

(2011) 10 DEL CK 0180
In the Delhi High Court
Case No : C.S. (OS) No.1254 of 2007

Disney Enterprises Inc and Another	Vs	APPELLANT
Harakchand Keniya and Others		RESPONDENT

Date of Decision : 24-10-2011

Acts Referred:

Citation : (2011) 10 DEL CK 0180

Hon'ble Judges : Manmohan Singh, J

Bench : Single Bench

Advocate : Pravin Anand, with Mr. Bhagwati Prasad, for the Appellant;

Final Decision : Disposed Off

Judgement

Manmohan Singh, J.—The plaintiffs have filed the above-mentioned suit on 12.07.2007 for permanent injunction restraining infringement of trademark, passing off, damages, rendition of accounts and delivery up the infringing material etc.

2. The plaintiff No. 1, namely Disney Enterprises, Inc. is a Corporation organized and existing under the laws of the State of Delaware in the United States of America with its principal place of business at 500 South Buena Vista Street, Burbank, California 91521-6840, USA.

3. The plaintiff No. 2, a subsidiary of plaintiff No.1, is a company incorporated under the Indian Companies Act. The registered office of plaintiff No.2 is at 4/F, Peninsula Tower-1, Ganapatrao Kadam Marg, Lower Parel, Mumbai 400013.

4. The plaintiff No.1 and/or its subsidiary and affiliated companies are engaged in a variety of businesses, including the operation of theme parks around the world, producing and distributing motion pictures and television programs, producing and selling clothing, books, records and other merchandise, and providing entertainment services.

5. The plaintiff's business is the merchandising and licensing of distinctive

elements associated with its motion pictures and television programs, including, the world-famous fanciful characters Mickey Mouse, Minnie Mouse, Donald Duck, Daisy Duck, Goofy, Pluto and Winnie the Pooh, as well as characters from "DISNEY trademark" animated motion pictures, including, "Snow White and the Seven Dwarfs," "Pinocchio," "The Lion King," "Aladdin," "Beauty and the Beast," "The Little Mermaid," "Pocahontas," "Hunchback of Notre Dame," "Hercules," "Mulan," and "Toy Story", the images of which serve as trademarks and also constitute copyrighted artwork.

6. The Annual Reports of the plaintiff No.1 for the years 1997, 2002, 2003, 2004 and 2005 are filed in the present proceedings. The Annual Reports for the years 1998, 1999, 2000, 2001, 2006, 2007, 2008 and 2009 along with the Annual Reports for the years 1997, 2002, 2003, 2004 and 2005 have also been filed.

7. The plaintiff No.1 through its subsidiaries and affiliated companies have acquired worldwide reputation in the production and marketing of, inter alia, animated and live action motion pictures, theme parks, publications, merchandise, artwork and other goods and services featuring the plaintiffs name and Disney Characters.

8. The plaintiff No.1 has established a formidable position in the studio entertainment sector and in the theme parks and resorts, media networks and consumer products arenas as well.

9. The plaintiff's main business has been the creation and commercial exploitation of Disney Characters in its animated motion pictures, television programs, theme parks, books, art work and a variety of merchandise. Various cartoon films originating from the Plaintiff featuring various Disney characters have been regularly shown on various television channels in the world including in India for decades and have been watched by millions of viewers in their homes.

10. The characters generally appeared in cinematographic films, stationery products, apparel, toys, books and video games, to name a few. On account of their high degree of reputation and vast popularity, they have at various points of time been licensed to many of business entities around the world to be used on a large variety of goods.

11. It is stated by the plaintiffs that their characters Mickey Mouse, Minnie Mouse, Donald Duck, Daisy Duck, Goofy and Winnie the Pooh are perhaps some of the most universally known and loved cartoon characters in the world.

12. The children and adults alike have been entertained by Mickey Mouse, Minnie Mouse, Donald Duck, Daisy Duck, Goofy and Winnie the Pooh, who have appeared in more than hundreds of animated motion pictures and cartoons, as well as in Disney's theme parks, television shows, video cassettes, compact disks, toys, comics, books, art work, and in various other media.

13. It is also stated that the plaintiffs own all rights, title and interest in and to, and holds the exclusive rights to market and sell merchandise, including

stationary, party hats, decoration material, clothing, toys and services in connection with the images of the Disney Characters.

14. The plaintiff's claim both common law trademark rights to the Disney Device Marks, as well as trademark registrations for certain Disney Device Marks in more than 58 countries the world over. The list of countries in which the Plaintiffs trademarks are registered is filed in the present proceedings.

15. The plaintiffs also own all rights, title and interest in and to, and holds the exclusive rights to market and sell services and merchandise in conjunction with the Plaintiffs famous Disney trademark and family of Disney trademarks and service marks, including "Mickey Mouse," "Winnie the Pooh," "Disney", Disney.com, Walt Disney World, and Disneyland.

16. The plaintiffs have utilized many of the Disney Word Marks in conjunction with the sale of a wide variety of products and services, for well over fifty years. The plaintiffs hold number of registrations with the United States Patent and Trademark Office for marks, which consist of or include the word mark Disney.

17. The plaintiffs are also the registered proprietors of both, a variety of word marks and device marks in India. The photocopies of Certificates for use in Legal Proceedings of the Disney Characters have been filed in the present proceedings. As per plaintiffs, the aforesaid trademarks are valid and subsisting and are, therefore, in full legal force conferring on the Plaintiff the full right to their exclusive use and to restrain use of any identical or deceptively similar marks by unauthorized persons.

18. The plaintiffs submit that Disney Trademarks when used in respect of clothing, stationary, party decoration material, retail and hotel services, books, records and tapes, entertainment services, resort services, toys and travel services, signify to the purchaser that the product or service comes from the plaintiffs and is of the highest quality. The plaintiffs also provide a product or service or licenses others to do so and ensures at all times that the products and/ services bearing its Disney Trademarks are of the highest standards. A list of the plaintiff's licensees in India indicating the kind of products/ service they deal in, has been filed and they are engaged in the manufacturing and selling of various products bearing the Disney trade mark and/or the Disney characters.

19. The plaintiffs have alleged that they spent enormous amounts of money and effort promoting its goods and services through the use of the Disney Characters in motion pictures, theme parks, television, video cassettes, print, artwork and various other media. The plaintiffs alleged that they have advertised the Disney Characters over the years, and various advertisements bearing Disney Characters have been published in various newspapers, magazines and internet etc.

20. Further, it is stated by the plaintiffs that Disney Characters are widely recognized symbols of the quality and high standards of the plaintiff's goods and

services alone and the plaintiffs have built up goodwill of incalculable value in the said characters. So much so that a reputed authority on brands i.e. World's Greatest Brands" published by Interbrand states that plaintiff No.1 virtually reinvented the business of character merchandizing.

21. Thus, according to the plaintiffs, the word and devise marks Mickey Mouse, Minnie Mouse, Donald Duck, Daisy Duck, Goofy and Winnie the Pooh, inter alia, when used in relation to goods or services because of the reputation and goodwill attached to them, and they have the exclusive right to use or authorize the use of the name and physical depiction of the Disney Characters under the trademark and unfair competition laws.

22. The plaintiff No.1 has set up a joint venture company, plaintiff No.2, in India under a merchandising programme for licensing its fictional characters to various business entities for commercial and promotional purposes.

23. The plaintiff's case against the defendants is that in the month of September, 2006, the plaintiff's market representative came across party hats and other party decoration items bearing unauthorized reproductions of the plaintiff's popular characters Mickey Mouse, Donald Duck, Winnie the Pooh, Disney Princesses like Cinderella, Snow white, Beauty from the Beauty and the Beast being sold at the premises of defendant No.3. The market representative purchased a sample pack of the said infringing party hats party hats and other party decoration items from defendant No. 3, photographs of which have been filed along the present proceedings.

24. From the investigation, it was revealed to the plaintiffs that decoration items to the other parties were being supplied to defendant No.3 by defendants No.1 and 2. The scanned copy of the visiting card of defendants No.1 and 2 has been filed along the present proceedings. The plaintiffs state that defendants No.1 and 2 are distributors of the infringing party. It has been further stated that defendants No.4 and 5 besides selling paper goods and seasonal decoration materials were also selling party hats bearing the plaintiff's Disney Characters and the same were being supplied to them by defendants No.1 and 2. The scanned copy of the visiting card of defendant No.4 and 5 has been filed in the present proceedings. The affidavit of the plaintiff No. 2's Market Representative has also been filed in the present proceedings.

25. Pursuant to the order dated 13.07.2007 passed by the Court, the Local Commissioners visited the premises of defendants No.1, 2, 4 and 5 and seized infringing products. The reports of the Local Commissioners have been filed in the present proceedings.

26. The plaintiffs averred that such use of the Disney characters is an unauthorized use. The defendants have not sought the plaintiff's consent, permission or license prior to using the said Disney characters and have adopted the same on account of the goodwill and reputation of the plaintiff's well-known characters. The plaintiff's licensees deal in the same and/ similar kinds of goods

as that of the defendants and hence, there is bound to be confusion with regard to the origin of the impugned goods among the purchasing public and the members of trade.

27. It is stated, that by virtue of the plaintiff's trademark registrations of several characters including Mickey Mouse, Minnie Mouse, Donald Duck, Daisy Duck, Goofy and Winnie the Pooh and other Disney names or characters in diverse classes create a presumption of constructive notice to third parties including the defendants as to the legal and vested rights of the plaintiffs. The use of the impugned marks by the defendants in relation to or upon inter alia party hats and decoration material in the course of their business amounts to an infringement of the plaintiff's registered trademarks.

28. It is stated that the adoption of the identical mark Mickey Mouse, Donald Duck, Winnie the Pooh, Disney Princesses like Cinderella, Snow white, Beauty from the Beauty and the Beast etc. by defendants No.1, 2, 4 and 5 is a mala fide attempt to pass off their goods and business as those of the plaintiffs or to imply that their goods and business are connected with or approved by the plaintiffs in some manner.

29. As per the plaintiffs, the defendants are diluting and eroding the uniqueness and exclusivity associated with the plaintiff's distinctive trademarks by reducing their capacity to identify and distinguish the business of the plaintiffs as originating from a particular source, regardless of the presence or absence of likelihood of confusion, mistake or deception.

30. This Court vide order dated 13.07.2007 had also granted an ex parte ad-interim injunction in favour of the plaintiffs and against the defendants No.1 to 5 restraining them from manufacturing, selling or advertising hats and/or other party decoration items bearing the Disney characters.

31. Despite service, defendants No.1, 2, 4 & 5 failed to appear before the Court, hence defendants No.1 & 2 were proceeded ex parte vide order dated 12.05.2008, and defendants No.4 & 5 were proceeded ex parte vide order dated 02.03.2009.

32. The plaintiffs filed their ex parte evidence by way of affidavit of Col. Retd. J.K.Sharma, their Constituted Attorney. The matter was decreed qua defendant No.3 in terms of the compromise arrived at between the plaintiffs and the said defendant No.3.

33. The suit has been instituted by Mr. Anand Banerjee, the previous Constituted Attorney of the plaintiffs. Mr. Anand Banerjee had been authorized to act on behalf of plaintiff No.1 by virtue of Power of Attorney dated 16.08.2005 issued in his favour by plaintiff No.1 and the same has been exhibited as Ex.PW1/5. He had been authorized to act on behalf of plaintiff No. 2 by virtue of Power of Attorney dated 20.01.2006 issued in his favour by plaintiff No.2 and the same has been exhibited as Ex.PW1/6.

34. The Power of Attorney dated 16.08.2005 issued by plaintiff No.1 in favour of Mr. Anand Banerjee has been signed by Ms. Mary Fossier, who has been authorized to do so vide an Incumbency Certificate and the same has been exhibited as Ex.PW1/3. The Power of Attorney dated 20.01.2006 issued by plaintiff No.2 was signed by Mr. Akhil Prasad, who has been authorized to do so vide a Board Resolution dated 09.12.2005 and the same has been exhibited as Ex.PW1/7.

35. Mr. Col. (Retd.) J. K. Sharma is the present constituted attorney of the plaintiffs respectively and Col. (Retd.) Sharma's evidence by way of affidavit has been filed in the present proceedings. Col. (Retd.) Sharma was authorized by virtue of a Power of Attorney dated 07.07.2008 issued by plaintiff No.1 in his favour, which has been exhibited as Ex.PW1/1. The Power of Attorney dated 07.07.2008 issued by plaintiff No.1 in favour of Col. (Retd.) J. K. Sharma has been signed by Ms. Mary Fossier, who has been authorized to do so by an Incumbency Certificate and the same has been exhibited as Ex.PW1/3. Plaintiff No.2 also authorized Col. (Retd.) Sharma by virtue of a Power of Attorney dated 08.07.2008, which has been exhibited as Ex.PW1/2. The Power of Attorney dated 08.07.2008 issued by plaintiff No.2 was signed by Mr. Sunil Shahani, who has been authorized to do so vide a Board Resolution dated 29.10.2007 and the same has been exhibited as Ex.PW1/4.

36. The plaintiff No.1 together with its subsidiaries and affiliates is a diversified international family and media enterprise with four business segments: media networks, parks and resorts, studio entertainment and consumer products, Extracts from the internet evidencing that plaintiff No.1 is engaged in the business of theme parks, movies etc. has been exhibited as Ex.PW1/9. The Annual reports of plaintiff No.1 are exhibited as Ex.PW1/10. Internet extracts evidencing the same have been exhibited as Ex.PW1/11. The list of countries in which the Plaintiff's trademarks are registered has been marked as Mark-A. The extracts from the website of the US and UK Trademark Registry evidencing that the aforesaid marks are registered in favour of plaintiff No.1 have been exhibited as Ex.PW1/13. The Certificate for use in legal proceedings evidencing the same has been exhibited as Ex.PW1/14.

37. The Plaintiffs also hold registrations in Class-16 under Nos.596835, 596829, 1231663 respectively which refers to "paper, cardboard and goods made from these materials not included in other classes..." The Certificate for use in legal proceedings for the plaintiff's trademark registrations in Class-16 has been exhibited as Ex.PW1/14.

38. The plaintiff's Disney characters and trademarks are widely recognized as symbols of the quality and high standards of the plaintiffs goods and services alone, and the plaintiffs have built up goodwill of incalculable value in the said characters. The extract from Encyclopedia of Walt Disney's Animated characters by John Grant has been exhibited as Ex.PW1/12.

39. The extracts from a reputed authority on brands i.e. World's Greatest Brands" published by Interbrand states that plaintiff No.1 has virtually reinvented the business of "character merchandizing" and the said extract has been exhibited as Ex.PW1/16.

40. An internet extract from www.interbrand.com stating that plaintiff No.1 is the tenth greatest brand in the world with a brand value of ₹28,447 million has been exhibited as Ex.PW1/17. An extract from the Business Week stating that plaintiff No.1 is the tenth greatest brand in the world is already exhibited as Ex.PW1/18.

41. The plaintiff's Licensees are engaged in the manufacturing and selling of various products bearing the Disney trade mark and/or the Disney characters. A list of the plaintiff's licensees in India has been marked as Mark-B. Various invoices indicating that the plaintiff's products are sold in India by its licensees are exhibited as Ex.PW1/15.

42. The plaintiffs have initiated appropriate proceedings to defend its statutory and common law rights in the marks as mentioned in the plaint and the Courts in India have repeatedly passed orders in favour of the plaintiffs. Certified copies of orders passed in favour of the plaintiffs have been exhibited Ex.PW1/23.

43. The visiting card of Defendant No. 1 and 2 has been marked as X-1. Defendants No.4 and 5 are the sellers of infringing party hats and other party decoration items bearing the Disney characters which have been supplied to them by defendants No.1 and 2. The visiting card of defendants No.1 and 2 has been marked as X-2. The affidavit of the investigator of the plaintiffs has been exhibited as Ex.PW1/20. The reports of the Local Commissioners have been exhibited as Ex.PW1/21 and Ex.PW1/22.

44. The learned counsel for the plaintiffs has relied upon the judgment passed in the case of James Chadwick and Bros. Ltd. Vs. The National Sewing Thread Co. Ltd., , the relevant paras of which read as under:-

13. Reliance was placed on June's Case (Seville Perfumery Ltd. vs. June Perfect Ltd. and F.W. Woolworth & Co. Ltd. (1941) 58 R.P.C. 147). In that case, the distinguishing feature of the registered trade mark & the proposed trade mark was the word "June", & the Master of the Rolls in his judgment at p.162 observes:

Now the question of resemblance & the likelihood of deception are to be considered by reference not only to the whole mark, but also to its distinguishing or essential features, if any.

The learned Master of the Rolls also says that (p. 162):

In such cases the mark comes to be remembered by some feature in it which strikes the eye & fixes itself in the recollection. Such a feature is referred to sometimes as the distinguishing feature, sometimes as the essential feature, of the mark.

Therefore, the test we must apply in this case is, what is the features in the

appellant's trade mark which strikes the eye & fixes itself in the recollection, & the only answer to this question is that it is the Eagle which so strikes the eye & fixes itself in the recollection. Then we have the case of C. F. G. E. (In the matter of the Application of the Chemische Fabrik Greisheim Elektron for Registration of a Trade Mark) (1910) 27 R. P. C. 201 & this case was cited before us by the Advocate-General in order to draw our attention to the considerable dissimilarity between the proposed & the registered trade mark. The reason why registration was refused to the proposed trade mark was that the registered trade mark was a representation of primitive Eastern Dye Works & the same idea was conveyed by the proposed trade mark. It was urged before Neville J. that one trade mark was a representation of Japanese Dye Works & the other was Chinese. That argument did not find favour with the learned Judge & he answered it by saying that if orders were sent from the East to agents of either of these firms & they were told to send goods which had obtained popularity in the market by the trade mark representing Eastern Dye Works, goods bearing either trademark would have answered to the requisition, & the main ground on which the learned Judge refused registration was that the main feature of both the pictures was identical, & according to the learned Judge that concluded the question. Our attention has also been drawn to one case of an Elephant Trade Mark in Upper Assam Tea Co. v. Herbert & Co. (1889) 7 R. P. C. 183 where from the trade marks printed in the report it is clear that the two elephants in the two trademarks look entirely different judging by the way they are represented, & yet, because the goods had been associated with the name of the elephant, injunction was granted to restrain the defendant, who also wanted his goods to be sold under a trade mark, the main feature of which was an elephant. There is another case (In the Matter of Farrow's Trade Mark, (1890) 7 R. P. C 260) where we have trademarks of two buffaloes which look entirely dissimilar, & yet, again, as the goods had come to be associated with the buffalo, registration was refused to the subsequent applicant. There is another case also laying down the same principle in the Matter of the Application of Pomril, Ltd., (1901) 18 R. P. C. 181, where the goods in question were cider & the proposed trade mark had the name "Pormil" written on half cut apple & the opposition came from sellers of cider who had their trade mark also containing an apple with the name "Apple Brand." In one case the name was "Pomril" & in the other case the name was "Apple Brand." Still registration was refused as the apple was considered to be the distinguishing & essential feature.

14. I should like to make it clear that there may be cases where dissimilarity in the object represented may be the deciding factor. If, for instance, this particular class of goods are sold by several dealers, all under different kinds of Eagle trademarks, then the purchaser is expected to know the difference between one trade mark & another, knowing as he does that more than one person sells goods under the same appellation. But when we have a case, as we have in this case, where only the appellants sell this class of goods under the Eagle Brand & their goods are known as Eagle or Eagley, then the position is very different, & any

attempt to sell goods under a trade mark which fixes in the mind of the purchaser the association of an Eagle would not be justified.

45. The decision in James Chadwick (*supra*) was also confirmed by the Supreme Court in the case titled as National Sewing Thread Co. Ltd. Vs. James Chadwick and Bros. Ltd. (J. and P. Coats Ltd., Assignee), .

46. It is the admitted position that the suit against defendant No.3 has already been decreed by way of compromise. As far as the rest of the defendants are concerned, the evidence adduced by the plaintiffs has gone unrebutted. There is a sufficient material on record to show that the plaintiffs are the proprietor of the trademarks in question which have been infringed by the defendants. The defendants were also passing off their business as that of the plaintiffs. Therefore, the plaintiffs are entitled for a decree for permanent injunction. It is held that the suit of the plaintiffs is decreed in terms of paragraph 26 (i) & (ii) of the plaint. As regards the relief claimed by the plaintiffs in paragraph 26 (iii), (iv) & (v) are concerned, the plaintiffs are granted a decree of damages to the tune of Rs. 2 lac against defendants No.1, 2, 4 & 5. The plaintiffs shall also be entitled to cost of the suit. Decree be drawn accordingly. All pending applications stand disposed of.