Copyright Act, 1957 - Section 2(c)
- Trade Marks Act, 1999 - Section 29(b)

Citation: (2017) 2 ADDelhi 144 : (2016) 235 DLT 354 : (2017) 69 PTC 336 : (2017) 3 RAJ 509

Hon'ble Judges: Mr. G.S. Sistani, J.

Bench: Single Bench

Advocate: Mr. Manish Biala and Mr. Shobhit Agarwal, Advocates, for the Plaintiff; None, for the Defendants

Final Decision: Allowed

Judgement

Mr. G.S. Sistani, J. (Oral)—None for the defendants. Written Statement has also not been filed; despite summons having been issued as far back as 24.08.2015, service effected on 05.12.2015 and vakalatnama filed on behalf of the defendants on 19.01.2016. The counsel for the plaintiff prays that the present case may be decreed by invoking the provisions of Order 8, Rule 10 of the Code of Civil Procedure. He further submits that there are sufficient documents on record and also the fact that the plaint is supported by an affidavit of the plaintiff, thus, it is not necessary to lead evidence.

2. The plaintiff has instituted the present suit praying inter alia for permanent injunction against the defendants restraining them from infringing its trademark, copyright, passing off, rendition of accounts, delivery up, damages etc.

3. As per the plaint, the plaintiff company has been engaged in the business of manufacturing and selling ayurvedic medicines, non-medicinal products, confectionary etc. since 1985 through its predecessor M/s Nirog Pharmacy, a sole proprietorship of Mr. Anil Kumar Jain. Subsequently, Mr. Jain incorporated a Company under the name and style of Tapovan Ayur Pharma Pvt. Ltd. in 1995 and brought the business of M/s Nirog Pharmacy under the same. The name of the company was later changed to its present form, i.e. Nirog Pharma Pvt. Ltd., in the year 2000.

4. The plaintiff claims to be the proprietor and owner of the trade marks "Harigola" and "Taravat". The trademark "Harigola" was originally coined and adopted by Mr. Jain under his proprietorship concern M/s Nirog Pharmacy in the year 1985 and has been continuously and extensively used openly in the market since then. Similarly, the trademark "Taravat" was coined and adopted by Mr. Jain in the year 1991 and has been extensively and continuously used since then. The trademarks "Harigola" and "Taravat" along with their variants are registered trademarks which are valid and subsisting. The details of the said trademark registrations are as follows:

S. No.	Trademark	Class	Regn. No.	Date of Regn.
1	Harigola	5	521217	13.12.1989
2	Harigola (Device Label)	5	454127	14.05.1986
3	Harigola-S	5	624270	04/04/94
4	Taravat	30	1065215	06/12/01
5	Taravat Jalzeera (Label)	30	1946849	06/04/10

5. The plaintiff submits that of the afore going marks, the marks in serial nos. 1, 2, 3 and 4 were initially filed by Mr. Jain and have been subsequently assigned in favour of the plaintiff company vide Assignment Deed dated 04.12.2001. The same have also been recorded by the Trade Mark Registry.

6. The plaintiff claims that the trademarks "Harigola" and "Taravat" along with their packaging including get up, lay out, colour combination are well-known as a result of the plaintiff's market leadership and reputation. Therefore, the plaintiff enjoys

statutory rights by virtue of the trade mark registrations and common law proprietary rights arising from the goodwill and reputation associated with its trademarks as well as priority of adoption, long, continuous and extensive use of trademarks. The plaintiff has also detailed its sales figures under both the marks in paragraph 8 of the plaint.

7. The plaintiff also claims to be the proprietor of the artistic work in the "Harigola" and "Taravat" packaging/labels which bear unique and fanciful styles and are original artistic work within the meaning of section 2(c) of the Copyright Act 1957.

8. The facts leading to the filing of the present case are that the plaintiff, in the year 2010, learnt that certain goods, similar to that of the plaintiff, are being sold in the market bearing a similar mark as that of "Taravat". Goods were being marketed by the defendant no. 2 under the label "Taravati". Accordingly, the plaintiff had sent a cease and desist notice on 12.04.2010 as well as a reminder notice dated 25.05.2010. No response was received for the said notices; but at the same time, the infringing products were no longer available in the market.

9. Thereafter, in June-July, 2015 the plaintiff was informed by its distributors that the defendants are manufacturing and selling products using marks/labels not just "Taravati" but another deceptively similar mark and label "Harbola-X", which are similar to the Plaintiff's trademarks "Taravat" and "Harigola"/"Harigola-S" respectively. Upon investigation, the plaintiff also claims to have learnt that the packaging of the defendants' products was also a slavish imitation of the goods of the plaintiff.

10. Aggrieved, the plaintiff has filed the present suit. Notice in the present suit was issued on 24.08.2015. By means of the same order, a local commissioner was also appointed to seize the goods of the defendants being sold under the infringing marks. Service was effected on 05.12.2015. On the next date of hearing, i.e. 20.01.2016, the counsel for the defendants had entered appearance and sought two weeks time to file written statement. Thereafter, on 08.03.2016, 04.05.2016 and 16.05.2016, no written statement was filed by the defendants on one pretext or the other. On 16.05.2016, the matter was adjourned for today for considering the passing of a decree under Order 8, Rule 10 CPC.

11. Order 8, Rule 10 has been inserted by the legislature to expedite the process of justice. The courts can invoke its provisions to curb dilatory tactic, often resorted to by defendants, by not filing the written statement by pronouncing judgment against it. At the same time, the courts must be cautious and judge the contents of the plaint and documents on record as being of an unimpeachable character, not requiring any evidence to be led to prove its contents. The Supreme Court in **C.N Ramappa Gowda v. C.C. Chandregowda, (2012) 5 SCC 265** had held as under:

"25. We find sufficient assistance from the apt observations of this Court extracted herein above which has held that the effect [Ed.: It would seem that it is the purpose

of the procedure contemplated under Order 8, Rule 10 CPC upon non-filing of the written statement to expedite the trial and not penalise the defendant.] of non-filing of the written statement and proceeding to try the suit is clearly to expedite the disposal of the suit and is not penal in nature wherein the defendant has to be penalised for non-filing of the written statement by trying the suit in a mechanical manner by passing a decree. We wish to reiterate that in a case where written statement has not been filed, the court should be a little more cautious in proceeding under Order 8, Rule 10 CPC and before passing a judgment, it must ensure that even if the facts set out in the plaint are treated to have been admitted, a judgment and decree could not possibly be passed without requiring him to prove the facts pleaded in the plaint.

26. It is only when the court for recorded reasons is fully satisfied that there is no fact which needs to be proved at the instance of the plaintiff in view of the deemed admission by the defendant, the court can conveniently pass a judgment and decree against the defendant who has not filed the written statement. But, if the plaint itself indicates that there are disputed questions of fact involved in the case arising from the plaint itself giving rise to two versions, it would not be safe for the court to record an ex parte judgment without directing the plaintiff to prove the facts so as to settle the factual controversy. In that event, the ex parte judgment although may appear to have decided the suit expeditiously, it ultimately gives rise to several layers of appeal after appeal which ultimately compounds the delay in finally disposing of the suit giving rise to multiplicity of proceedings which hardly promotes the cause of speedy trial.

27. However, if the court is clearly of the view that the plaintiff's case even without any evidence is prima facie unimpeachable and the defendant's approach is clearly a dilatory tactic to delay the passing of a decree, it would be justified in appropriate cases to pass even an uncontested decree. What would be the nature of such a case ultimately will have to be left to the wisdom and just exercise of discretion by the trial court who is seized of the trial of the suit."

(Emphasis Supplied)

12. Accordingly, for invoking the provisions under Order 8, Rule 10 of CPC, this court must put to test the averments in the plaint and consider their veracity. The present case has been primarily filed by the plaintiff to protect its trademarks in "Harigola" and "Taravat" as well as its copyright in the original artistic work of the packaging/label. At this juncture, I deem it appropriate to reproduce the marks and packaging/labels of the parties:

Trademarks of the Parties

Plaintiff's Marks

HARIGOLA - S

Defendant's Marks

HARBOLA - X

Infringement of Trademark

13. Based on the documents placed on record, there is no doubt that the plaintiff is the registered proprietor of the trade marks mentioned in paragraph 4 foregoing. Section 29 (2) of the Trade Marks Act stipulates the conditions when usage by a person amounts to infringement of a registered trademark. Section 29 (2) reads as follows:

"(2) A registered trade mark is infringed by a person who, not being a registered proprietor or a person using by way of permitted use, uses in the course of trade, a mark which because of-

(a) its identity with the registered trade mark and the similarity of the goods or services covered by such registered trade mark; or

(b) its similarity to the registered trade mark and the identity or similarity of the goods or services covered by such registered trade mark; or

(c) its identity with the registered trade mark and the identity of the goods or services covered by such registered trade mark, is likely to cause confusion on the part of the public, or which is likely to have an association with the registered trade mark."

(Emphasis Supplied)

14. In respect of the test of from adjudicating infringement, a coordinate bench of this Court in **The Royal Bank of Scotland Group PLC v. Sharekhan Limited, 216 (2015) DLT 197**, after taking into consideration numerous judicial pronouncements, held as under:

"35. The test of comparison of the marks side by side is not a sound one since a purchaser will seldom have the two marks actually before him when he makes his purchase. The eye is not an accurate recorder of visual detail and marks are remembered by general impression or by some significant detail rather than by any photographic recollection of the whole. While judging the question as to whether the defendants have infringed the trade mark by colourable imitation of the mark or not, the Court has to consider the overall impression of the mark in the minds of general public and not by merely comparing the dissimilarities in the two marks.

36. In order to establish infringement, the main ingredients of Section 29 of the Act are that the plaintiff's mark must be registered under the Act; the defendant's mark is identical with or deceptively similar to the registered trade mark; and the defendant's use of the mark is in the course of trade in respect of the goods covered by the registered trade mark. The rival marks are to be compared as a whole. Where two rival marks are identical, it is not necessary for the plaintiff to

prove further that the use of defendant's trademark is likely to deceive and cause confusion as the registration shows the title of the registered proprietor and the things speak for themselves. In an infringement action, once a mark is used as indicating commercial origin by the defendant, no amount of added matter intended to show the true origin of the goods can effect the question. If Court finds that the defendant's mark is closely, visually and phonetically similar, even then no further proof is necessary.

Test of comparison of rival marks

37. (i) In **Pianotist Co. Ltd.'s application, 1906 (23) R.P.C. 774**, it was observed as follows :

"You must take the two words. You must judge of them, both by their look and by their sound. You must consider the goods to which they are to be applied. You must consider the nature and kind of customer who would be likely to buy those goods. In fact, you must consider all the surrounding circumstances; and you must further consider what is likely to happen if each of those trade marks is used in a normal way as a trade mark for the goods of the respective owners of the marks. If, considering all those circumstances, you come to the conclusion that there will be a confusion that is to say, not necessarily that one man will be injured and the other will gain illicit benefit, but that there will be a confusion in the mind of the public which will lead to confusion in the goods-then you may refuse the registration, or rather you must refuse the registration in that case."

... ..

(iii) In the case of **Sandow Ltd.'s Application, 31 R.P.C. 205** it was clarified that among the surrounding circumstances to be taken into account, one of considerable importance is the imperfect recollection a person is likely to have of a mark with which he is only vaguely acquainted. While approving the above tests for comparison of the two word-marks, the Supreme Court held in **F. Hoffmann-La Roche & Co. Ltd. v. Geoffrey Manner & Co. Pvt. Ltd. (1969) 2 SCC 716** that:

"It is also important that the marks must be compared as whole. It is not right to take a portion of the word and say that because that portion of the word differs from the corresponding portion of the word in the other case there is no sufficient similarity to cause confusion. The true test is whether the totality of the proposed trade mark is such that it is likely to cause deception or confusion or mistake in the minds of persons accustomed to the existing trade mark."

(iv) In the case of **Tokalon Ltd. v. Devidson and Co. 32 R.P.C. 133**, it was observed that:

"...We are not bound to scan the words as we would in a question of compatriotic literarum. It is not a matter for microscopic inspection, but to be taken from the general and even casual point of view of a customer walking into a shop."

... ..

(vii) In the decision reported in **AIR 1951 Bom 147, James Chadwick & Bros. Ltd. v. The National Sewing Thread Co. Ltd.**, Chagla C.J. and Bhagwati, J.; referring to the words "likely to deceive or cause confusion" in section 10 of the Act observed as follows:-

"Now in deciding whether a particular trade mark is likely to deceive or cause confusion, it is not sufficient merely to compare it with the trade mark which is already registered and whose proprietor is offering opposition to the registration of the former trade mark. What is important is to find out what is the distinguishing or essential feature of the trade mark already registered and what is the main feature or the main idea underlying that trade mark, and if it is found that the trade mark whose registration is sought contains the same distinguishing or essential feature or conveys the same idea, then ordinarily the Registrar would be right if he came to the conclusion that the trade mark should not be registered. The real question is as to how a purchaser, who must be looked upon as an average man of ordinary intelligence, would react to a particular trade mark, what association he would form by looking at the trade mark, and in what respect he would connect the trade mark with the goods which he would be purchasing. It is impossible to accept that a man looking at a trade mark would take in every single feature of the trade mark. The question would be, what would he normally retain in his mind after looking at the trade mark? What would be the salient feature of the trade mark which in future would lead him to associate the particular goods with that trade mark?"

... .. ◆"

(Emphasis Supplied)

15. In the present case, a comparative analysis of the marks as represented in paragraph 12 aforegoing, clearly shows a similarity in the marks of the parties. Further, there is also a phonetic similarity in the marks. In "Harigola - S" and "Harbola ◆ X", even the use of alphabet at the end of the mark has been cleverly chosen. The alphabets "S" and "X" are phonetically similar when pronounced in isolation as in the present case. It is settled law, that the marks should not be meticulously compared side by side as it is not possible for the consumer to have an opportunity to do the same.

16. It is also clear that the marks are being applied for the same/identical goods. "Harigola - S" and "Harbola ◆ X" are being used for goliyaan (tablets) and "Taravat" and "Taravati" are being used for jaljeera (beverage).

17. In view of the aforegoing, I am of the view that the defendants are infringing the registered trademarks of the plaintiff under Section 29 (2) (b).

Passing Off

18. Passing Off action arises out of common law and is not pre-conditioned on registration. The term "passing off" was explained by James, L.J. in as under:

"❖I have often endeavoured to express what I am going to express now (and probably I have said it in the same words, because it is very difficult to find other words in which to express it) - that is, that no man is entitled to represent his goods as being the goods of another man; and no man is permitted to use any mark, sign or symbol, device or other means, whereby, without making a direct false representation himself to a purchaser who purchases from him, he enables such purchaser to tell a lie or to make a false representation to somebody else who is the ultimate customer."

(Emphasis Supplied)

19. Lord Diplock in **Erven Warnink Besloten Vennootschap v. J. Townend & Sons (Hull) Ltd., (1979) A.C 731** had identified five essentials to establish an action of passing off. The relevant excerpt is as under:

"My Lords, **A.G Spalding and Brothers v. A. W. Gamage Ltd., 84 L.J.Ch 449**, and the later cases make it possible to identify five characteristics which must be present in order to create a valid cause of action for passing off: (1) a misrepresentation, (2) made by a trader in the course of trade, (3) to prospective customers of his or ultimate consumers of goods or services supplied by him, (4) which is calculated to injure the business or goodwill of another trader (in the sense that this is a reasonably foreseeable consequence) and (5) which causes actual damage to a business or goodwill of the trader by whom the action is brought or (in a quia timet action) will probably do so."

(Emphasis Supplied)

20. The afore going essentials have been accepted by the Supreme Court in **Cadila Health Care Ltd. v. Cadila Pharmaceuticals Ltd., (2001) 5 SCC 73** and **Heinz Italia v. Dabur India Ltd., (2007) 6 SCC 1**. In Cadila Health Care Ltd. (Supra), the Supreme Court had further laid down the following decisive tests for checking deceptive similarity:

"35. Broadly stated, in an action for passing-off on the basis of unregistered trade mark generally for deciding the question of deceptive similarity the following factors are to be considered:

(a) The nature of the marks i.e. whether the marks are word marks or label marks or composite marks i.e. both words and label works.

(b) The degree of resemblance between the marks, phonetically similar and hence similar in idea.

(c) The nature of the goods in respect of which they are used as trade marks.

(d) The similarity in the nature, character and performance of the goods of the rival traders.

(e) The class of purchasers who are likely to buy the goods bearing the marks they require, on their education and intelligence and a degree of care they are likely to exercise in purchasing and/or using the goods.

(f) The mode of purchasing the goods or placing orders for the goods.

(g) Any other surrounding circumstances which may be relevant in the extent of dissimilarity between the competing marks.

36. Weightage to be given to each of the aforesaid factors depending upon facts of each case and the same weightage cannot be given to each factor in every case."

(Emphasis Supplied)

21. In the present case, applying the afore going test I am of the view that the defendants have tried to dupe the general public by portraying their products in a manner that they originate from the plaintiff. Such usage would inevitably lead to loss of revenue as also that of goodwill. Accordingly, the defendants have indulged into the offence of passing off.

22. Having held that the defendants have infringed the registered trademarks of the plaintiff as well as committed the tort of passing off, the only other issue which remains in the present suit is damages.

23. A coordinate bench of this court in the case of **Relaxo Rubber Limited & Anr. v. Selection Footwear & Anr., AIR 2000 Del 60** which while granting injunction also granted damages under Order 8, Rule 10 in a case for infringement of copyright and trade mark.

Punitive Damages

24. With regard to the relief of damages as claimed by the plaintiffs in paragraph 26 (h) of the plaint, the plaintiffs relied in **Time Incorporated v. Lokesh Srivastava & Anr., 2005 (30) PTC 3 (Del) : 2005 (116) DLT 599**, while awarding punitive damages of Rs. 5 lakhs in addition to compensatory damages also of Rs. 5 lakhs, Justice R.C. Chopra observed as under:

"8. This Court has no hesitation on saying that the time has come when the Courts dealing actions for infringement of trade marks, copy rights, patents etc. should not only grant compensatory damages but award punitive damages also with a view to discourage and dishearten law-breakers who indulge in violations with impunity out of lust for money so that they realise that in case they are caught, they would be liable not only to reimburse the aggrieved party but would be liable to pay punitive damages also, which may spell financial disaster for them. In **Mathias v. Accor Economy Lodging Inc., 347 F.3d 672 (7th Cir. 2003)** the factors underlying the

grant of punitive damages were discussed and it was observed that one function of punitive damages is to relieve the pressure on an overloaded system of criminal justice by providing a civil alternative to criminal prosecution of minor crimes. It was further observed that the award of punitive damages serves the additional purpose of limiting the defendant's ability to profit from its fraud by escaping detection and prosecution. If a tortfeasor is caught only half the time he commits torts, then when he is caught he should be punished twice as heavily in order to make up for the times he gets away. This Court feels that this approach is necessitated further for the reason that it is very difficult for a plaintiff to give proof of actual damages suffered by him as the defendants who indulge in such activities never maintain proper accounts of their transactions since they know that the same are objectionable and unlawful. In the present case, the claim of punitive damages is of Rs. 5 lacs only which can be safely awarded. Had it been higher even, this Court would not have hesitated in awarding the same. This Court is of the view that the punitive damages should be really punitive and not flea bite and quantum thereof should depend upon the flagrancy of infringement."

(Emphasis Supplied)

25. This Court in the case of **Microsoft Corporation v. Rajendra Pawar & Anr., reported at 2008 (36) PTC 697 (Del.)**, has held:

"22. Perhaps it has now become a trend of sorts, especially in matters pertaining to passing off, for the defending party to evade Court proceedings in a systematic attempt to jettison the relief sought by the Plaintiff. Such flagrancy of the Defendant's conduct is strictly deprecatory, and those who recklessly indulge in such shenanigans must do so at their peril, for it is now an inherited wisdom that evasion of Court proceedings does not de facto tantamount to escape from liability. Judicial Process has its own way of bringing to task such erring parties whilst at the same time ensuring that the aggrieved party who has knocked the doors of the Court in anticipation of justice is afforded with adequate relief, both in law and in equity. It is here that the concept of awarding punitive damages comes into perspective.

23. Punitive damages are a manifestation of equitable relief granted to an aggrieved party, which, owing to its inability to prove actual damages, etc., could not be adequately compensated by the Court. Theoretically as well as practically, the practise of awarding of punitive damages may be rationalised as preventing under-compensation of the aggrieved party, allowing redress for undetectable torts and taking some strain away from the criminal justice system. Where the conduct of the erring party is found to be egregiously invidious and calculated to mint profits for his own self, awarding punitive damages prevents the erring party from taking advantage of its own wrong by escaping prosecution or detection."

(Emphasis Supplied)

26. A coordinate bench of this court in the case of The Heels v. Mr. V.K Abrol and Anr., CS (OS) NO.1385 of 2005 decided on 29.03.2006 has held:

"11. This court has taken a view that where a defendant deliberately stays away from the proceedings with the result that an enquiry into the accounts of the defendant for determination of damages cannot take place, the plaintiff cannot be deprived of the claim for damages as that would amount to a premium on the conduct of such defendant. The result would be that parties who appear before the court and contest the matter would be liable to damages while the parties who choose to stay away from the court after having infringed the right of the plaintiff, would go scotfree. This position cannot be acceptable.

12. No doubt it is not possible to give an exact figure of damages on the basis of actual loss, but certain token amounts on the basis of the sales of the plaintiff can certainly be made. The plaintiff is unnecessarily dragged into litigation and the defendants must bear consequences thereof. In fact in such a case both compensatory and punitive damages ought to be granted apart from the costs incurred by the plaintiff on such litigation. In view of the given sales figure of the plaintiff, I consider it appropriate to grant a decree of damages in favour of the plaintiff and against the defendants for a sum of Rs 3 lakh apart from costs of the suit."

27. In view of the facts of the present case, this Court is of the opinion that in the present case Rs. 2 lakhs as punitive damages be granted in favour of the plaintiff and against the defendant in terms of 26 (h) of the plaint.

28. The present suit is also a commercial suit within the definition of the Commercial Courts, Commercial Division and Commercial Appellate Division of High Courts Act, 2015 and it was the clear intention of the legislature that such cases should be decided expeditiously and should not be allowed to linger on. Accordingly, if the defendant fails to pursue his case or does so in a lackadaisical manner by not filing his written statement, the courts should invoke the provisions of Order 8, Rule 10 to decree such cases.

29. Resultantly, having been satisfied with the averments made and duly supported by documents, report of the local commissioner and no written statement being on record, I deem it a fit case to for invoking the provisions of Order 8, Rule 10 of the Code of Civil Procedure.

30. Accordingly, the present suit is decreed in favour of the plaintiff and against the defendant in terms of paragraphs 26 (a), (b), (c), (d) and (e) of the plaint along with damages of Rs. 2 lakhs.