

(2006) 02 DEL CK 0071
In the Delhi High Court
Case No : CS (OS) No. 254 of 2004

Aktiebolaget Volvo and Others

APPELLANT

Vs

Mr. V.N. Prasad and Another

RESPONDENT

Date of Decision : 16-02-2006

Acts Referred:

Citation : (2006) 133 CompCas 655 : (2006) 127 DLT 654 : (2006) 32 PTC 327

Hon'ble Judges : Sanjay Kishan Kaul, J

Bench : Single Bench

Advocate : Shwetasree and Mohan Joseph, for the Appellant; Ex parte, for the Respondent

Judgement

Sanjay Kishan Kaul, J.

CS (OS) No. 254/2004

1. The plaintiffs have filed a suit for permanent injunction for restraining infringement of trademark, passing off, damages, delivery up, etc in respect of the trademark VOLVO or any other deceptively similar trade mark and for damages.

2. The plaintiffs are engaged in the business of assembly of cars and truck since 1927-28. The plaintiffs adopted the word VOLVO, which is stated to be rare Latin word both as a trademark and a trade/corporate name. This name is stated to be an invented mark as it has no obvious meaning nor is it found in any authoritative dictionary of the English language. The mark has been registered in various countries of the world. The plaintiff states that this mark VOLVO acts as a source identifier as it stands for the high standards and superior quality of goods manufactured by the plaintiffs and sold all over the world. The significance of the brand is sought

to be substantiated by stating that two reputed authorities on brands i.e. "The world's Greatest Brands" edited by Nicholas Kocham and "Brands, an International Review" have ranked the trademark VOLVO amongst the few well known trademarks.

3. On 26.02.1999, the plaintiffs are stated to have assigned by way of Global Deed of Assignment, the rights, interests and title in the trademark

VOLVO as also the trademark PENTA to plaintiff No. 2. The plaintiffs No. 1 and 3 are stated to be shareholders in equal proportions in plaintiff

No. 2.

4. The plaintiffs are stated to have entered into a Supplementary Deed of Assignment in respect of trade mark on 23.03.2001 so as to meet with

the requirements of Indian Trade and Merchandise Marks Act, 1958. In view of the documents executed plaintiff No. 2 is stated to have right to

monitor and control the quality of the goods and services of its licensees and is the exclusive and sole beneficial owner of the trademark VOLVO.

The trade mark is also stated to be registered in India since 1975 in Class VII and XII dealing with marine engines, aircraft engines etc. and land

vehicles and parts thereof respectively. These trademarks are stated to be still subsisting.

5. The plaintiffs are stated to be worldwide known as the VOLVO Group of Companies and plaintiff No. 3 occupies a prominent position as a car

producer within its segment and are leaders in their business.

6. In order to commercially exploit the trademark, the plaintiffs claim to have created a range of VOLVO merchandise to support plaintiffs car

business. These are in the shape of belts, buckles, bags, watches, pens, clothing and a range of other accessories. Volvo companies have various

subsidiary companies throughout the world and is stated to have large presence in India. They are stated to have five wholly owned subsidiaries in

India and the worldwide sales of the plaintiffs are in millions of Swedish Kroners. The trademark VOLVO of the plaintiffs has been advertised in

India and abroad in various well known newspapers and journals and VOLVO has been sponsoring various international sports events. This has

been done since 1973 in India.

7. Defendant No. 1 is stated to be operating its business under the name and style of Defendant No. 2 and is engaged in the travel trade. In July

2002, the plaintiffs came to know that the defendants had advertised in a travel tourist guide about the tourist bus operated by them as "Indian

Volvo" and the trademark VOLVO was exhibited on their buses. On investigation, it was revealed that defendant No. 2 was partnership firm

owned and operated by three brothers including defendant No. 1 who were owning the buses. A legal notice was sent by the attorneys of the

plaintiffs dated 14.09.2002 and a reminder dated 09.12.2002. But there was no answer from the defendants.

8. It appears that due to the said legal notice all that the defendants did was to change their mark from VOLVO to VOLWO. It is stated that

despite this change, there is infringement of the trademark of the plaintiffs as both the marks are phonetically identical and even the manner of their

writing and alphabets used is deceptively similar. The plaintiffs received a letter dated 11.03.2003 from the attorneys of the defendants denying

user of the trademark VOLVO. This was responded to by the attorneys of the plaintiffs vide letter dated 27.03.2003 pointing out all that the

defendants had done was to change the use of the mark from VOLVO to VOLWO. This was followed up with certain reminders. The plaintiffs

contention is that the user of the trademark VOLVO or VOLWO for the buses of the defendants amounts to passing off the vehicles of the

defendants as that of the plaintiffs or that it is as if the plaintiffs are rendering the services. As a result defendants are taking free ride on the goodwill

and sales appeal of the plaintiffs trademark and are making monetary gains out of the trademark of the plaintiffs. Such action of defendants can

cause harm to the plaintiffs" goodwill and reputation as the goods of the plaintiffs are stated to be of the highest order.

9. The defendants failed to enter appearance despite the summons having been served on them and were thus proceeded ex parte. It may be

noticed that at some stage thereafter on 27.07.2004 learned counsel for the defendants had entered appearance and stated that he would make

necessary prayer for leave to file the written statement beyond time. No such application was filed and none appeared thereafter. Thus ex parte

proceedings were taken against the defendants on 27.04.2005.

10. The plaintiffs filed the affidavits of evidence of Colonel J.K.Sharma who is the constituted attorney. The authorization in his favor through

power of attorney has been proved as ExPW1/1-3. A copy of the application pending recordal of plaintiff No. 1 as the registered user has been

proved as ExPW1/4. The plaintiffs have also proved the certificate of registration with Registrar of Trademarks in India as ExPW1/7. The plaintiffs

have also proved the photographs of the buses of the defendants bearing the mark VOLVO as ExPW1/9A-9B and the legal notice has been

proved as ExPW1/10-12 including the registered AD receipts. The photographs of the bus of the defendants bearing the mark VOLWO have been

collectively proved as ExPW1/13. The documents exchanged between the parties after the defendants started using the work "VOLWO" have

been proved as ExPW1/14-15B.

11. The plaintiff has also filed another affidavit of Mr. Brij Kishore Anand, Chartered Account, to substantiate the claim of damages. The calculations

have been made by the said witness whereby on the basis of a bus ticket at the rate of Rs 500 per seat, the amount has been determined at Rs 21

lakh.

12. The facts set out in the plaint and the documents proved by the plaintiffs, show that the plaintiffs are the registered owner of the mark VOLVO

in respect of vehicles and the attempt of the defendants to use the name VOLVO initially and thereafter VOLWO is clearly to ride piggy back on

the goodwill and reputation of the plaintiffs acquired over the last more than eighty years. The defendants are in that trade and are conscious of the

significance of the word and trademark VOLVO in respect of the vehicles. The obvious intent of the defendants was to convey that the operation

of the bus by the defendants was in some way connected with the plaintiffs so that the customers/ travellers would get an impression that the

defendants are in some manner enjoying the license from the plaintiffs or are associated with the plaintiffs. This would facilitate in defendants

charging higher amounts from his Travelers/customers as the Travelers/customers would associate a degree of higher quality both of the vehicle

and the service rendered assuming the same to be connected with the plaintiffs.

13. In view of the aforesaid, there is no manner of doubt that the plaintiffs would be entitled to a decree of permanent injunction.

14. The next question to be considered is in respect of quantification of damages.

The basis given by the second witness of the plaintiffs is too general and cannot be adopted. However various judgments have been rendered by this court on the issue of quantification of damages. In *Hero Honda Motors Ltd v. Shree Assuramji Scooters* 2006 (32) PTC 117 (Delhi), judgments rendered from time to time by this court on this issue have been considered. This court took note of the judgment of this court in *Time Incorporated v. Lokesh Srivastava and Anr.* 2005(30) PTC Delhi where apart from compensatory damages, punitive damages have been awarded. It was observed that the award of compensatory damages awarded to the plaintiff is aimed at compensating him for the loss suffered by him whereas punitive damages are aimed at deterring the wrongdoer and the like minded from indulging in such unlawful activities. The punitive damages are founded on the philosophy of corrective justice and as such, in appropriate cases these must be awarded to give a signal to the wrongdoers that law does not take a breach merely as a matter between rival parties but is concerned about those who are not party to the lis but suffer on account of the breach.

15. In *Hero Honda* case (supra) this court took the view that damages in such cases must be awarded and the defendant who chooses to stay away from the proceedings of the Court, should not be permitted to enjoy the benefits of evasion of court proceedings. This would be so as defendant who appears in court and submit its account books cannot be put at a disadvantage to be liable for damages while simultaneously a party which chooses to stay away from court proceedings is able to evade such liability. It was observed in paragraph 18 as under:

I am in agreement with the aforesaid submission of learned counsel for the plaintiff that damages in such cases must be awarded and a defendant, who chooses to stay away from the proceedings of the Court, should not be permitted to enjoy the benefits of evasion of court proceedings. Any view to the contrary would result in a situation where the defendant who appears in Court and submits its account books would be liable for damages, while a party which chooses to stay away from court proceedings would escape the liability on account failure of the availability of account books. A party who chooses to not participate in court proceedings and stay away must, thus, suffer the consequences of damages as

stated and set out by the plaintiff. Of course, this would not imply that the plaintiff would be entitled to any figure quoted by it which may be

astronomical. The figure of Rs. 5 lakhs as damages can hardly be said to be astronomical keeping in mind the nature of deception alleged by the

plaintiff which not only causes direct loss to the plaintiff, but also affects the reputation of the plaintiff by selling sub-standard goods in the market

where the public may be deceived in buying the goods thinking the same to be that of the plaintiff. There is a larger public purpose involved to

discourage such parties from indulging in such acts of deception and, thus, even if the same has a punitive element, it must be granted. R.C.

Chopra, J. has very succinctly set out in Time Incorporated's case (supra) that punitive damages are founded on the philosophy of corrective

justice. That was the case where the publishers of Time Magazine had come to Court and one of the factors which weighed while awarding

punitive damages was that the readers had been sufferers of the infringement of the mark of the plaintiff. The only difference is that in the present

case it is the consumer of the products of the plaintiff, who have suffered as a consequence of the infringement of the mark and logo of the plaintiff

by the defendant.

16. It is however to be taken note of that the defendants are operating one bus under the trademark VOLVO or VOLWO and thus I am of the

considered view that taking all these factors into accounts, damages of a sum of Rs 2 lakh would suffice.

17. In view of the aforesaid, a decree for permanent injunction is passed in favor of the plaintiffs and against the defendants restraining the

defendants from using the trademark VOLVO or VOLWO or any other mark deceptively similar thereto. A decree of damages is also passed in

favor of the plaintiffs and against the defendants for a sum of Rs 2 lakh. The plaintiffs shall also be entitled to costs. Decree sheet be drawn up

accordingly.

18. On a perusal of the plaint, it is found that the suit is deficiently stamped in view of the judgment of this court in CS (OS) 1165/2001 Pfizer

Products, Inc v. B L and Co. and Ors. At request of learned counsel for the plaintiffs, 15 days time is granted to make up the deficiency of court

fees. Decree sheet be drawn up after the deficient court fees is paid.