

THE HIGH COURT OF DELHI AT NEW DELHI

% Judgment Reserved on: 29.09.2011
Judgment Pronounced on: 31.10.2011

+ CS(OS) 1355/2006

ZIPPO MANUFACTURING COMPANY **Plaintiff**
Through: Mr. Pravin Anand, Advocate
and Ms. Tanya Verma, Advocate

versus

ANIL MOOLCHANDANI & ORS. **Defendants**
Through: None.

CORAM:-
HON'BLE MR JUSTICE V.K. JAIN

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| 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 Digest? | Yes |

V.K. JAIN, J

1. The plaintiff is a company registered in U.S.A and claims to be world leader in manufacture and trade of lighters, which it sells under its invented trademark Zippo, which is alleged to be well-known trademark. The use of the trademark Zippo extends to other products as well such as desk accessories, writing instruments, travel accessories, outdoor products, golf accessories, money clips, key

holders, tape measures, shoes, belts and suspenders, etc. The design of the trademark Zippo has the lighter resting in a rectangular casing, split into two parts and the bottom part has a matching flip-top part welded into a hinge. Both the parts are rectangular in shape with rounded edges and corners to hold the flip-top in a fully opened or shut position. The lighter incorporates a spring and cam arrangement that enables the user to operate the top with one hand. An important feature of the lighter is the chimney or windscreen enclosing the wick with round air holes punched into its sides in horizontal rows of three-two-three formation. It is claimed that the shape of the lighter as well as the windscreen chimney are unique and have acquired a secondary meaning to denote the plaintiff's cigarette lighters. It is also alleged that the plaintiff has been manufacturing and selling lighters across 120 countries and by virtue of such continuous and longstanding use, the mark has acquired the status of well-known trademark. It is also alleged that the plaintiff has invested huge sums of money in promoting and publicizing the sale of goods using the trademark Zippo. It is also alleged that the goods under the trademark Zippo

have been available in India at duty free shops, embassies, consulates and have been regularly brought into the country by tourists and have been imported under permitted baggage rules. It is claimed that the trademark Zippo is well-known to Indian consumers due to their exposure to advertisements for various products under the trademark Zippo in prominent magazines including in-flight magazines in domestic and international airlines operating in and from India. The plaintiff also claims to be the proprietor of a registration for the 3-dimensional shape of its lighters by registration No. 714368 since 10th May, 1996.

2. It is alleged that in February, 2006, it was brought to the notice of the plaintiff that defendant No. 2 was selling counterfeit Zippo lighters from its various outlets in Delhi and those lighters not only bore the word mark Zippo, but also constituted infringement of plaintiff's shape mark and were in fact verbatim imitation of the product of the plaintiff. In reply to a notice sent to it by the plaintiff, defendant No. 1 gave a categorical undertaking to remove the infringing stock from all shops and not to sell any objectionable counterfeit Zippo lighters in future. However, in first week of June, 2006, the plaintiff discovered that the

defendants were continuing to sell the counterfeit products. Such counterfeit lighters were purchased by the representative of the plaintiff from defendants No. 3 and 4. It is alleged that the activities of the defendants, besides infringing the registered trademark of the plaintiff, also amount to passing off their cheap quality lighters as those of the plaintiff and sale of such counterfeit product has already caused unquantifiable losses to the plaintiff. The plaintiff has accordingly sought injunction, restraining the defendants from manufacturing, selling, offering for sale or advertising lighters which are deceptively similar to that of the plaintiff and thereby infringing its registered shape mark under registration No. 714368.

3. During the pendency of the suit, the suit was decreed against defendants No. 1 and 2 on 8th December, 2008 in terms of their compromise with the plaintiff and they were restrained from (i) importing, marketing, selling or offering for sale or using the plaintiff's registered trademark ZIPPO in an unauthorized manner on the product or the casing, or in any other manner in the course of trade, amounting to infringement of plaintiff's registered trademark under No. 562866; (ii) importing, marketing,

selling or offering for sale cigarette lighters infringing the plaintiff's registered shape mark under No. 714368; (iii) using the logo of the plaintiff in an unauthorized manner on the product or in any other manner amounting to passing off;

4. The suit against defendant No. 3 was also disposed of in terms of its settlement with the plaintiff contained in IA No. 9109/2009. Under this settlement, defendant No. 3 undertook not to purchase ZIPPO lighters from any other person other than official distributor of plaintiff in India and not to file any application for registration of the trademark ZIPPO or any other mark similar to the aforesaid mark of the plaintiff.

5. The plaintiff has examined two witnesses by way of ex parte evidence. PW-1 Mark Paup, is the Vice-President (Sales and Marketing) of the plaintiff-company. He has supported, on oath, the case setup in the plaint and has stated that goods under the trademark ZIPPO have been available in India at duty free shops, embassies and consulates and have been brought into the country regularly by tourists or have been imported under permitted baggage rules. He has further stated that the goods of the

plaintiff are available in India at a number of retail outlets in major cities. PW-2 J.P. Sharma has stated that he was employed by the plaintiffs to investigate whether defendant No. 4 was dealing in counterfeit ZIPPO lighters and in June, 2006, he visited the premises of defendant No. 4 and purchased lighters bearing the trademark ZIPPO against cash memo, copy of which is annexure 'B' to his affidavit. The copy of the photographs of that product is Annexure 'A' to the affidavit of the witness. A perusal of the legal proceedings certificates (Ex. PW-1/21) filed by the plaintiff company would show that the trademark ZIPPO (word mark) is registered in favour of the plaintiff Company in respect of cigarette lighters since 29.11.1991 vide Certificate No. 219509. The registration is valid upto 29.11.2015. These documents also show that the device appearing on the Registration No.714368 (Ex. PW-1/22) issued on 13.12.2005, is also registered in the name of the plaintiff Company since 10.5.2006, in respect of cigarette lighter falling in Class 34. The registration is valid upto 10.05.2016.

6. The plaintiff-company also holds a number of other registration of the mark ZIPPO in its favour, in respect of

products other than cigarette lighters such as lighter fluid, flints and wicks, writing instruments viz. mechanical pencils and ball point pens, wearables viz. Tee-shirts, sports shirts, sweat shirts and sweaters, flash lighters and fragrances for personal use.

7. In his affidavit by way of evidence, Mr Mark Paup, vice-president (Sales and Marketing) of the plaintiff-company has stated that the plaintiff-company is a world leader in manufacturing and trade of lighters under the invented and well-known trademark ZIPPO. According to him, these lighters are windproof and are sold with a lifetime guarantee to repair them free of charge, regardless of age and condition of the lighter. According to him, the plaintiff has extended use of its well-known trademark ZIPPO to various other products, including desk accessories (letter openers), writing instruments (turtle point pens, Tionesta), travel accessories, outdoor products, golf accessories, money clips, key holders, watches (human flame), sunglasses (Zippo Italia), Flashlights, women's and men's bags, men's accessories such as wallets, etc.). He has claimed that lighters under the trademark ZIPPO are being sold by the plaintiff-company in 160 countries and this

trademark came to be coined by Mr George G. Blaisdell, founder of the company. He has further stated that goods under the trademark ZIPPO have been available in India at duty free shops, embassies, consulates and have been regularly brought into the country by tourists and have been imported under permitted baggage rules. He has further claimed that the trademark ZIPPO is well-known to Indians and global consumers due to the exposure to advertisements of products sold under the trademark ZIPPO, in various prominent magazines, including in-flight magazines and that the goods of the plaintiff-company are available in India in a number of outlets in most major cities.

8. In his affidavit, Mr J.P. Sharma, Investigator, whom the plaintiff-company had deployed to verify whether defendant No. 4 was engaged in dealing in counterfeit ZIPPO products or not, has stated that in June, 2006, he visited the premises of Archie's Gallery and purchased lighters vide invoice, copy of which has been annexure B to his affidavit Annexure A to his affidavit is the photograph purchased by him from Archie's Gallery at D-851, New Friends Colony. It would thus be seen that the plaintiff is the registered owner

of the mark ZIPPO in India in respect of cigarettes lighters. The plaintiff-company also holds a registration of the device of a lighter in India vide Registration No. 714368. Section 2(m) of Trademarks Act, 1999 defines the mark to include a device and shape of goods. Normally, device would mean pictorial representation of a product which is used either on the product or on its packaging. However, considering the nature of the product in respect of which the device has been registered in favour of the plaintiff-company vide Registration No. 714368, it appears to me that this is nothing, but registration of the shape of a cigarette lighter. Though it has been described as a device in the registration, it is difficult to say that by registering this device vide Registration No. 714368, the Registrar of Trade Marks was registering only a pictorial representation of the lighter shown in the device. Considering the nature of the product in respect of which registration has been obtained, no useful purpose is served from obtaining registration of a pictorial representation of a lighter. I am in agreement with the learned counsel for the plaintiff that while seeking registration granted by Registration No. 714368, the plaintiff was seeking registration of the shape of the lighter, as

shown in the pictorial representation of the product which appears on the Certificate of Registration to describe it as a device, appears to me an inadvertent error on the part of Trade Mark Registry. I agree with him that it is meaningless to obtain registration of a pictorial representation of the lighter if the shape of the lighter is not the subject matter of registration. Vide his affidavit dated 20th September, 2011, Col. J.K. Sharma, constitute attorney of the plaintiffs, has stated that defendant No. 4, which is a franchise of defendant No. 2, is owned and managed by Mr Vinod Sachdeva along with his son Mr Vineet Sachdeva and has since shifted its operations from D-851, New Friends Colony to Shop No. 134-A, Taimoor Nagar, New Friends Colony. He has further stated that telephone No. 26840507 which appears on the invoice, issued by defendant No. 4 and telephone No. 26840506 which appears on the visiting card of Mr Vineet Sachdeva, are registered in the name of Mr Vinod Sachdeva. It would thus be seen that the plaintiff-company is the exclusive owner of the word mark ZIPPO and it also holds trademark in respect of the shape of the lighters being sold by it under the trademark ZIPPO. The affidavit of Mr J.P. Sharma shows that the defendant sold a

lighter bearing the trademark ZIPPO to him vide invoice, copy of which is annexure B to his affidavit. A perusal of the photograph of the product, which Mr J.P. Sharma purchased from defendant No. 4, would show that the defendant has been using the trademark ZIPPO on the lighters sold by him. A comparison of the photograph of the product of the plaintiff with the photograph of the product purchased by Mr J.P. Sharma from defendant No. 4 shows that the name on and shape of the lighter which Mr. J.P.Sharma purchased from defendant No.4 is exactly the same which the plaintiff-company has been using its lighters and which is the registered trademark of the plaintiff-company. Therefore, by using the word mark ZIPPO and the shape of the product of the plaintiff-company, defendant No. 4 infringed the registered trademarks of the plaintiff-company.

9. In ***M.R.F.Limited versus Metro Tyres Limited***, 1990-PTC-101, the plaintiff sought an injunction restraining the defendant from selling autorikshaw tyres having prominent features of the tread pattern similar to that of the tread pattern of the autorikshaw tyres of the plaintiff. While granting injunction to the plaintiff, the Court observed that

in India, all the tyres are black and circular, the prominent distinguishing feature being the tread pattern and other features of arrangement. The Court felt that tread is an essential and integral part of the tyre itself performing purely a functional and utilitarian role. The Court was of the view that unlike a wrapper, a label or a container, the tread was not something external to the tyre but it was an indivisible part. It was also observed that when a purchaser goes to purchase a scooter tyre manufactured by the plaintiff and that tyre is not available whereas the tyre of the defendant is available, the shopkeeper may point out the tread pattern in the tyre of the defendant and the purchaser may purchase the tyre having regard to the similarity of the tread pattern irrespective of the manufacturers. The Court felt that similarity of the tread pattern may also raise a presumption of common origin or close business association between the plaintiff and the defendant. The Court was of the view that merely because the plaintiff had not secured registration of the design under the Designs Act or under the Patent Act, it cannot be said that the tread pattern of the plaintiff's tyres could be copied by the defendant.

In the case before this Court, even if defendant No.4

does not use the word mark 'ZIPPO' but continues to use the shape of the lighter of the plaintiff, the customer on account of unique shape of the lighter, may presume that it is Zippo lighter which the plaintiff company sells almost through the world and, therefore, may believe that the lighter which defendant No.4 is offering to him has been either manufactured by the plaintiff company itself or it has been manufactured in collaboration with and/or under licence from the plaintiff company and that is why, it has a shape identical to that of the lighters of the plaintiff company.

In ***Gorbatschow Wodka KG versus John Distilleries Limited***, 2011 (47) PTC 100(Bom), the plaintiff claimed that the shape of its bottles of Vodka was distinctive and formed an intrinsic part of its goodwill and reputation. The bottle which the defendant had adopted was alleged to be deceptively similar to that of the plaintiff. The plaintiff, on account of similarity in the shape of the bottles, claimed a dilution of the distinctive shape under which Vodka bottles of the plaintiff are marketed and sold, a dilution of the goodwill and reputation of the plaintiff in relation to the

distinctive shape of the bottle, passing off at common law, unfair competition and a mushrooming effect in that unless the defendant were to be stopped other potential infringers may be emboldened to encroach upon the rights of the plaintiff. The defendant in that case had obtained registration of its shape under the Designs Act, 2000. The contention of the plaintiff was that registration under Designs Act was no defence to an action for passing off since there was no procedure in the Act for advertising and for receipt of oppositions. Granting injunction to the plaintiff, the Court, *inter alia*, observed as under:-

“The action before the Court is a quia timet action which seeks to injunct the defendant from launching its product in India. The basis and foundation of the action is that the defendant has adopted a bottle for the sales of its product which in its shape bears a striking resemblance to the bottle of the plaintiff. Under the Trade Marks Act, 1999, the shape of goods is now statutorily recognized as being constituent element of a trade mark. Section 2(zb) of the Trade Marks Act, 1999 defines the expression ‘trade mark’ to mean “a mark capable of being represented graphically and which is capable of distinguishing the goods or services of one person from those of others” and to include the “shape of goods, their packaging and combination of colours”. Parliament has, therefore, statutorily recognized that the shape in which goods are marketed, their packaging and combination of colours for part of what is described as the

trade dress. A manufacturer who markets a product may assert the distinctive nature of the goods sold in terms of the unique shape through which the goods are offered for sale.”

“The shape of the bottle which the plaintiff has adopted has no functional relationship with the nature of the product or the quality required of the container in which Vodka has to be sold. The shape, to use the language of a leading authority on the subject, is capricious. It is capricious in the sense that it is novel and originated in the ingenuity and imagination of the plaintiff. Prima facie, a comparison of the shape of the bottle which has been adopted by the defendant with the bottle of the plaintiff would show a striking similarity. As a matter of fact, counsel appearing on behalf of the defendant did, during the course of the submission, concede that there are similarities.”

In ***Reckitt & Colman Products Limited versus Bordeen Inc. and Others*** [1990] RPC 341, [1988] FSR 601, the plaintiff was selling the lemon juice since 1956 in a plastic container under the name JIF. The defendants who also were selling lemon juice, in bottle sought to introduce lemon shape container, which was challenged by the plaintiff alleging passing off. The trial Judge held that passing off had been established. The defendants filed an appeal against the order of the trial Judge. While dismissing the appeal, the Court of Appeal observed that even assuming that the colour

and shape of the container were to be regarded as having a function to perform (by indicating its contents) that does not preclude the plaintiff from having acquired the exclusive right to the particular get up of their JIF lemons, including their colour and shape.

In ***Yale & Towne Mfg. Co. vs. Alder***, 1907 US Appeals Lexies 4499, it was found that the defendant had copied, manufactured and sold a padlock marketed by the plaintiff. Though many features of plaintiff's padlock were not original and subject to appropriation, the defendant was the first to assemble them in a form in which its padlock was substantially identical with that of the plaintiff. The Court felt that this would lead customers into believing that they were buying plaintiff's padlock and, therefore, defendant's apparent purpose was to intentionally and deliberately extend his trade with retail dealers at the expense of plaintiff's trade by furnishing them with a padlock at a lower price which could be sold to the customers as plaintiff's padlock. In the case before this Court, the lighter which defendant No.4 sold to the investigator

appointed by the plaintiff company appears to be identical to that of the plaintiff having no visible distinguishing feature in its shape or design. Therefore, the case of the plaintiff company stands on a stronger footing.

In ***George G. Fox Company versus Charles F. Hathaway & Another***, 1908 Mass Lexis 791, the plaintiff's loaves of bread were of a size, shape, colour and condition of surface that gave them a peculiar visible appearance which had come to be recognized by customers in connection with the name, as indicating the place of manufacturing and the quality of the bread. The defendant began to manufacture and sell bread in loaves of the same size, shape, colour and general visual appearance as of the plaintiff. It was held that the defendant intended to take advantage of the reputation which the plaintiff had built up, by selling an imitation of its loaves.

10. It has come in evidence that the plaintiff-company has been selling lighters bearing the trademark ZIPPO and having a unique 3-dimensional shape in India through various channels. The plaintiff-company has been selling

this lighter in India through various authorized retailers. The plaintiff-company has also been advertizing its lighters in India in various magazines and has been incurring substantial expenditure on advertising its product in India. Defendant No. 4, obviously, wants to encash upon the goodwill which the lighters of the plaintiff-company enjoy in the market by copying not only the word mark ZIPPO, but also the shape of the product of the plaintiff-company. Defendant No. 4 has no right to use the trademark ZIPPO and/or the 3-dimensional shape of the lighter of the plaintiff-company. By using the name ZIPPO and/or the 3-dimensional shape of the lighter of the plaintiff-company, defendant No.4 is trying to pass off his goods as those of the plaintiff. If defendant No. 4 is not restrained from using the word mark ZIPPO and the 3-dimensional shape of the lighter of the plaintiff-company, the customer may purchase the product of defendant No. 4 under a mistaken belief that he was purchasing the reputed product of the plaintiff-company. On seeing a lighter bearing the trademark ZIPPO and/or on having a 3-dimensional shape identical to that of the product of the plaintiff-company, the customer may form a bona fide impression that either this is the genuine

product of the plaintiff-company or it has been manufactured in collaboration and/or under licence from it and, therefore, was likely to be a quality product, for which he was paying a premium price. If the quality of the product of defendant No. 4 is not found to be as good as the quality of the product of the plaintiff-company, the customer, who purchases the product of defendant No. 4, may form an impression that the quality of the lighters of the plaintiff-company has gone down and is no more the quality for which the lighters of the plaintiff-company is known. If it so happens, that may not only prejudicially affect the financial interest of the plaintiff-company, but may also tarnish the reputation which the brand ZIPPO enjoys in the market, particularly in respect of cigarettes lighters. The sale of an inferior product under the brand name ZIPPO and/or having a 3-dimensional shape identical to that of the lighter of the plaintiff-company may also harm the interest of the consumer who may be paying a higher price for the premium product of the plaintiff-company and who despite paying that premium price, may be saddled with an inferior product.

11. The plaintiff has thus been able to make out a case

of infringement as well as passing off. Even if I proceed on the assumption that registration of the three dimensional device vide registration No.714368 is not the registration of the shape of the lighter depicted on the certificate but is registration only of its pictorial representation, it would still be a case of infringement on account of use of the word mark ZIPPO on the lighter which defendant No.4 sold to Mr.J.P.Sharma and will also be a case of passing off on account of the shape of the product which defendant No.4 sold to Mr. J.P.Sharma being identical to the unique shape of the lighters being sold by the plaintiff company almost throughout the world including India.

12. For the reasons given in the preceding paragraphs, the plaintiff is entitled to a permanent injunction from selling, distributing or marketing the lighter under the trademark ZIPPO and/or having a 3-dimensional shape identical or similar that of the lighter of the plaintiff-company, as is depicted on the Registration No. 714368, issued by Registrar of Trademarks to the plaintiff-company.

13. Coming to damages, though plaintiff has not proved the actual damages suffered by it on account of sale

of lighters by defendant No. 4 under the brand name ZIPPO and/or having the 3-dimensional shape identical to that of the product of the plaintiff-company, it is definitely open to this Court to award punitive damages.

As observed by this Court in **Time Incorporated v. Lokesh Srivastava & Anr.**, 2005 (30) PTC 3 (Del), punitive damages are founded on the philosophy of corrective justice and are meant to send signal to the wrong doers that the law does not take a breach by them as a matter between rival parties but is also concerned about those also who are not party to the lis but suffer on account of the breach of law on the part of wrong doer. As held by this Court in **Hero Honda Motors Ltd. V. Shree Assuramji Scooters**, 2006 (32) PTC 117 (Del), this Court noticing that in a case where the defendant chooses to stay away from the proceedings of the Court, punitive damages need to be awarded, since otherwise the defendant, who appears in the Court and submits its account books would be liable for damages whereas a party which chooses to stay away from the Court proceedings would escape the liability on account of the failure of the availability of account books. In fact, punitive damages are appropriate relief where on account of

absence of the defendant exact figure of the sale made and profit earned by him by infringing the trademark of the plaintiff and/or passing off his goods as those of the plaintiff cannot be ascertained. The Courts also take into consideration the fact that a lot of time and money is spent by trademark owners in litigation against those who infringe the trademark and try to encash upon the goodwill and reputation of other brands by passing off their goods and services as those of others. Award of punitive damages, therefore, describes dishonesty and curbs tendency to gain an unfair advantage by infringement of the legal rights of others. Failure of the Court to award punitive damages is likely to encourage unscrupulous persons actuated by dishonest intention, to use the trademarks of others and encash upon their goodwill and reputation which they have built with years of hard work and labour. I, therefore, award punitive damages amounting to Rs 5 lakh in favour of the plaintiff-company and against defendant No. 4.

ORDER

A decree for permanent injunction is hereby passed restraining defendant No.4 – Vinod Sachdeva from selling, distributing or marketing lighters under the trade

mark “ZIPPO” and/or having a three dimensional shape identical or similar to that of the lighter of the plaintiff company as is depicted on the registration certificate No.486145, issued by Registrar of Trade Mark, to the plaintiff company. A decree for recovery of Rs.5 lacs is also passed in favour of the plaintiff and against defendant No.4. The plaintiff will be entitled to pendente lite and future interest at the rate of 6% per annum on the amount of damages. The plaintiff will also be entitled to proportionate cost of the suit. In the facts and circumstances of the case, there shall be no order as to costs.

Decree sheet be drawn accordingly.

(V.K. JAIN)
JUDGE

OCTOBER 31, 2011
bg/vn/'sn'