

**(2011) 10 DEL CK 0116**

**In the Delhi High Court**

**Case No :** CS (OS) 1073 of 2002, IAs No. 5631 of 2002 (O. 39 R. 1 and 2 CPC) and 10566 of 2002 (O. 11 R 12 and 14)

South African Breweries International (Finance) B.V. and  
Another

APPELLANT

Vs

Mohan Goldwater Breweries Ltd. and Another

RESPONDENT

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**Date of Decision :** 31-10-2011

**Acts Referred:**

Civil Procedure Code, 1908 (CPC) — Section 20

Copyright Act, 1957 — Section 60

Trade Marks Act, 1999 — Section 142

**Citation :** (2011) 184 DLT 252 : (2011) 48 PTC 380

**Hon'ble Judges :** V.K. Jain, J

**Bench :** Single Bench

**Advocate :** Saif Khan, for the Appellant;

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**Judgement**

V.K. Jain, J

1. This is a suit for permanent injunction, rendition of accounts, damages and delivery up of the infringing packaging and material. Plaintiff No. 1 is a company registered in Netherlands, whereas plaintiff No. 2 is a company registered in India and is a joint venture company, promoted by SAB Group, to which plaintiff No. 1-company belongs. The trademark CASTLE, which was originally adopted and used by Charles Glass, doing business as Glass & Company in respect of beer, in the year 1884. In 1895, Glass & Company was taken over by the South African Breweries Limited, which assigned worldwide rights in the trademark CASTLE to Avalon International Incorporate, which subsequently changed its name to SABMARK International Incorporated. Subsequently, SABMARK International assigned those rights to South African Breweries International Holdings Inc., which, in turn, assigned them to plaintiff No. 1- Company. Plaintiff No. 1 claims registration of the trademark CASTLE and CASTLE label in respect of beer in a large number of countries mentioned in para 6 of the plaint and also claims sale of US\$ 1billion. According to the plaintiffs, the trademark CASTLE is a

well-known mark in India and is well-recognized worldwide on account of its extensive availability in various countries and duty free shop of various airports. Plaintiff No. 1 also claims to be sponsoring the South African Cricket team for past 10 years and claims that on account of such wide publicity, Indians would be familiar with the trademark CASTLE. It is also alleged that the plaintiffs have been selling beer in India since 1974, under the trademark CASTLE. Plaintiff No. 1 applied for registration of CASTLE (label) on 29th April, 1995 and the word mark CASTLE on 6th February, 1996. The registrations have since been granted during pendency of the suit.

2. A notice dated 15th April, 2002 was sent by the defendants to the plaintiff claiming ownership of the trademark CASTLE PILSNER in respect of beer. They also claimed that the trademark OLD CASTLE and CASTLE were registered in their favour on 30th May, 1972 and 22nd October, 1973 respectively and also claimed that the plaintiffs were passing off their goods as those originating from the defendants and, thereby infringing their registered trademark. On enquiry, the plaintiffs came to know that the trademark registrations in favour of the defendants had been removed from the record of Registrar of Trademarks and in fact, the defendants never sold any product bearing the trademark CASTLE. The plaintiffs have sought an injunction, restraining the defendants from manufacturing, selling, offering for sale or advertising any beer or alcoholic beverages, using the trademark CASTLE. They also sought delivery up of all the goods, packaging material bearing the impugned mark besides damages of Rs 20,00,000/-.

3. The defendants filed written statement contesting the suit. In its written statement, defendant No. 1 took a preliminary objection that since it was carrying on business of manufacture and sale of beer under the trademark CASTLE only in Uttar Pradesh, Delhi Court has no jurisdiction to try the present suit. It is alleged that CASTLE is one of the oldest brands being used by defendant No. 1 to sell its beer and it has been selling beer using the trademarks CASTLE and OLD CASTLE since 1970-71. It is also alleged that registration of the trademark OLD CASTLE (label) was granted to defendant No. 1 on 30th May, 1972 vide Trade Mark No.280552, whereas registration of the trademark CASTLE PILSNER STRONG BEER label was granted w.e.f 22nd October, 1973, vide Trade Mark Registration No. 291623. It is also alleged that the renewal of the aforesaid trademarks was applied by defendant No. 1 on 13th June, 2000 and 17th May, 2000 respectively. It is also claimed that since the trademark CASTLE is being used by defendant No. 1, the plaintiffs have no right to use the aforesaid mark.

4. The matter between the plaintiff and defendant No.2 was compromised vide settlement contained in IA No. 4700/2010. Under the settlement, the plaintiff acknowledged defendant No. 2 to be the proprietor of the trademark KING CASTLE in respect of whisky, whereas defendant No. 2 acknowledged the plaintiffs to be the proprietors of the trademark CASTLE in respect of beer and other non-alcoholic beverages falling under International Class 32 of the

Trademarks Act. Defendant No. 2 undertook not to use the trademark CASTLE in respect of beer or any other goods falling in Class 32 of the Trademarks Act. It also undertook not to seek registration of the trademark CASTLE for any goods falling in Class 32 of Trademarks Act.

5. Since there was no appearance on behalf of defendant No. 1, it was proceeded ex parte on 17th February, 2011.

6. The plaintiffs have filed the affidavit of its Authorized Signatory Mr Gobind Chandiramani by way of ex parte evidence. In his affidavit, Mr Gobind Chandiramani has supported, on oath, the case setup in the plaint and has stated that the trademark CASTLE was widely recognized as originating from the plaintiffs and plaintiff No. 1 has been selling CASTLE beer bottles and cans in India even before entering into a joint agreement to manufacture beer in India. According to him, plaintiff No. 1 has been spending considerable amount on promotion and publicity of the mark CASTLE for many years and the mark is well-known in India on account of sponsorship of various sports, primarily cricket, which has vast viewership in the country.

7. The first question which arises for consideration in this case is as to whether this Court has territorial jurisdiction to try the present suit or not. Defendant No.1 is a Company having offices in Lucknow as well as in Delhi. Delhi office of defendant No.1 is stated to be 4F, Hansalya, 15, Barakhamba Road, New Delhi. Section 20 of the CPC to the extent it is relevant provides that every suit shall be instituted in a Court within the local limits of whose jurisdiction, the defendant, at the time of the commencement of the suit, actually and voluntarily resides, or carries on business, or personally works for gain or in a Court within local limits of whose jurisdiction, the cause of action, wholly or in part, arises. The explanation to Section 20 provides that a corporation shall be deemed to carry on its business at its sole or principal office in India or in respect of any cause of action arising at any place where it has also a subordinate office, at such place. Therefore, if the cause of action either wholly or in part arose in the jurisdiction of this Court, it would have territorial jurisdiction to try the present suit.

8. As regards territorial jurisdiction, the plaintiff has alleged as under:-

This Hon"ble Court has jurisdiction to entertain the present suit as Defendant No.2 is situated within the territorial jurisdiction of this Hon"ble Court. Further the products of the defendants are sold within the territorial jurisdiction of this Hon"ble Court.

9. In its written statement, defendant No.1 has claimed that it has no office in Delhi and is carrying on business of manufacture and sale of beer being sold in Uttar Pradesh, not being sold at Delhi. In replication to the written statement of defendant No.1, the plaintiff has alleged that defendant No.1 is carrying on business in Delhi and its products are available in Delhi. It is also alleged that the cause of action also arose in the territorial jurisdiction of this Court as the trade mark applications of the defendants were published in the Trade Mark Journal

which is circulated in Delhi.

10. The onus was on the plaintiffs to prove that defendant No.1 has been selling its product in Delhi. No evidence, however, has been led by the plaintiffs to prove sale of the products of defendant No.1 in Delhi. Thus, the plaintiff has failed to prove that defendant No.1 is actually selling its product in Delhi.

11. The plaintiff has filed, on 06.09.2011, copies of the advertisements of the products of defendant No.1 in the Trade Mark Journal at Delhi and it is contended by the learned counsel for the plaintiff that since the registration of the impugned trademarks was applied for in Delhi, this Court does have territorial jurisdiction to try the present suit. In support of his contention, learned counsel for the plaintiff has relied upon *Jawahar Engineering Company and Others v. Jawahar Engineers Private Limited*, (1983) PTC 207 and *Pfizer Products Inc. v. Rajesh Chopra*, 2006 (32) PT 30. In the case of *Jawahar Engineering (supra)*, a preliminary issue was framed as regards territorial jurisdiction of the Court to try the suit. The defendants in that suit had applied for registration of the trade mark "Jawahar" in Delhi and the application was advertised in Trade Mark Journal. On evidence, it was found that there was no sale of the products of the defendants in Delhi and the defendants had not advertised their products in Delhi. There was an advertisement of the products of the defendant in Journal published in Ludhiana. The learned Single Judge of this Court held that the advertisement was not sufficient to confer jurisdiction on the Courts in Delhi. He, however, held that since there had been an advertisement in the Trade Marks Journals published at Delhi that conferred jurisdiction on the Courts at Delhi. The Division Bench held that the real point which gave Delhi Court jurisdiction was the fact that the trade mark was sought for sale in Delhi, amongst other places. The Division Bench was of the view that when an injunction is sought, it is not necessary that the threat should have become the reality before the injunction and it can even be sought for a threat, which is yet to materialize. It was further held that since the plaintiffs had learnt that the defendants had applied for registration of trade mark in Delhi, they could claim for injunction to prevent any sale of the infringing products in Delhi and in that case, Delhi Courts would have jurisdiction, whether any sale in Delhi has taken place or not.

This issue again came to be considered by this Court in the case of *Pfizer Product Inc.(supra)*, where the Court considered the decision of *Dhodha House & Patel Field Marshal Industries v. S.K.Maingi & P.M. Diesel Ltd.* : 2006 (32) PTC 1. This Court was of the view that the decision in *Jawahar Engineering (supra)*, was not disapproved by Supreme Court in *Dhodha House (supra)*. In taking this view, this Court took note of the fact that in the case of *Dhodha House (supra)*, Supreme Court had noted that that no application had been filed for registration of the trade mark whereas in the case of *P.M.Diesels*, the parties were residents of Rajkot and the application for registration had been filed in Bombay. This Court, therefore, concluded that this was not the ratio of Supreme Court decision in *Dhodha House (supra)* that the filing of an application with the Registrar of Trade

Marks, at a particular place would not clothe the courts at that place with territorial jurisdiction to entertain the matter. The ratio of the Supreme Court decision in *Dhodha House* (supra), in the opinion of this Court was that an advertisement by itself in a Trade Mark Journal would not confer jurisdiction on a Court within whose territorial limit the advertisement is published or is seen. In the opinion of this Court, if an application for registration of the impugned trade mark is made in the territorial jurisdiction of a Court that Court would have jurisdiction to try the suit relating to the particular trade mark. Since defendant No.1 applied for registration of the trade mark to the Registrar of Trade Marks at Delhi, as is evident from the advertisements, this Court would have jurisdiction to try the present suit.

12. In *Mars Incorporated Vs. Kumar Krishna Mukerjee and Others*, , the defendant sought to incorporate a company named MARS FOODS PVT LTD, though mark was the registered trademark of the plaintiff company. The question which came up for consideration before this Court was as to whether a person who has not suffered any damage in respect of trade either due to competition or due to deceptive or confusing similarities of the trademark adopted by the defendant has any right to challenge the act of the defendant in seeking to incorporate a company under a name which included the name of the registered trademark of the plaintiff company. The defendant in that case had been incorporated as a company but had not commenced operations by manufacture of sale of goods. Upholding the right of the plaintiff to maintain cause of action on account of apprehension of infringement of its trademark, this Court *inter alia* observed as under:-

To expect the aggrieved party to wait and watch for the opening of business or manufacturing or sale of goods under the apprehended infringement of trade mark is too much. A stitch in time always saves nine and that is what is the essence of *Quia Timet Action*...

...Let us assume that infringer has no past history of either squatting or hoarding the domain name, trade name and comes out with advertisement for the first time for registering its Corporate name by adopting the similar name or deceptively or confusingly similar name without immediate intention to start its business. Whether or not the plaintiff whose name is sought to be infringed has a remedy to forestall the defendant from adopting its name or from opening up of the business under the plaintiff's trade name. the answer in any eventuality is in affirmative.

The plaintiff has the same degree of right to protect its trade name from infringement as it has against infringement of registered name or in an action of passing off in respect of manufacturing or selling or offering to sell the goods by the defendants under the plaintiff's trade name. The genesis is the underneath intention which is not difficult to fathom. Why one should choose or pick up the name or mark which has already become famous and well known and whose reputation and goodwill is all pervading and is obviously hard earned. The only

intention or object is to thrive upon the goodwill and reputation and confuse the purchasers of his goods into believing that the defendants' goods or business in one way or other is connected with the plaintiff. Obvious object is to cash on exploit the goodwill, reputation, name and trade mark of the plaintiff...

...It is immaterial whether or not there is a real or tangible possibility of starting a business. Such a threat will even loom large over the head of the plaintiff and therefore entitle him to resort to Quia Timet Action as the intentions are bad, designs are dubious. There is no other object of such a defendant than to hoard the trade mark and black mail the plaintiff in order to use it in future. Thus, in both the cases, the action and proposed activities are manifestly mala fide and calculated to deceive the public or would be purchasers as to the connection of the defendants with the plaintiff.

As the saying goes, the evil should be nipped in the bud so is the nature of Quia Timet Action where the injury or damage has been caused.

In K.R.B.L. Limited Vs. Ramesh Bansal and Another, , the plaintiff was registered proprietor of the trademark/label "India Gate", which it was using for selling rice. The defendant applied for registration of the same mark in respect of salt. The right of the plaintiff to maintain a quia timet action was upheld by this Court.

13. Moreover, admittedly, defendant No.1 sent a legal notice dated 15.04.2002 to the plaintiffs, claiming registration of the trade mark Castle and old Castle and alleged that the plaintiff had adopted deceptively similar trade mark, with dishonest intention of making illegal profits. Defendant No.1 alleged infringement of its trade mark as well as passing off by the plaintiff and called it upon to cease and desist from selling, offering for sale, displaying and advertising deceptively similar trade mark Castle Beer and also sought an unconditional undertaking not to use the mark in future. It also threatened to take legal action against the plaintiffs in case it did not comply with the notice. Section 142 of the Trade Mark Act, to the extent it is relevant provides that where a person, by means of circulars, advertisements or otherwise threatens a person with an action or proceeding for infringement of a trade mark which is registered, or alleged by first-mentioned person to be registered, or with some other like proceeding, a person aggrieved may, whether the person making the threats is or is not the registered proprietor or the registered user of the trade mark, bring a suit against the first -mentioned person and may obtain a declaration to the effect that the thefts are unjustifiable, and an injunction against the continuance of the threats and may recover such damages (if any) as he has sustained, unless the first-mentioned person satisfies the Court that the trade mark is registered and that the acts in respect of which the proceedings were threatened, constitute, or, if done, would constitute, an infringement of the trade mark.

14. Since, in its letter dated 15.04.2002, defendant No.1 claimed to be registered proprietor of the trade marks CASTLE and OLD CASTLE, alleged that the plaintiff was infringing its trademarks and the adoption of the mark CASTLE

by it also amount to passing off, and also threatened to initiate legal proceedings against the plaintiff company, issue of that notice gave a cause of action to the plaintiffs, u/s 142 of the Trade Marks Act to file a suit seeking a declaration that the threats given to it by defendant No.1 were unjustified and also seek an injunction against continuance of those threats. Since the notice was received also at 12, Basant Lok, Basant Vihar, New Delhi, in the territorial jurisdiction of this Court, this Court would have territorial jurisdiction to try the present suit against defendant No.1.

In *Expfar SA and Another Vs. Eupharma Laboratories Ltd. and Another*, a "cease and desist" notice was given to the plaintiff at its office in New Delhi alleging infringement of the copyright of defendant No.1 by the plaintiff. Supreme Court held that a "cease and desist" notice in a copyright action cannot, particularly in view of Section 60 of the Act, be termed as a mere notice which is not sufficient to confer jurisdiction and that such a threat may give rise to a right to institute a suit but counter such threat and ask for relief on the ground that the alleged infringement to which the threat related was in fact an infringement of any legal right of the person making such threat. Section 60 of the Copyright Act is identical to Section 142 of the Trademarks Act and therefore this judgment does support the proposition that if a "cease and desist" notice is received at Delhi, the Courts would have jurisdiction to entertain a suit at the instance of the person to whom such a notice is given.

15. Coming to the merits of the case, it has come in the affidavit of Mr. Gobind Chandiramani, Authorized Signatory of plaintiff No.1, that the registration of trade marks in favour of defendant No.1, vide registration Nos. 280552 and 291623 had been removed from the trade mark register. The relevant extract from Trade Mark Journals notifying removal of these trademarks was advertised are Ex.PW-1/12 & PW-1/13. A perusal of the advertisement Ex.PW-1/12 in Trade Mark Journal dated 01.01.1992 would show that registered mark No.280552 was removed from the register for non-payment of renewal fee from 01.11.1991 to 16.11.1991. 280552 is the registration whereby the trade mark OLD CASTLE was registered in the name of defendant No.1. Ex.PW-1/13 is the copy of Trade Mark Journal dated 16.01.1991 whereby removal of registration No.291623 from the register, for non-payment of renewal fee, was advertised. 291623 is the registration number whereby the trademark CASTLE was registered in the name of defendant No.1. There is no evidence of the Registrar of Trade Marks having actually renewed the registration of the aforesaid trade marks at any point of time after their removal from the register of trademarks was advertised in Trade Mark Journal. Defendant No.1 has not come forward to contest the suit. More importantly, there is no evidence that registration of the trademarks CASTLE and OLD CASTLE in the name of defendant No.1 subsisted on the date of filing of this suit and thereafter. Therefore, it must necessarily be held that defendant No.1 is no more the registered proprietor of the trademarks CASTLE and OLD CASTLE the registrations of the aforesaid marks in its favour having already been removed from the register of trade marks on account of non-payment of the

requisite fee.

16. It has come in the affidavit of Shri Gobind Chandiramani that the mark CASTLE is well-known in India in respect of high quality beer since the plaintiff - company has been sponsoring various sports including cricket which has vast viewership in India. Ex.PW-1/9 is the magazine "Sportstar" dated March 23, 2002 showing the trade mark CASTLE on the uniform South African Cricket team. It has also come in his affidavit that plaintiff No.1 has been spending a sizeable amount of money in promotion and publicity of the mark CASTLE and has been sponsoring South African Cricket team for many years. According to Mr. Gobind Chandiramani, plaintiff No.1 had been selling huge numbers of CASTLE beer and bottles even before, it entered into a joint agreement to manufacture beer in India.

17. At the time of filing of this suit, the trademark CASTLE was not registered in the name of the plaintiffs and the suit of the plaintiffs is based on passing off.

18. As observed by Supreme Court in *Wander Limited v. Antox India Private Limited* 1990 (Suppl.) SCC 727, in a passing off action, the right of the plaintiff is against the conduct of the defendant which leads to or is intended or calculated to lead to deception. Passing-off is said to be a species of unfair trade competition or of actionable unfair trading by which one person, through deception, attempts to obtain an economic benefit of the reputation which another has established for himself in a particular trade or business. The action is regarded as an action for deceit. The tort of passing-off involves a misrepresentation made by a trader to his prospective customers calculated to injure, as a reasonably foreseeable consequence, the business or goodwill of another which actually or probably, causes damages to the business or good of the other trader.

19. The plaintiff before this Court has been selling beer under the trade mark CASTLE. The affidavit of Mr. Gobind Chandiramani, authorized signatory of plaintiff No.1, would show that the plaintiffs have been exporting beer to India since 1994. The figures of direct sale by the plaintiffs in India have been given in para 05 of the affidavit of Mr. Chandiramani. According to him it is not possible to estimate the correct import figures of CASTLE beer cans and non-refillable bottles since they were being imported through numerous importers who were purchasing them from different distributors. He, however, has given some figures of import of CASTLE beer by three traders viz. M/s MB Bond Stores, M/s RR International and M/s Hind Traders. The figures would show that M/s MB Bond Stores imported CASTLE beer in the years 1995, 1996 and 1999 whereas M/s RR International imported beer in the year 1999 and M/s Hind Traders imported it in the year 2000. Since February, 2002, the plaintiffs started manufacturing beer in India. The figures of sales between February 2002 and Mid May 2002, when this suit was instituted, have been given in para 7 of affidavit of Mr. Gobind Chandiramani. This is also the case of the plaintiff that despite registration of trademarks CASTLE and OLD CASTLE in its favour, defendant No.1 has actually

not used these trademarks. It has come in the affidavit of Mr. Chandiramani that to the best knowledge of plaintiffs, defendant No.1 never sold the products bearing the trademark CASTLE and appeared to have applied for its registration only to block the entry of the plaintiffs to the Indian market, which is also substantiated by the fact that the registrations were not renewed and therefore were removed from the Register of trademarks. Since, defendant No.1 in spite of registrations in its favour did not use those marks whereas the plaintiffs have been selling beer in India through Indian importers since the year 1994, it is the plaintiffs which are the first users of the trademark CASTLE, in India, in respect of beer. Defendant No.1 therefore has no right to use the trademarks OLD CASTLE and CASTLE and thereby pass off its goods as those of the plaintiffs". If defendant No.1 starts selling beer in India using the trademark CASTLE/OLD CASTLE, the customer particularly if he is an unwary customer who does not bother to read the name of manufacturer on the bottle/Can of the beer, may purchase the product of defendant No.1 under a mistaken belief that he was purchasing the product of plaintiff - company. In fact most of the customers of products such as beer would ask for the product by its trade name/trademark and would not bother to find out who the manufacturer of the product is. Therefore, there is a strong probability of the customer getting confused on seeing the beer of defendant No.1 which may be sold under the trademark CASTLE and end up buying that product under a bona fide impression that the product was manufactured by the plaintiff company or had some kind of association or affiliation with the plaintiff company. If the quality of the product which defendant No.1, may sell and which the customer buys on the assumption that it was a product of the plaintiff company, is not as good as the quality of the product of the plaintiff, the customer may form an impression that the quality of the product of the company has gone down and is no more as good as it used to be earlier. If it happens, it may affect the reputation and brand equity which the trade mark and product of the plaintiff company enjoys in the market besides adversely affecting its financial interest on account of reduction in sale of its products. In fact an unscrupulous trader, engaged in selling product of defendant No.1 may deliberately pass off product of defendant No.1 as that of the plaintiff, in case he is getting a higher trade margin on the product of defendant No.1. This will be detrimental not only to the interest of the plaintiff company but also to the interest of the customer who wants to buy the quality product, manufactured by the plaintiff company.

20. Since it is the plaintiff company which first used the trademark CASTLE in India and the registrations in favour of defendant No.1 have already been cancelled, defendant No.1 Company has no right to use this mark and thereby pass off its goods as that of the plaintiff. As regards the trade mark OLD CASTLE, since this mark includes the whole of the trademark of the plaintiff company, the customer coming across beer being sold under the trade mark OLD CASTLE may buy this product assuming, on account of use of the word CASTLE, it to be a product of the plaintiff company. He may, on seeing a bottle/Can of beer bearing

the trade mark OLD CASTLE genuinely believe that either this product has been manufactured by the plaintiff company or it is being manufactured under licence or in collaboration with it, and that is why the word CASTLE has been used as a part of the trademark under which the product is being sold.

Injunction can be sought not only in a case of actual use but also in a case of threatened use of a trademark. The owner of a trademark is well within his right in coming to the Court, for grant of an injunction, the moment he has a genuine apprehension that the defendant is likely to infringe his mark or to pass off his goods as those of the plaintiff. He need not necessarily wait till actual invasion of his rights and the law entitles him to take remedial action, well in time, whenever there is a reasonable threat of his right being invaded. In the case before this Court, the plaintiff did have a valid cause of action to seek injunction since the defendants themselves gave a cease and desist notice to the plaintiff, with respect to use of the mark CASTLE.

21. For the reasons given in the preceding paragraphs, a decree for permanent injunction is passed restraining defendant No.1 from selling, distributing or marketing beer under the trademark CASTLE and/or OLD CASTLE. However, considering the fact that this is plaintiffs' own case that no beer has ever been sold by defendant No.1 under the trade name CASTLE/OLD CASTLE, I do not deem it appropriate to award any damages to the plaintiffs. In the facts and circumstances of the case, there shall be no orders as to cost.