

* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

+ **RFA (OS) NO.11/2008 & CM NOS.2886/2008, 2887/2008**

Reserved on : 3rd July, 2008

Date of Decision : 5th September, 2008

SOCIETY DES PRODUCTS NESTLE S.A. & ANR Appellants
Through: Mr.Hemant Singh, Advocate
with Ms.Mamta Rani Jha, Advocate.

Versus

SATYA PRAKASH MAHESHWARI & ORS. Respondents
Through: Mr.Sai Krishna, Amicus Curiae.

CORAM :

HON'BLE MR. JUSTICE MUKUL MUDGAL

HON'BLE MR. JUSTICE V.K.SHALI

1. Whether reporters of local papers may be allowed to see the judgment? Yes
2. To be referred to the Reporter or not? Yes
3. Whether the judgment should be reported in the Digest? Yes

J U D G M E N T

V.K. SHALI, J:

1. This is an appeal against the judgment dated 17th December, 2007 delivered by the learned Single Judge in CS(OS) No.1943/2006 titled as Society Des Products Nestle S.A. & Anr. Vs. Satya Prakash Maheshwari & Ors. By the impugned judgment although the suit of the appellant has been allowed, so far as the grant of relief of permanent injunction against the respondents is concerned but the prayer of the appellant for the rendition of accounts and the payment of damages has been disallowed.

2. The facts of the case are as follows:

- a) The plaintiff/appellant herein filed a Civil Suit No.1943/2006 for permanent injunction restraining the defendants from infringing their registered trademarks, copyright and for rendition of accounts of profits/damages etc. against the defendants/respondents herein.
- b) The case which was set up by the appellant in the plaint was to the effect that the appellant is a manufacturer of noodles which are being sold by them under the brand name of “MAGGI”.
- c) It was alleged by the appellant that respondent no.2 is a manufacturer of packaging the offending product, which is similar to the product of the appellant, and is being sold under the brand name of “MAGIC”.
- d) The respondents were alleged to be indulging in reproduction of the “MAGGI” logo and the Maggi packaging scheme with overall colour combination, get up lay out plan arrangement of features constituting infringement of the appellant's copy right as well as the violation of their registered trade mark.
- e) The respondent Nos.2 and 3 were functioning as printers and were executing the orders placed on them by respondent no.1 and the respondent no.1 was the main manufacturer and selling the product under the alleged brand name of “MAGIC”.

f) The respondents had responded to the notice issued by the Court and on the very first day i.e. on 14.12.2006 the respondent Nos.2 and 3 made a statement before the Court that they were functioning as printers and were executing the order which were placed before them by the respondent no.1.

g) The respondent Nos.2 and 3 stated before the Court that this is the statement of defence and they are not intending to sell the infringing product. So far as respondent Nos.1,4 and 5 were concerned, they sought time to file their written statement and contested the claim of the appellant.

h) On 22nd October, 2007, the learned counsel for respondent Nos.1, 4 and 5 made a statement that they are willing to compromise the suit and made an offer without prejudice to their rights and contentions that if the appellants are willing to give up their relief/claim in respect of prayer 'e' in the plaint which pertains to the grant of damages and rendition of accounts they are willing to suffer a decree in terms of prayers (a),(b), (c), (d) and (f).

i) The learned counsel for the appellant prayed for some time to seek instructions and the matter was adjourned to 27th November, 2007. On 27th November, 2007 the matter was again adjourned to 17th December, 2007 on which date the learned Single Judge passed an order decreeing the suit of the appellant/plaintiff for permanent injunction and

restraining respondent no.1 in terms of prayer (a), (b), (c) and (d) of para 28 of the plaint.

3. It may be pertinent here to reproduce the prayers made by the appellant in the plaint which read as under:-

“It is therefore respectfully prayed that this Hon’ble Court may be pleased to grant the following reliefs in favour of the plaintiffs and against the defendants:

(a) A decree for permanent injunction restraining the defendants, their partners or proprietor as the case may be, their assigns in business, franchises, licences, distributors and agents from printing, packaging, producing, selling, offering for sale, advertising, directly or indirectly dealing in food products including noodles under the impugned trade mark MAGIC or MAGIC logo, or any other trade mark or logo as may be identical to or deceptively similar with the plaintiff’s trade marks MAGGI and MAGGI logo amounting to infringement of appellants registered trade marks Nos.267814, 267813, 578342, 578343, 475983 and 1056836;

(b) a decree for permanent injunction restraining the defendants, their partners or proprietor as the case may be, their assigns in business, franchisees, licencees, distributors and agents from printing, packaging, producing, selling, offering for sale, advertising, directly or indirectly

dealing in food products including noodles under the impugned trade marks MAGIC, MAGIC logo and impugned packaging pertaining thereto, or any other trade mark, logo or packaging as may be deceptively similar to the trade mark MAGGI, MAGGI logo and packaging pertaining thereto and likely to cause confusion or deception, leading to passing off of the goods or business of the defendants for those of the plaintiffs;

(c) a decree for permanent injunction restraining the defendants, their partners or proprietor as the case may be, their assigns in business, franchisees, licencees, distributors and agents from using, reproducing, printing, selling, offering for sale or dealing under the impugned MAGIC logo or packagings or any other logo or packaging as may be a colourable imitation or substantial reproduction of MAGGI logo and MAGGI noodle packaging in respect of its colour combination, get up, lay out or arrangement of features, amounting to infringement of copyright of plaintiffs therein;

(d) a decree directing the defendants to deliver up all the infringing and impugned packagings, printed rolls of infringing packagings machinery and equipments used in printing the infringing packagings, printing cylinders, their blocks, negatives or dyes, as the case may be, to an authorised representative of the plaintiffs for destruction;

(e) An order for rendition of accounts of profit illegally earned by the defencants and a decree for an amount so found due or in the alternative a decree for Rs. Twenty Lakhs(Rs.20,00,000) towards token damages may be passed in favour of the plaintiffs and against the defendants;

(f) An order for costs in the proceedings

(g) Any other order as this Hon'ble Court deems fit and proper under the facts and circumstances of present case”

4. So far as the appellant is concerned, no relief was granted with regard to the grant of damages as well as rendition of accounts qua the respondents. The Learned Single Judge referred to Section 135 of the Trade Marks Act, 1999 and came to the conclusion that as the respondent no.1 was a small operator inasmuch as the product which was alleged to be passed off by him under the brand name of ‘Magic’ which was similar to the ‘Maggi’ of the appellant, was carrying a price of Rupee one against the ten rupees at which the ‘Maggi’ was being sold, therefore, there was no merit in the submission of the appellant to the effect that the respondent no.1 could have earned a huge profit since the price of the product sold by the respondent was so low therefore he could have hardly made any profit. It was also observed by the learned Single Judge that there was no chance of public being misled on account of the vast differential in the price of the two products, notwithstanding the fact that there was a similarity in packaging and colour scheme. Further as

the respondent no.1 had agreed to suffer a decree voluntarily, the learned Single Judge, did not pass any order with regard to the grant of damages and rendition of accounts on account of the fact that under Section 135, it was discretionary on the part of the Court to grant such damages.

5. The appellant is aggrieved by the aforesaid judgment. It is the contention of the learned counsel for the appellant that it was a fit case where all the respondents including the printers (respondent no.2 & 3) ought to have been subjected to damages apart from the rendition of accounts. One of the main contentions of the learned counsel for the appellant has been that the judgment and order passed by the learned Single Judge is liable to be set aside inasmuch as the learned Single Judge did not frame any issue nor did he give any opportunity to the appellant to adduce its evidence in support of its case.

6. It was also urged by the learned counsel for the appellant that the decree for permanent injunction ought to have been passed against the respondent nos.2 and 3 also. The respondent Nos.2 and 3 are the printers who on the very first date of hearing in the Civil Suit No. 1943/2006 appeared and stated that they were functioning only as printers and were executing the orders placed on them by the respondent no.1. They admitted their mistake and stated that they would not print the offending packaging material which led to the filing of the suit. The obduracy of the appellant is exemplified by its insistence upon proceeding against the printers respondent nos.2 and 3. One fails to understand how a printer

working on a print order by the respondent no.1 could be guilty of violation of the intellectual property rights of the appellant. If the plea of the appellant is accepted, it would lead to a bizarre situation where any printer faced with an order of commercial logos would be required to have a search conducted in the trade mark registry to configure if the order under print violates the rights of any party. It is not the case of the appellant that the respondent nos.2 and 3 had printed labels after any legal notice by the appellant or any order by the Court. The logic of the appellant carried further would also make an innocent printer of a book liable for copyright violations by the book printed or the defamation caused by such publication. By the same logic the transporter of the offending goods and the warehouse owner where the goods may be lodged would also be guilty of violating the inflated and overambitious claim of the appellant. This approach of the appellant is thus calculated to overawe anyone who may have had a role, however, remote and innocent, in the creation, transportation, storage of the offending goods and/or their packaging.

7. The learned counsel for the appellant has also referred to the judgment given by the learned Single Judge in **Hero Honda Motors Ltd. Vs. Shree Assuramji Scooters 2006 (32) PTC 117 (Delhi)** where apart from permanent injunction granted by the Hon'ble Court damages of Rs.5,00,000/- (Rupees Five Lacs) was also granted against the respondents in a case where the offending trademark was deceptively similar to the trademark of the party invoking the jurisdiction of the RFA (OS) No.11/2008

Court in the said case. The learned counsel for the appellant has also placed reliance on case titled as **Makhan Lal Bangal Vs. Manas Bhunia & Ors.** AIR 2001 SC 490 in support of his contention that framing of issues is an important aspect of trial which the Ld. Single Judge has failed to follow.

8. We have considered the submissions made by the learned counsel for the appellant and have gone through the record. The first contention of the learned counsel for the appellant that the entire judgment dated 17th December, 2007 is liable to be set aside on the ground that no issues have been framed or that no evidence has been permitted to be led by the plaintiff/appellant does not have any force. This is on account of the fact that the question of framing of issues would arise only when the parties are at lis that means an issue will be framed under Order 14 of CPC by the Court only when there is assertion made by one party on a question of fact or a law which is denied by the 'defendant' in a suit. The relevant provision of Order 14 Rule 1 of the CPC reads as under :

“Framing of issues:-(1) Issues arise when a material proposition of fact or law is affirmed by the one party and denied by the other.”

9. The plea of the learned counsel for the appellant loses sight of the aforesaid provision of law which if seen in the facts of the present case would not warrant framing of issues. In the instant case, the appellant admittedly filed a suit for permanent injunction against the respondents

and also claimed the relief of damages as well as rendition of accounts on the ground that the registered trade mark namely 'MAGGI' is infringed and deceptively being copied and passed off by the respondents by selling a similar product under the brand name of "MAGIC" which has the same colour combination, scheme, format, etc. so as to misled public. The respondent Nos.2 and 3 are the printers who on the very first date of hearing appeared and admitted their mistake and stated that they would not print the offending packaging material which has led to the filing of the suit, any further, as the same was being done by them at the instance of Respondent No. 1 therefore no lis qua the Respondent No. 2 or 3 arises.

10. Similarly, the others namely respondent Nos. 1,4 and 5 were given time to file the written statement who subsequent thereto through their counsel made a statement on 27th October, 2007 that even they are also prepared to suffer a decree in terms of prayers (a), (b), (c) , (d) and (f) provided the prayer (e) in the plaint is given up by the Appellant. It may be pertinent here to mention that prayer (e) pertains to grant of damages and the rendition of accounts by the respondents on account of using offending trade mark. The learned counsel for the appellant sought time to seek instructions but the Court was not informed about the instructions on the date to which the matter was adjourned thereafter necessitating the learned Single Judge to pass the impugned order. Since the counsel for the appellant was present at the time of

passing the order and had not pressed specifically for the grant of rendition of accounts or damages, it was well within the discretion of the learned Court to assume that this prayer is not being pressed by the appellant. Even otherwise what weighed with the Court was that the offending product is being sold at Re.1 (Rupee One) against Rs.10/- (Rupees Ten) of the appellant therefore the Respondent no.1 could have hardly expected to have made a fortune. We, therefore, feel by passing an order of rendition of accounts or granting damages will not be advancing the cause of justice or rather we would be causing injustice to the respondents and penalize them for their forthrightness by awarding damages and the rendition of accounts.

11. Section 58 of the Evidence Act clearly lays down that a fact which is admitted need not be proved. Similarly, Order 12 Rule 6 of the CPC of the Act clearly lays down that a judgment can be passed on the admission made by the party in the pleadings or otherwise. The admission which is made by a party warranting the passing of a judgment on the basis of admission must be clear, unambiguous without any condition. The exact language of the aforesaid two provisions are as under :

Section 58 of the Evidence Act,
1872

“58. Facts admitted need not be proved.—No fact need to be proved in any proceeding which the parties thereto or their agents

agree to admit at the hearing, or which, before the hearing, they agree to admit by any writing under their hands, or which by any rule of pleading in force at the time they are deemed to have admitted by their pleadings:

Provided that the Court may, in its discretion, require the facts admitted to be proved otherwise than by such admissions.”

Order 12 Rule 6 of the CPC:-

“6. Judgment on admissions.--(1) Where admissions of fact have been made either in the pleading or otherwise, whether orally or in writing, the Court at any stage of the suit, either on the application of any party or of its own motion and without waiting for the determination of any other question between the parties, make such order or give such judgment as it may think fit, having regard to such admissions.

12. Coming back to the facts of the present case in the light of the fact that the respondent Nos.2 and 3 on the very first date of appearance made an admission before the learned Single Judge that they would not print the offending material any further in itself was sufficient not to proceed against them and pass a Judgment under Order 12 Rule 6 against them but the Ld Single Judge deferred the same on account of the fact that other respondents namely Respondent Nos. 1,4 and 5 had sought time. Respondent Nos.1, 4 and 5 had also conceded before the learned Single Judge on 27th October, 2007 that they have no objection in case a

decree in terms of prayers (a), (b), (c) and (d) is passed. Thus both these separate admissions made by the two sets of Respondents was sufficient enough for the learned Single Judge to pass a decree of permanent injunction in favour of the appellant without resorting to framing issues and permitting the appellant to adduce evidence, as this was not warranted. There was no confusion or doubt the admission by the Respondent was not voluntary or unambiguous. If the Court would have framed issues and permitted the appellant to adduce evidence despite the admission of the respondents, it would have only permitted the appellant to indulge in unnecessary litigation.

13. In the instant case, the learned Single Judge has rightly observed that respondent no.1 is a small time operator and cost of the product which was being sold by him was only Re.1/-(Rupee One) as against the product of the plaintiff, which was being sold at Rs.10/- (Rupees Ten). Notwithstanding the fact that the price differential between the product of the appellant and that of the respondent no.1 was substantial, even otherwise also the product of the plaintiff will invariably be consumed by school going children of a specific age group. Therefore, the public especially school children who constitute the major segment of consumer of product would hardly be expected to be deceived by the colour formula, combination format of the product of the –‘MAGIC’ to be that of ‘MAGGI’. It could hardly be said to be a ground for passing an order of punitive damages against a small time operator.

14. A perusal of Section 135 (b) of the Trade Marks Act, 1999 lays down that if at the time of commencement of the use of trade mark in the suit, a party was unaware and had no reasonable ground for believing that the trademark of the plaintiff was on the register or when he becomes aware of the existence and nature of the plaintiff's right in the trade mark forthwith ceases to use the said trade mark in relation to such goods, the Court shall not grant relief by way of damages (other than normal damages) or on account of profits. Thus there is a clear mandate in a case of the present nature where the parties were not aware that there mark was offending a registered trade mark of appellant and at the threshold admitted their mistake. The grant of damages even nominal or rendition of account would not only have been against the law but also unjustified and harsh. In our view, the respondent no.1 is only a small time operator who has accepted his mistake on the very first instance without wasting the time of the Court and therefore, we agree with the view of the learned Single Judge in not granting the damages nominal or punitive to the appellant on the basis of the admission of infringement of its trademark by respondent no.1. The judgment which has been relied upon by the learned counsel for the appellant in **Hero Honda's case** (supra) is distinguishable from the facts of the present case inasmuch as that was a case in which the respondent had not admitted that it had indulged in violation of any trademark and further the status of the parties would also not comparable with the status of parties in the present case and accordingly merely on account of the fact that damages to the

tune of Rs.5,00,000/- (Rupees Five Lacs) had been granted in the said case, could hardly be said to be a ground for grant of damages in the present case. Similarly, the second judgment also cited by the learned counsel for the appellant is also not applicable in view of clear admission made by the Respondents on two different dates and Section 58 of The Evidence Act and Order 12 Rule 6 C.P.C. in the present case.

15. So far as the grant of injunction against the remaining defendants/respondents are concerned, the grievance of the appellant is also not sustainable on account of the fact that the respondent no.1 was the main distributor or the seller of the offending product. It was he who had been getting the goods sold under the brand name of 'MAGIC' after getting the goods printed, packed etc. and if he himself had admitted his mistake and permitted himself to suffer from the decree of injunction, there is hardly any occasion to pass a corresponding decree against the remaining defendants/respondents. Even otherwise assuming though such a decree is passed in favour of the appellant and against the respondent Nos.2 to 4, it would be a mere paper formality inasmuch as the respondent no.1 himself has admitted that he does not intend to proceed further in the said business resulting in the offence to the trade mark of the appellant.

16. For the reasons mentioned above, we are of the considered opinion that there is no merit in the appeal filed by the appellant only for reasons which are inexplicable and amounts to needless and avoidable

litigation. Accordingly, the appeal is dismissed. We refrain from imposing costs as we had appointed Amicus Curiae Shri Sai Krishna whose efforts for rendering assistance are appreciated.

(V.K.SHALI)
JUDGE

(MUKUL MUDGAL)
JUDGE

September 05, 2008
RN/RS