

(2019) 05 DEL CK 0454

In the Delhi High Court

Case No : Civil Suits (COMM) No. 1269 Of 2018, Miscellaneous Application No. 16629 Of 2018

Adidas Ag & Anr

APPELLANT

Vs

Praveen Kumar & Ors

RESPONDENT

Date of Decision : 14-05-2019

Acts Referred:

Citation : (2019) 78 PTC 468

Hon'ble Judges : Prathiba M. Singh, J

Bench : Single Bench

Advocate : Hemant Singh, Waseem Shuaib Ahmed, Abhijeet Rastogi, Binod Kumar Jha, Navin Gupta

Final Decision : Disposed Off

Judgement

Prathiba M. Singh, J

1. The Plaintiffs have filed the present suit for permanent injunction restraining infringement of trade mark, passing off, unfair competition, for

rendition of accounts of profits/damages, delivery up etc.

2. The Plaintiff No.1 " M/s Adidas AG and its Indian subsidiary Adidas India Marketing Pvt. Ltd. - Plaintiff No.2 (together referred to as

`Plaintiffs'), claim to be one of the world's leading manufacturers of ADIDAS athletic footwear, sportswear, and sporting equipment.

3. The Plaintiff No. 1 was founded in Germany in 1920 and since then has expanded to a global market into several countries. It is stated in the plaint

that the "THREE STRIPES" device mark since its adoption in 1949, almost 80 years ago, has been exclusively associated with the Plaintiffs. The

said mark has been promoted by various sporting celebrities including Sh. Milkha Singh, the legendary Indian Olympian. The "THREE STRIPES"

device mark is used by the Plaintiffs on shoes and various other sportswear, clothing, basketballs and other sporting equipments and the

immediate recognition and association of the 'THREE STRIPES' mark is with the Plaintiffs. The 'THREE STRIPES' mark is

also registered in several countries of the world as a device mark. It is also registered in India, in various forms, since 1989 in Class 25. The

details of the said registrations is as under:-

'TRADE MARK REGISTRATIONS - INDIA

11. In order to accord statutory protection to the THREE STRIPES device mark in India, the Plaintiff No. 1 also applied and has been granted trade

mark registrations of the same as per the following details:

4. The Plaintiffs have placed on record documents showing various promotional activities and endorsements by well-known personalities such as

leading athletes, sportsmen and sportswomen worldwide, including in India, who have been engaged for promotion of footwear bearing the

'THREE STRIPES' device mark in television commercials, print media advertisements, hoardings, magazine covers, online video platforms etc.

Such sports personalities include, Mr. Sachin Tendulkar, Mr. Virat Kohli, Mr. Virendra Sehwag, Ms. Sania Mirza, Mr. Chris Gayle, Ms. Hima Das,

etc.

5. The images of these personalities who have promoted the product of the Plaintiffs are also extracted in the plaint and filed with the documents. The

Plaintiffs have also promoted the ADIDAS product with the 'THREE STRIPES' device mark in various feature films. The sales and

advertisement figures also, provided in the plaint, show that the 'THREE STRIPES' device mark is very well-known and enjoys a formidable

reputation.

6. The Plaintiffs came to know in September, 2018 that the Defendants are using the trademark COLO however with the 'THREE STRIPES'

device mark on their footwear. Accordingly, the present suit was filed against Defendants 1-3. Defendant No.1, M/s Colo Footwear, was claimed to

be the manufacturer and distributor of footwear. Defendant No.2 and 3 are the dealers of Defendant No.1. The images of the infringing shoes have

been extracted in para 23 of the plaint which are as under:

7. On 5th September, 2018 this Court had granted an ad-interim injunction in the following terms:

10. The Court has perused the plaint and the documents placed on record. The Plaintiffs have made out a prima facie case and the balance of

convenience is in favour of the Plaintiffs. The use of the three stripes mark in such an indiscriminate manner would completely dilute the brand equity

of the mark. The mark is registered in India and enjoys goodwill and reputation. Thus, an interim order is passed restraining the Defendants from

manufacturing, selling, offering for sale either through their outlets or through the internet/e-commerce websites, any footwear or accessories bearing

the three stripes device mark or any other mark which is identical or deceptively similar to the three stripes mark of the Plaintiff.

8. Along with the injunction application, the Plaintiffs had also sought appointment of Local Commissioners to visit the premises of the Defendants and

seize the impugned products. Local Commissioners were, accordingly, appointed to visit the premises of the Defendants and to submit their reports

after inventorising the infringing products. All the three Local Commissioners, so appointed by this Court, vide order dated 5th December, 2018, have

filed their reports. The summary of each of the reports of the Local Commissioners reads as under:-

A. Report dated 2nd February, 2019 filed by the Local Commissioner who visited the premises of Defendant No.1 i.e., at Colo Footwear, WZ 265,

2nd Floor, Madipur, Delhi:

From the premises of Defendant No.1, the Local Commissioner seized a total of 384 pairs of shoes bearing the impugned "THREE STRIPES"

device mark, in various forms. The Local Commissioner also saw the books of accounts of the Defendant, however, was not able to trace any records

from the sales of the said shoes. Further, the Local Commissioner observed that the manufacturing of the said goods took place from the second and

third floor of the premises of Defendant No.1.

B. Report dated 7th January, 2019 filed by the Local Commissioner who visited the premises of Defendant No.2 i.e., at M/s Cotton Zone Footwear,

Phool Singh Market, Atta, Sector " 27, Noida " 201301:

At the premises of Defendant No.2, the Local Commissioner found 15 shoes with the trademark "Colo", used by Defendant No.1, with the

impugned "THREE STRIPES" device mark. In total, however, the Local Commissioner seized 113 pairs of shoes bearing various brand names, including replicas of the ADIDAS brand, bearing the impugned "THREE STRIPES" device mark, or bearing TWO or FOUR stripes device marks.

C. Report dated 18th December, 2018 filed by the Local Commissioner who visited the premises of Defendant No.3 i.e., at M/s Trendz Footwear,

Shop No.2, Pratap Chamber, Gali No.12, Gurudwara Road, Beadonpura, Karol Bagh, Delhi " 110005:

From this premises, the Local Commissioner seized 24 pairs of shoes and 51 single pieces of shoes bearing the impugned "THREE STRIPES"

device mark, or the TWO or FOUR stripes device marks. Additionally, the bill books of Defendant No.3 revealed that it was conducting a large scale

of business of supply of shoes worth thousands of rupees each, across the country. Thus, upon enquiring about how the large orders were fulfilled,

initially the representative of the Defendant said that they had a godown in Bawana, but later retracted and stated that it sourced its products from

random vendors who come from Bawana. He, however, refused to reveal the details of any of the said vendors to the Local Commissioner.

9. A perusal of the reports shows that each of the Defendants had stock of various footwear that bore the "THREE STRIPES" mark of the

Plaintiffs. All the three Defendants were found selling the said products and same were inventorised by the Local Commissioners. The Defendants,

thereafter, had entered appearance before this Court and all the three Defendants sought time to file written statement on 5th February, 2019.

However, Defendant No.1 failed to file its written statement and accordingly the right of Defendant No.1 to file the written statement was closed on

9th May, 2019. Defendant Nos. 2 and 3 have filed their written statements. A perusal of the written statement of Defendant No.3 shows that

Defendant No.3 took the stand that he is only a seller/ retailer of Defendant No.1's products and the same was sold by Defendant No.3 on a

commission basis and that it is not involved in manufacturing or use of the "THREE STRIPES" device mark in any manner. Insofar as Defendant

No.2 is concerned the stand of Defendant No.2 is similar to that of Defendant No.3. In fact, Defendant No.2 states that it believes that the shoes

supplied by Defendant No.1 were genuine.

10. Defendant No.1, as per the Commissioner's report is clearly the manufacturer of the infringing shoes bearing the "THREE

STRIPES" device mark. The ownership of the "THREE STRIPES" device mark has not been disputed by Defendant No.1 or any of the other

Defendants. In the written statement filed on behalf of Defendant No.2, it has stated as under:

2. The present Written Statement is being filed on behalf of the Defendant No.2 M/s Cotton Zone Footwear, Phool Singh Market, Atta, Sector-27,

Noida, U. P., through its Proprietor Mr. Satish Kumar. It is stated that Defendant No.2, is dealing with readymade garments and shoes in the small

outlet at Phool Singh Market, Atta, Sector-27, Noida, U. P., in the name of M/s Cotton Zone Footwear. The defendant no.2 is an honest shopkeeper in

this area and usually gets shoes from Defendant no.1, by believing on the defendant no.1 that they are only supplying the legal and valid shoes to

defendant no.2.

3. It is further submitted that the Plaintiffs have not come before this Hon'ble Court with clean hands and suppressed material facts herein, in fact

the answering defendant itself is a victim of this falsehood perpetrated by Plaintiffs and other Defendants. It is defendant no.1, who used to supply

alleged shoes and other footwears to the answering defendant and the defendant no.2, was receiving and selling those shoes under and upon bonafide

belief that that was / were genuine shoes and there is no any violation of any law."

11. In the written statement on behalf of Defendant No.3, filed by the proprietor Ms. Simran Sachdev, she also states that she is a small shopkeeper

who is selling unbranded goods on commission basis. In the written statement, Defendant No.3 states that she has no association with Defendant No.1

or Defendant No.2. Even the recovery of the impugned products, from the premises is disputed. Defendant No.3, however, does not disclose the

source of the shoes bearing the "THREE STRIPES" device mark from her premises. Insofar as Defendant No.1 is concerned, no written

statement has been filed and the contents of the plaint have not been traversed.

12. The Ld. Counsels for Defendant Nos.2 and 3 have no objection if a permanent injunction is granted restraining the said Defendants from selling

shoes or footwear bearing the "THREE STRIPES" device mark.

13. The Plaintiffs' ownership of the mark has been established on the basis of the pleadings and the documents filed on record. The Defendants

No.2 and 3 do not raise any challenge to the Plaintiffs' marks. The publicly available documents filed by the Plaintiff, cannot be disputed. The

ADIDAS brand and the "THREE STRIPES" device mark has been in use for several years in India. The trademark registrations of the Plaintiffs

are also not disputed. The fact that the footwear of the Plaintiffs is promoted and endorsed by well-known personalities is clearly evident from the

record. The pleadings and the documents clearly establish the Plaintiffs' right in the "THREE STRIPES" device mark.

14. Similar orders have been passed protecting the "THREE STRIPES" device mark in various suits including CS(OS) 2411/2009 titled Adidas

AG & Anr. v. Green Line Polymer Pvt. Ltd. vide decision dated 3rd February, 2011. Moreover, in Shoe Branding Europe BVBA Vs. EUIPO and

Adidas AG [in Case T-629/16, decision dated 1st March, 2018], the European Court of Justice, was dealing with a case whereby a Belgian Company

" M/s Shoe Branding Europe BVBA, sought to register a position mark, consisting of "two parallel lines positioned on the outside surface of the

upper part of a shoe." M/s Adidas AG filed an opposition to registration of the said mark and the said opposition was rejected by the Opposition

Division. This was carried in appeal, which was also dismissed. The European Court of Justice, annulled the judgment of the EUIPO and upon re-

examination, the EUIPO allowed the opposition of M/s Adidas AG. The applicant of the mark approached the European Court of Justice.

15. The European Court of Justice, upon examination of the applicable law and earlier decisions, held as under:

"185. It follows that the dual fact, noted by the Board of Appeal and alleging, first, that the earlier mark enjoys a high, long-held and enduring

reputation and, second, that the goods covered by the marks at issue are identical, is such as strongly to increase the probability of unfair advantage

occurring.

190. The importance of the efforts thus taken by the proprietor of the earlier mark with a reputation renders all the more plausible the likelihood of

third parties being tempted, by the use of a mark similar to that mark, to ride on

the coat-tails of the latter in order to benefit from its power of attraction, reputation and prestige and thereby exploit " without paying any financial compensation or having to make efforts of its own " the marketing efforts made by the proprietor of the earlier mark.

!?!?!?

The European Court of Justice observed, that a large proportion of persons who, faced with a shoe bearing a mark similar to the earlier mark and consisting of two parallel stripes, may associate the same with ADIDAS.

Thus the THREE STRIPES DEVICE was protected by the ECJ. A perusal of the image of the Defendants' shoes shows that the "THREE

STRIPES" device mark is being used by the Defendants in a manner identical to that of the Plaintiffs. In India, the device mark is registered

and is entitled to complete protection.

16. On the basis of pleadings and documents on record and due to the lack of any defence on behalf of Defendant No.1, as also the fact that no valid

defence has been raised disputing the Plaintiffs' rights in the mark by Defendant Nos.2 and 3, the suit is liable to be decreed. Accordingly, a

decree of permanent injunction is granted in favour of the Plaintiff and against the Defendants Nos. 1 to 3 in terms of para 34 (a), (b) and (c) of the

plaint.

17. Insofar as the issue of costs and damages are concerned, it can be seen from the Local Commissioners' reports, which can be read in

evidence, that Defendants No.2 and 3 are shopkeepers who were selling the products manufactured by Defendant No.1. The Local Commissioner

who visited the Defendant No.1's premises clearly records as under:

"9. Further, it was observed that the manufacturing of the shoes took place at the premise of the Defendant, i.e., at 2nd and 3 Floor, Wz 265,

Madipur, Delhi " 110063."

18. The main manufacturer of the infringing goods is Defendant No.1, who entered appearance in the present suit but has, thereafter, neither filed the

written statement nor raised any defence. Damages are liable to be awarded in favour of the Plaintiff against Defendant No.1. The total inventory

found at the Defendants' premises, altogether, is more than 550 shoes, all of which are manufactured by Defendant No.1, as per the record. The

said stock is substantial. A perusal of the photographs of the Defendant No.1's premises also shows that Defendant No.1 is selling a large variety

of shoes under various brands using the 'THREE STRIPES' device mark. The manufacturing activity has been depicted in the photograph taken

by the Local Commissioner:

The above photograph clearly depicts workers stitching up shoes bearing the 'THREE STRIPES' device mark.

19. Under these circumstances, damages are liable to be awarded against the Defendant no.1. The suit is decreed against Defendant No.1 for a sum

of Rs.20 lakhs. Insofar as Defendants No.2 and 3 are concerned, the said Defendants shall pay damages of Rs.50,000/- each to the Plaintiff.

Defendant No.2 and 3 are willing to handover the seized products to the Plaintiff's representative. Both Defendant Nos. 2 and 3 are directed to

hand over the products seized from them by the Local Commissioners to the Plaintiff's representative on 20th May, 2019 and 21st May, 2019.

The costs shall be paid on the date when the Plaintiff's representative visits the premises of Defendant Nos. 2 and 3.

20. The Plaintiff has suffered heavy costs in the litigation including court fees, fees of the Local Commissioners, cost of investigation, etc. The suit is

decreed against Defendant No.1 with actual costs incurred. Let bill of costs incurred be placed on record by Ld. Counsel for the Plaintiff.

21. The suit is decreed in the above terms. All pending IAs also stand disposed of.