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IN THE HIGH COURT OF DELHI AT NEW DELHI

Date of decision: 02.02.2010

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CS(OS) 1390/2008 & IA No.14461/2008

CISCO TECHNOLOGY, INC.

..... Plaintiff

Through : Mr. Praveen Anand with Mr. Dhruv Anand and
Ms. Geetanjali Visvanathan, Advocates

versus

MR. YAMEEN & ANOTHER

..... Defendants

Through : Mr. Mrinal Bharti, Advocate

**CORAM:
MR. JUSTICE S. RAVINDRA BHAT**

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

S.RAVINDRA BHAT, J. (OPEN COURT)

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1. This is a suit for permanent injunction seeking to restrain the defendants from infringing and/or passing off the plaintiff's trademark, i.e. "CISCO" or any other trademark/trade name deceptively similar thereto. Delivery-up of all infringing materials and damages to the tune of `20,05,000/- are also sought.

2. The plaintiff claims to be a company registered under the laws of United States of America having its registered office in California. It claims to be the leader in networking products since 1984 and the trademark CISCO and the Bridge Device (hereafter collectively referred to as the trademarks), as displayed hereunder, were adopted in the same year.



The plaintiff claims that the trademarks have been continuously and extensively used since the very beginning, further stating that, in January 2007 it introduced a new version of the Bride Device and is now in the process of slowly phasing out the prior version, represented above. The trademarks of the plaintiff are globally advertised and claimed to be well-known.

3. The trademarks appear on all CISCO products, sales of which, it is claimed, run into several billion US dollars annually. The plaintiff has, in para 7 of the plaint, provided details of its global annual sales, the same is reproduced as under:

Year ending	Net Sales (in Billion US \$)
July 2005	24.801
July 2004	22.045
July 2003	18.878
July 2002	18.915
July 2001	22.293
July 2000	18.928

4. The plaintiff claims its presence in the Indian market stating that its products are widely sold here and that in 1995, its group company was set-up in India, being Cisco Systems (India) Private Limited, having its sales office in New Delhi. Further, its products, bearing the trademarks, have been advertised in India and it is claimed that the general public, particularly those involved in the field of Information Technology are well aware of the plaintiff's reputation. The sale of plaintiff's products in India, as provided in para 8 of the plaint, are reproduced as under:

Financial Year	Bookings (in US \$ Million)
2004-2005	292.5
2003-2004	187.05
2002-2003	113.9

2001-2002	87.6
2000-2001	96.1
2000-1999	71.29

The advertisement expenditure incurred by the plaintiff on promoting the products bearing the trademarks, as provided in para 9 of the plaint, is reproduced as under:

Year ending	Sales and Marketing Expenses (in Million US \$)
July 2005	4,721
July 2004	4,530
July 2003	4,116
July 2002	4,264
July 2001	5,296

In para 11 of the plaint, the plaintiff provides details of its registered trademarks in India. Further, the plaint also states that the plaintiff has registered at least one of the trademarks, i.e. CISCO and/or Bridge device in class 9 in various countries, an inclusive list of which is provided in para 12 of the plaint.

5. The plaintiff alleges that during a survey conducted by it in May 2008, the defendant was discovered to be using, and thereby infringing, its trademarks- CISCO and the Bridge device. Further, the plaintiff states that the defendants are engaged in the business of purchase and sale, importing and marketing and trading of used, new and refurbished systems hardware including but not limited to switches and routers bearing the trademarks. It is alleged that the plaintiff's investigator met the defendants on several occasions and purchased, from the defendants, a WIC 1T Card, told to be originating from the plaintiff. The packaging of the product bore the plaintiff's trademarks. Further, it is also alleged that the defendants are a part of Mobylent Inc. of USA and source their products from the USA and carry out their business in India through www.mobylentindia.com. On an examination of the products purchased from the defendants, it is alleged, that the same were found to be unauthentic; the counterfeit indicators have been extracted in a table in para 16 of the plaint. The plaintiff states that its products are of a high quality and are subjected to strict quality regulations. It also points to a previous incident of the year September 2006, when Mobylent was its indirect channel partner, and on a test purchase

from Mobylent, the products were discovered to be counterfeit, resulting into a “Cease and Desist” notice dated 15.09.2006 from the plaintiff to Mobylent.

6. The plaintiff claims that on the basis of priority in adoption, long and continuous use and the high quality of its products, bearing the said trademarks, the trademarks are now exclusively identified with its (plaintiff's) products and services. The trademarks are also registered ones, and any unauthorized use thereof amounts to infringement. It will cause confusion in the minds of public if the trademarks are used by those not authorized to use them, thereby resulting in passing-off. The plaintiff alleges that the defendants' intentions are mala fide, and a blatant attempt to trade on the plaintiff's goodwill in their endeavour to pass-off their non-genuine products as those originating from the plaintiff. The defendants had full knowledge of the plaintiff, its global reputation and its trademarks and have intentionally affixed the said trademarks on the counterfeit products and thus have defrauded the end-users and the public at large and in doing so, have also infringed the plaintiff's trademarks.

7. By order dated 24.07.2008 an *ad interim ex parte* injunction was made and a Local Commissioner was appointed to visit the premises of the second defendant. The report of the Local Commissioner discloses in para 4 that during inspection 18 products bearing the plaintiff's trademark were found, out of which, 13 were genuine and 5 were counterfeit, according to the technical expert of the plaintiff who accompanied the Local Commissioner to the said premises. The defendants' representative stated that as per his knowledge, the said 5 products were genuine and 3 out of the 5 products were not even in a working condition. The defendants' representative had also submitted certain transaction invoices, which are annexed with the report between the months of April to July, 2008. A superdarinama of the 5 products, which were believed to be counterfeit, was prepared and the said products were seized and handed over to the first defendant.

8. By order dated 01.10.2008 the interim injunction was made absolute till the final disposal of the case and the defendants were proceeded *ex parte*. The defendants have moved an application under Order IX, Rule 7, being I.A. No. 14461/2008 for setting aside *ex parte* order dated, 01.10.2008 on the ground that they have a strong case to defend. It is stated that the defendants deal in hardware components and procure their products from many companies, including the plaintiff. The defendants' products bear no distinguishing feature and or

identification and procurement of the hardware is from the local market and sometimes from New Delhi and other places, under valid tax invoices. The entire business of the defendants can be based on valid tax invoices and bills raised against sales. Further, it is stated that they do not have any equipment to test the authenticity of the plaintiff's product purchased by them from the open market and that the defendants deal in low quantity. The defendants state their total turnover to be ₹49,07,133/-, but they have not specified the relevant period. The defendants blame the lapse and inadvertence on part of the postal department for the delay and have annexed the relevant postal receipt.

9. The plaintiff in its reply to the said application states that the defendants' intentions are *mala fide* and places reliance on the report of the Local Commissioner, where it is stated that some *prima facie* counterfeit products were recovered from the defendants' premises. It is alleged that the defendants are intentionally mixing up genuine products with counterfeit ones in course of their trade. Further, it is submitted that it is no defence to say that the defendants have no equipment to check the authenticity of the products when they are engaged in the said business. It for the defendants to find out the authentic dealers and procure original products from them.

10. The Court shall first deal with the application of the defendants for setting aside the *ex parte* order. The defendants state that they had sent an authorization appointing their counsel but due to the postal department's delay and inadvertence the vakaltnama and other documents could not be delivered to their counsel in Delhi. It is not disputed that on 25.07.2008 the Local Commissioner had visited the defendants' premises and apprised them of the Court Order and served a copy of the same. Order dated 01.10.2008, whereby the defendants were proceeded *ex parte* erroneously records that the defendants refused service, which resulted in deemed service. The office notings reveal that the defendants were served on 08.08.2008. The defendants filed their application on 24.11.2008, as late as four months after their becoming aware of the present proceeding against them, i.e. 25.07.2008, more than three and a half months after they were served, i.e. 08.08.2008 and more than one and a half months after they were set down *ex parte*, i.e. 01.10.2008. The Code of Civil Procedure mandates under Order VIII, Rule 1 that the written statement shall be filed within thirty days of service, provided that where the Court deems it appropriate, for reasons to be recorded in writing, this time period may be extended by a

maximum of sixty more days. Thus, it is clear that in any case the written statement has to be filed within ninety days from the date of service. The explanation by the defendants, for being unable to file a written statement is vague and unsatisfactory, they state that the same was due to inadvertence of the postal department. This would not explain the delay of nearly three and a half months. In the considered opinion of this Court, the defendants have failed to provide a “good cause”. I.A. No. 14461/2008 is dismissed for the above said reasons.

11. As noticed above the defendants have not filed a written statement; in terms of Order VIII, Rule 10 of the CPC, the Court is competent to pronounce its judgment. The report of the Local Commissioner establishes that 18 products of the plaintiff were seized at the defendants’ premises and in the opinion of the technical expert, who accompanied the Local Commissioner, 5 out of these 18 products of the plaintiff were counterfeit. Though the defendants’ representative stated that as per his knowledge these products were genuine, but in the application filed by the defendants, they did not counter the finding of the technical expert, rather they merely stated that they did not have the equipment to test the authenticity of the products they deal in and that they purchase the products from the local market against valid tax invoice. This, in the opinion of this Court, does not absolve the defendants from the liability of dealing in counterfeit products, especially when the defendants are engaged in further sale of the said products under the plaintiff’s trademark without authorization. The customers purchase the said products from the defendants believing them to be originating from the plaintiff. When dealing in the said products the defendants have to ensure the genuineness and soundness of the products.

12. The plaintiff has filed photocopies of its trademark registration certificate Nos. 1227393 in class 16 and 1227391 in Class 9 for the trademarks CISCO and trademark registration Nos. 1227391 in Class 9 for the trademark CISCO and trademark registration Nos. 690651 and 1267035 in Class 9 for the trademark CISCO SYSTEMS, alongwith the documents filed with the plaint. Further, the plaintiff has also filed photocopies of advertisements and write-ups on CISCO in India and printouts from the website www.cisco.com showing its presence in India and Delhi. Copy of printouts containing details of the plaintiff’s trademarks registered in various countries, have also been filed to establish its global presence and reputation. The plaintiff has established that it is the registered owner of the trademarks and the defendants have by trading in

plaintiff's products unauthorized and in counterfeit products, the defendants have also indulged in the acts of passing-off.

13. In view of the above the defendants are hereby injuncted from trading in plaintiff's products without their authorization or unless the products are purchased from authorized channels. As far as the reliefs of rendition of accounts and damages are concerned, the defendants in their application state that their turnover is ₹49,07,133/-. Although they have not said so, the Court would assume this to be their average annual turnover. The Court deems it appropriate to award damages to the tune of ₹2,00,000/-, to be paid by the defendants to the plaintiff within four weeks. The counsel's fee is of ₹30,000/-. The suit is therefore liable to succeed in terms of para 28 (a), (b), (e), (g) and (h); with costs. Let a decree be drawn in these terms.

February 02, 2010

(S.RAVINDRA BHAT)

JUDGE