
(2014) 08 DEL CK 0058
In the Delhi High Court
Case No : CS (OS) 5/2008

Nanika Intrnational

APPELLANT

Vs

Praveen Gupta and Associates

RESPONDENT

Date of Decision : 27-08-2014

Acts Referred:

Civil Procedure Code, 1908 (CPC) — Order 39 Rule 1, Order 39 Rule 2
Trade Marks Act, 1999 — Section 2(1)(h), 29(1), 29(2)

Citation : (2014) 08 DEL CK 0058

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

Bench : Single Bench

Advocate : Nitish Kush, Advocate for the Appellant

Judgement

G.S. Sistani, J.—Present suit has been filed by the plaintiff for permanent injunction restraining infringement of trademark, passing off, rendition of accounts of profit, delivery up and damages.

2. Summons in the suit and notice in the application under Order XXXIX Rule 1 & 2, were issued on 04.01.2008. On an application for appointment of local commissioner filed by the plaintiff, a local commissioner was appointed. Defendant no.1 entered appearance on 08.04.2008 and sought time to file written statement and reply to the interim application. Further, on the same day counsel for the plaintiff submitted that he does not wish to get defendant no.2 served as he is just a proforma party.

3. Defendant no.1 filed its written statement and reply to the interim application on 26.08.2008. Admission/Denial of documents was concluded on 16.09.2009. On the pleading of the parties issues were also framed vide order dated 09.11.2009.

Plaintiff filed its affidavit of evidence on 04.10.2010. PW-1 was examined on 12.02.2013 and as none appeared for the defendant on that date, the cross-examination was taken as nil. Plaintiff's examination was closed on 12.12.2013.

None is appearing for defendant no.1 for last several dates of hearing and none is present even today, consequently, defendant no.1 is proceeded ex parte.

4. Plaintiff has filed affidavit by way of evidence of Mr. Deepak Anand (PW1), proprietor of plaintiff. Affidavit of PW1 has been exhibited as Ex. PW1/A. PW1 has deposed that plaintiff is carrying on the business of imports and merchandise Furniture, Furniture Parts, Accessories, Wooden Products, Hardware, Articles of Wood, Cork Cane, Wicker, Laminated or without laminated Particle board, MDF Board, falling under class 20.

5. PW1 has also deposed that the trademark "KAFF" was allotted to the plaintiff on 11.06.1999 vide trademark no. 860547 and the mark "KAFF" is being continuously and uninterruptedly used by the Plaintiff. The certificate of registration has been exhibited as Ex. PW1/1.

6. PW1 has further deposed that the amount of goodwill and reputation which the Trade mark "KAFF" enjoys is evident from the following Turnover:-

7. Further, Plaintiff has spent a considerable amount of money in promoting its products and the advertisement costs incurred to promote the products are as follows:-

8. PW1 has next deposed that as a result of the intrinsic and good quality of the products sold/ marketed and dealt by the plaintiff the product under the trademark "KAFF" has acquired a unique and enviable goodwill and reputation. The Plaintiff has also acquired valuable common law rights. It has also been deposed that trademark/lable "KAFF" has come to be recognized and associated exclusively with the plaintiff and no one else.

9. PW1, Mr. Deepak, has also deposed that the use of the trademark/label and colour scheme and layout, which is either identical or deceptively similar, by any other person, gives rise to an impression and leads to confusion and deception amongst the purchasing public that the product under the confusingly similar or identical trademark is another product from the plaintiff.

10. PW1 has further deposed that the plaintiff appointed defendant no.1 as its distributor for its "KAFF" products for Delhi region. The plaintiff received a letter dated 13.09.2007 from M.R.G. Traders in which it was stated that counterfeit products have been received by the Assigned Dealer / Distributor of the Company. Further, Plaintiff received letter dated 03.09.2007 from Bath "N? Doors, wherein it was stated that the hinges of "KAFF" brand supplied by M/S Praveen Gupta & Associates (defendant no.1) are defective.

11. PW1 has next deposed that the plaintiff wrote a letter on 06.09.2007 informing the Defendant no.1 that the hinges supplied by it are not original "KAFF" brand and they are of inferior quality. The letter dated 06.09.2007 has been exhibited as Ex. PW1/2. The plaintiff issued a public notice dated 27.9.2007 in which it was specifically stated that counterfeit "KAFF" brand hinges are being supplied by some unscrupulous elements in Delhi. The said public notice has

been exhibited as Ex. PW1/4. The advertisement apprised the public of availability of counterfeit "KAFF" products in the market. It has also been deposed that the defendant no.1 is in the business of selling and manufacturing spurious and counterfeit products under the trademark "KAFF". The plaintiff has not authorized the defendants to use its trademark in respect of said products. When counterfeit products were compared to the original products, following differences were found in the counterfeit product:

- (a) Cup Style is different.
- (b) Light in weight.
- (c) Metal Cap with "KAFF" embossing missing inside the packet.
- (d) Screws are different.
- (e) Packing and Printing quality is very inferior.
- (f) "KAFF" brand embossing is different and inferior on the Cup.
- (g) Overall quality extremely poor as compared to the "Original?".

12. Further, the defendants have copied the trademark of the plaintiff and are guilty of infringement of trademark and passing off his goods as that of the plaintiff. The adoption and use of plaintiff's trademark by the defendant is fraudulent and is done with malafide intentions to encash the goodwill of plaintiff. It has also been deposed that the said activity of the defendant is causing damage and injury to plaintiff's business, reputation and goodwill. The defendants' motive is to usurp the vast reputation and goodwill enjoyed by the plaintiff and same is diluting the distinctiveness of the trademark "KAFF".

13. Pursuant to the order dated 04.01.2008, local commissioner visited the premises of the defendants and found the same to be locked. One of the employee of defendant no.1 informed that the proprietor of defendant no.1 has gone out of station. The sign board outside the premises was printed with the words "KAFF" thereon. Local commissioner took the photograph and filed the same in present proceeding.

14. I have heard counsel for the plaintiff and carefully perused the documents which have been placed on record along with the affidavit by way of evidence which has been filed. Evidence of the plaintiff has gone unchallenged and un-rebutted. The registration certificate for trademark "KAFF" in favor of plaintiff has been exhibited as Ex PW1/1. Public notice dated 27.09.2007 and September, 2007 have been exhibited as Ex. PW1/3 and Ex. PW1/4, respectively.

15. On the basis of the documents placed on record, plaintiff has been able to establish that plaintiff is the owner of the trademark/label "KAFF" and the plaintiff has the exclusive right to use the same. Plaintiff has also established that on account of huge amount spent on advertisements and promotion of "KAFF" products, plaintiff has been able to generate vast turnover and the

plaintiffs have built up an unparalleled reputation and goodwill with respect to their trademark/label "KAFF". Plaintiff has also established that the trademark "KAFF" is recognized and associated exclusively with the plaintiff only and no one else. Plaintiff has further established that the defendant by using identical mark "KAFF" in respect of identical products, is causing infringement of rights in the trademark of plaintiff.

16. In a very recent judgment delivered by another bench of this court, The Indian Hotels Company Ltd. Vs. Ashwajeet Garg and Ors. CS(OS) 394/2012, decided on 01.05.2014, following observations were made:

"23.

39. In Kaviraj Pandit Durga Dutt Sharma Vs. Navaratna Pharmaceutical Laboratories, , the Hon"ble Apex Court in the following paras held as under: "In an action for infringement, the Plaintiff must, no doubt, make out that the use of the Defendant's mark is likely to deceive, but where the similarity between the Plaintiffs and the Defendant's mark is so close either visually, phonetically or otherwise and the court reaches the conclusion that there is an imitation, no further evidence is required to establish that the Plaintiffs rights are violated. Expressed in another way, if the essential features of the trade mark of the Plaintiff have been adopted by the Defendant, the fact that the get-up, packing and other writing or marks on the goods or on the packets in which he offers his goods for sale show marked differences, or indicate clearly a trade origin different from that of the registered proprietor of the mark would be immaterial;..... When once the use by the Defendant of the mark which is claimed to infringe the Plaintiffs mark is shown to be "in the course of trade", the question whether there has been an infringement is to be decided by comparison of the two marks. Where the two marks are identical no further questions arise; for then the infringement is made out...."

17. In a judgment delivered by another bench of this court, Mind Gym Ltd. v. Mindgym Kids Library Pvt. Ltd. CS (OS) 1029/2013, decided on 21.03.2014, plaintiffs who were carrying on business under the trade mark "MIND GYM? sought permanent injunction against the defendants restraining them from infringing and/or passing off the plaintiff's rights by using the trademark "MINDGYM? as part of latter's corporate name/trademark. Following observations were made by the court:-

"9.....

(ii) In the case of Evergreen Sweet House Vs. Ever Green and Others, , it was observed as under:

15. A mark, is said to be deceptively similar to another (Section 2(1)(h), Trademarks Act, 1999) if it so nearly resembles that other mark as to be likely to deceive or cause confusion. Section 29(1) deals with a situation where the defendant uses a mark, which is identical or deceptively similar to that of the

plaintiff, in respect of the same goods or services, and in such manner that it is likely that such use is taken as being an use as a trademark. This amounts to infringement. To fall within Section 29(1), the defendant's use of the mark must be so that it is likely that the public assumes that the said mark is used as a trademark. Section 29(2) deals with three situations; one where the defendant's mark is identical to that of the plaintiff and in respect of similar goods. Two, where the marks are similar and in respect of goods which are identical or similar. Three, the marks as well as the goods are identical. Infringement does not take place if only one of the three ingredients are satisfied; the plaintiff has to prove that use by the defendant is likely to cause confusion on the part of the public or is likely to have an association with the registered mark.

(Emphasis Supplied)

18. In the case of *Laxmikant V. Patel Vs. Chetanbhat Shah and Another*, , Apex court made following observation:

".....The law does not permit any one to carry on his business in such a way as would persuade the customers or clients in believing that his goods or services belonging to someone else are his or are associated therewith. It does not matter whether the latter person does so fraudulently or otherwise. The reasons are two. Firstly, honesty and fair play are, and ought to be, the basic policies in the world of business. Secondly, when a person adopts or intends to adopt a name in connection with his business or services which already belongs to someone else it results in confusion and has propensity of diverting the customers and clients of someone else to himself and thereby resulting in injury."

19. I am of the view that the impugned trademark of the defendant is identical to the plaintiff's trademark. The use of the word "KAFF" by the defendant, in relation to spurious products, is likely to dilute the distinctive character of the plaintiff's trademark "KAFF" and the same is likely to erode the goodwill and reputation of the plaintiff among its existing as well as potential customers in the market. The adoption and use of the identical trademark by the defendant in relation to identical products amounts to an infringement of the plaintiff's statutory rights in the registered trademark "KAFF". Furthermore, the defendant in a mala fide, dishonest and an unethical manner is encashing upon the goodwill and reputation of the plaintiff's , established by the latter over the period of years.

20. Further, a clear cut case of passing off is established in view of dictum of *Cadila Health Care Ltd. Vs. Cadila Pharmaceuticals Ltd.*, . Relevant portion of the judgment is reproduced below:

"The Supreme Court held that in a passing off action for deciding the question of deceptive similarity the following facts had to be taken into consideration:

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

21. In view of the above, the plaintiff is entitled to a decree of permanent injunction against the defendants from dealing with the infringing mark/label "KAFF" or any deceptively similar mark, in any manner, which may amount to infringement of the registered trademark "KAFF" in terms of prayers (a) and (b) of the plaint.

22. The plaintiff has also claimed damages on account of illegal activities of the defendants along with delivery up of counterfeit or other goods or material bearing the trademark "KAFF". Plaintiff has further claimed rendition of accounts of profits illegally earned by defendant, however, plaintiff has restricted its prayer to punitive damages.

23. In case of Time Incorporated Vs. Lokesh Srivastava and Another, , the court has recognized third type of damages as punitive damages apart from compensatory and nominal damages. The court has held that:

"The award of compensatory damages are aimed at deterring a wrong doer and the like minded from indulging in such unlawful activities."

"This Court has no hesitation in saying that the time has come when the Courts dealing actions infringement of trademark, 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 realize 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."

24. In Larsen and Toubro Limited Vs. Chagan Bhai Patel, , this Court has observed that it would be encouraging the violators of intellectual property, if the Defendants notwithstanding having not contested the suit are not burdened with punitive damages.

25. For the reasons stated above, the plaintiff has made out a case for grant of decree as prayed in the plaint. Accordingly, the order dated 04.01.2008 is

confirmed and the suit is decreed in favour of the plaintiff and against the defendant no.1. Plaintiff is also entitled to damages to the tune of Rs.1 lac.

26. Decree sheet be drawn up accordingly.