

**(2006) 04 DEL CK 0017**

**In the Delhi High Court**

**Case No : CS (OS) No. 406 of 2004**

The Scotch Whisky Association, William Grant and Sons Limited, William Grant and Sons International Limited and William Grant and Sons Distillers Limited

**APPELLANT**

**Vs**

Golden Bottling Limited

**RESPONDENT**

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**Date of Decision : 20-04-2006**

**Acts Referred:**

Scotch Whisky Act, 1988 — Section 1, 2, 20(1), 20(2), 3(1)  
Scotch Whisky Order, 1990 — Rule 3

**Citation : (2006) 129 DLT 423 : (2006) 32 PTC 656**

**Hon'ble Judges : Madan B. Lokur, J**

**Bench : Single Bench**

**Advocate : Praveen Anand and Nikhil Krishnamurthy, for the Appellant; None, for the Respondent**

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## **Judgement**

Madan B. Lokur, J.—The plaintiffs have filed this suit for a permanent injunction restraining the Defendant and those acting under the Defendant from dealing, in any manner, with whisky under the name "Red Scot" or any other name containing the word "Scot" or any word similar thereto so that the Defendant cannot pass off its whisky as Scotch whisky.

2. On 22nd April, 2004, summons were issued in the suit and the Defendant was restrained from dealing in any whisky containing the word "Scot". Despite service, no one appeared on behalf of the Defendant. Accordingly, by an order dated 10th December, 2004, the Defendant was proceeded against ex parte.

3. Subsequently, the plaintiffs filed an affidavit in evidence dated 18th August, 2005. The contents of this affidavit have not been denied by the Defendant and are, Therefore, deemed to be admitted.

4. plaintiff No. 1 is an association, which is registered as a company in the United Kingdom. plaintiffs No. 2 to 4 are members of the association.

5. plaintiff No. 1 has been incorporated with the object of protecting and promoting the interests of the Scotch whisky trade both in the United Kingdom and abroad.

6. The plaintiffs have placed on record the Scotch Whisky Act, 1988 enacted in the United Kingdom. Section 3(1) of the Act defines Scotch whisky in the following words: -

“Scotch Whisky” means such whisky (distilled and matured in Scotland) as conforms to a definition of Scotch whisky contained in an order made under this subsection by the Ministers.

7. Section 1 of the Act makes it unlawful to produce in Scotland, or to keep in Scotland for the purposes of maturation, or to keep or use in Scotland for the purpose of blending, a distillate of spirits produced as described in the definition of whisky unless it is or, as the case may be, has been produced as described in any definition of Scotch whisky contained in an order under that section.

8. Rule 3 of the Scotch Whisky Order, 1990 defines Scotch Whisky as under: -

3. For the purpose of the Act "Scotch Whisky" means whisky

(a) which has been produced at a distillery in Scotland from water and malted barley (to which only whose grains of other cereals may be added) all of which have been

(i) processed at that distillery into a mash;

(ii) converted to a fermentable substrate only by endogenous enzyme systems; and

(iii) fermented only by the addition of yeast;

(b) which has been distilled at an alcoholic strength by volume of less than 94.8 per cent so that the distillate has an aroma and taste derived from the raw materials used in, and the method of, its production;

(c) which has been matured in an excise warehouse in Scotland in oak casks of a capacity not exceeding 700 litres, the period of that maturation being not less than 3 years;

(d) which retains the colour, aroma and taste derived from the raw materials used in, and the method of, its production and maturation; and

(e) to which no substance other than water and spirit caramel has been added.

9. The purpose of referring to the Scotch Whisky Act and the Scotch Whisky Order is to show that even in Scotland all whiskeys that are produced need not necessarily fall within the definition of Scotch Whisky.

10. Scotch Whisky is available worldwide and the plaintiffs have placed on record the sales figures of Scotch whisky and some sample advertisements in various

airlines including Indian Airlines and Air India. In other words, Scotch whisky is known worldwide as a whisky produced in Scotland and is advertised as such.

11. The plaintiffs say that they came to know that the Defendant was manufacturing and selling "Red Scot" Whisky. Since the name "Red Scot" whisky gives an impression that it is Scotch whisky, the plaintiffs sent a legal notice to the Defendant on 30th September, 2000 advising it not to use the word "Scot" in its whisky. Even though the Defendant received the notice, no reply was sent thereto.

12. Thereafter, the plaintiffs sent another letter dated 26th May, 2001 to the Defendant requesting it not to pass off its "Red Scot" whisky as if it was Scotch whisky. Again, there was no response to this letter.

13. Later on, the plaintiffs came to know that "Red Scot" whisky was no longer available in the market and assumed that the Defendant had realised that it was not advisable to sell whisky using the word "Scot".

14. However, sometime in June, 2003, the plaintiffs again came to know that "Red Scot" Whisky was being sold in the market by the Defendant and this compelled the plaintiffs to file a suit with the prayers as mentioned above.

15. According to the plaintiffs, it had, on earlier occasions, approached the courts in India for restraining manufacturers of whisky from using the word "Scotch" or "Scot" in the whisky produced by them. All suits filed for this purpose have been decreed and the plaintiffs have detailed these proceedings in their affidavit by way of evidence.

16. It is submitted by learned Counsel for the plaintiffs that under the WTO TRIPS Agreement, protection is provided for geographical indications in terms of Article 22 thereof. Article 22.1 defines geographical indications as indications, which identify a good as originating in the territory of a Member, or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin.

17. Article 22.2 and 22.3 read as follows: -

22.2 In respect of geographical indications, Members shall provide the legal means for interested parties to prevent:

(a) the use of any means in the designation or presentation of a good that indicates or suggests that the good in question originates in a geographical area other than the true place of origin in a manner which misleads the public as to the geographical origin of the goods;

(b) any use which constitutes an act of unfair competition within the meaning of Article 10bis of the Paris Convention (1967).

22.3 Each Member shall provide the legal means for interested parties to prevent use of a geographical indication identifying wines for wines not originating in the

place indicated by the geographical indication in question or identifying spirits for spirits not originating in the place indicated by the geographical indication in question, even where the true origin of the goods is indicated or the geographical indication is used in translation or accompanied by expressions such as "kind", "type", "style", "imitation" or the like.

18. It is submitted by learned Counsel for the plaintiffs that the word "Scot" or "Scotch" is a geographical indication within the meaning of Article 22.1 in as much as it identifies whisky produced in Scotland.

19. Quite apart from that, as a result of the WTO ? TRIPS Agreement, India has passed the Geographical Indications of Goods (Registration and Protection) Act, 1999. Section 2(e) of the Act defines geographical indication in the following words: -

2(e) "geographical indication", in relation to goods, means an indication which identifies such goods as agricultural goods, natural goods or manufactured goods as originating or manufactured in the territory of country, or a region or locality in that territory, where a given quality, reputation or other characteristic of such goods is essentially attributable to its geographical origin and in case where such goods are manufactured goods one of the activities of either the production or of processing or preparation of the goods concerned takes place in such territory, region or locality, as the case may be.

Explanation ? For the purposes of this clause, any name which is not the name of country, region or locality of that country shall also be considered as the geographical indication if it relates to a specific geographical area and is used upon or in relation to particular goods originating from that country, region or locality, as the case may be;

20. Section 20(1) of the Act prohibits any person from instituting any proceedings to prevent or to recover damages for the infringement of an unregistered geographical indication. However, this does not affect the rights of action against any person for passing off goods as the goods of another person or the remedies in respect thereof [Section 20(2)]. Learned counsel for the plaintiffs also drew my attention to Section 67 of the Act which empowers a Court, inter alia, to grant either damages or account of profits.

21. In view of the above, learned Counsel for the plaintiffs submitted that it is permissible for his clients to approach this Court to prevent the Defendant from passing off its goods as those of the plaintiffs in as much as by using the word "Scot" the Defendant is giving an impression to unwary consumers of whisky that its product originates in Scotland or that it is Scotch whisky.

22. Having heard learned Counsel for the plaintiffs and having perused the affidavit by way of evidence (the averments in which have not been denied), I am satisfied that the Defendant is liable to be restrained from passing off its "Red Scot" whisky as a produce of Scotland. This can only be done by injuncting

the Defendant from using the word "Scot" or any other word similar thereto in the whisky manufactured by it.

23. As mentioned above, there is no appearance on behalf of the Defendant and so it appears that the Defendant is not averse to dropping the word "Scot" from its whisky. In fact, as stated by the plaintiffs in their affidavit by way of evidence, the Defendant had perhaps stopped the manufacture and sale of "Red Scot" whisky for a period of about two years between 2001 and 2003. However, for some reason, which is not very clear, the Defendant again began using the word "Scot" in the whisky manufactured and sold by it.

24. Under the circumstances, the relief prayed for by the plaintiffs is granted and the Defendant and those acting under the Defendant are restrained from using the word "Scot" or any other word similar thereto in the whisky manufactured and sold by the Defendant.

25. In terms of Section 67 of the Act, the plaintiffs have also prayed for damages to the extent of about Rs. 5 lakhs for the "offence" of passing off committed by the Defendant. It is submitted that the reputation of Scotch whisky has been irreparably damaged by the use of the word "Scot" in whisky manufactured by the Defendant, whose whisky is not Scotch whisky. According to the plaintiffs, they will be entitled to the amount claimed in case the Defendant is asked to render accounts.

26. The plaintiffs have brought to my notice a large number of decisions of this Court where, in similar situations, damages have been directed to be paid by the Defendant in favor of the plaintiff. Some of these decisions are Time Incorporated Vs. Lokesh Srivastava and Another, , Microsoft Corporation Vs. Mr. Yogesh Papat and Another, and Cartier International B.V. v. Cartier Enterprises CS (OS) No. 1208/2003 decided on 22nd July, 2005.

27. In view of the well settled law laid down by this Court, and reiterating the necessity of preventing a violation of the intellectual property rights of parties, I think it would be appropriate if the damages as prayed for by the plaintiffs to the extent of Rs. 5,00,000/- are granted.

28. Under the circumstances, the suit is decreed in the above terms. The plaintiffs are entitled to the permanent injunction prayed for and also to damages to the extent of Rs. 5,00,000/-. The plaintiffs will also be entitled to costs of Rs. 3,10,000/- which they say they have incurred in this litigation.