

\$~

* IN THE HIGH COURT OF DELHI AT NEW DELHI

+ CS(OS) 916/2005

Judgment pronounced on 22nd December, 2011

COLGATE – PALMOLIVE COMPANY AND ANR..... Plaintiff

Through: Mr.Pravin Anand, Advocate

versus

V.K. KANAHIYALAL AND ANR.

..... Defendant

Through

CORAM:

HON'BLE MR. JUSTICE G.S.SISTANI

G.S.SISTANI, J. (ORAL)

1. Plaintiff has filed present suit for permanent injunction restraining infringement of trademarks and copyright, passing off, rendition of accounts of profits, delivery up against the defendants, seeking a decree for permanent injunction restraining the defendants, their principal offices, servants, agents, representatives, dealers and all other acting on their behalf from manufacturing, selling, offering for sale, exporting, advertising, directly or indirectly dealing in toothpaste, dental cream or any cognate and allied product under a red and white carton and/or tube, as shown in Annexure I and I-2 or any other packaging/ label mark as is deceptively similar to plaintiff No.1's COLGATE Dental Cream packaging including label/ carton/ tube amounting to infringement of registered trademark Nos.190279 and 31939.

2. After service, the defendants put their appearance. On account of raising of pecuniary jurisdiction this matter was transferred to the District Judge on 18.09.2003. On 08.07.2005 upon enhancement of the valuation of the suit, the case was received back and was listed before this Court. As none had been appearing on behalf of the defendants on three dates of hearing, defendants were proceeded ex parte, by order dated 16.08.2011. Liberty was granted to the plaintiff to file ex parte evidence and the matter was placed before Joint Registrar for marking exhibits on documents.
3. Necessary facts to be noticed for disposal of this suit are that plaintiff no.1 is a public company incorporated under the laws of the State of Delaware, United States of America and plaintiff no.2 is a company duly incorporated under the Indian Companies Act (VII of 1913) and is authorized to institute and maintain the present suit for and on behalf of the second plaintiff and to sign and verify any documents in this behalf. The defendant's product is being packed and sold under the mark CHOICE in cartons and tubes which bear a get up, lay out and colour scheme that is deceptively similar to the trade dress of the plaintiffs' Colgate Dental Cream carton. Defendant no.2 is marketing its products through defendant no.1.
4. Plaintiff has filed affidavit by way of evidence of Sanjeev Krishna Shrivastav, the General Legal Manager of Plaintiff no.2. He has deposed that he has been employed with plaintiff no.1, company since the year 2006. The Company is duly incorporated under the Indian Companies Act, 1913 and has its registered office at Colgate Research Centre, Main Street, Hiranandani Gardens, Powai, Mumbai

400 076. He has proved the certified true extract of the original Minutes Book containing the concerned Resolution of the Board of Directors dated 2^{3rd} June 2006 [exhibited as Ex. PW-1/1] which bears the signature of Mr, K.V. Vaidyanathan, Vice President Legal and Company Secretary of the company. This witness has deposed that the suit has been instituted by Plaintiff No. 1, Colgate Palmolive Company and the plaintiff no.2 against defendant No.1, i.e. Shri V. Kanhaiya Lal of 5541, Gandhi Market, Sadar Bazar, Delhi - 110 006 and defendant No.2, M/s. Choice Laboratories, having its address at National Highway No. 8, Unjha, Distt. Mehsana, Gujarat. The suit is based on the plaintiffs' rights both under the trade and merchandise mark Act, 1958 (now substituted by Trade Marks Act, 1999) and the Copyright Act, 1957 in respect of the Colgate Dental Cream label/ packaging.

5. This witness has also deposed that he has seen the plaint and confirms that it has been signed and verified by Shri R.A Shah, Partner of Crawford Bayley and Co., as the constituted attorney of plaintiff No.1. He further deposed that he has been personally acquainted with Shri R.A. Shah in the course of his employment with his company and he had occasion to see him sign official documents from time to time. This witness has also deposed that he identifies the signatures of plaintiff No.1 on the plaint and amended plaint as being of Shri R.A.Shah, as he has regularly corresponded with him and can identify his signatures. This witness has also deposed that he confirmed that a photocopy of power of attorney dated 21st September 1984 executed by plaintiff No.1, inter alia in favour of Shri Rajendra Ambalal Shah, is on record in the present suit at pages 53 to 56 of the documents. The power of attorney dated 21st September 1984 bears the signatures of

Mr. Harold Ostler of Plaintiff No. 1 company. This witness has also deposed that he can identify his signatures on the basis of correspondence on record. The original power of attorney is in the safekeeping of his company and he crave leaves to produce the same in order to exhibit the photocopy as Ex. PW-1/2 as the original power of attorney is required from time to time in various pending cases in different courts in India.

6. This witness has next deposed that the plaint has also been signed and verified for my company by Shri K.R. Krishnan, then Director (Coordination) of his company and the amended plaint was signed by Mr. Dinesh Castellino, the then Deputy Company Secretary of his company and he had been authorized by board resolution dated 19th August, 2002 which is exhibited as Ex.PW-1/3. It is also deposed that he is aware from the records of the company that Shri K.R. Krishnan was employed with the company from 1st May, 1987 upto 30th April, 1997 and he has seen his signatures on official documents of his company in various instances and state on basis of a comparison of these with the signatures for plaintiff No.2 on the plaint are those of Shri K.R. Krishnan. He has also deposed that the plaintiff company has authorized Shri K.R. Krishnan to institute the present suit on its behalf under Power of Attorney dated 27th April 1994. The power of attorney dated 27th April 1994 has been signed by Mr. P.R. Keshwani and Mr.K.V. Vaidyanathan and this witness identifies the signatures of Mr.P.R. Keshwani from the records and Mr. K.V. Vaidyanathan based on his official association with him. Power of Attorney dated 27th April 1994 is exhibited as Ex. PW-1/4.
7. This witness has also deposed that in 1984, the plaintiffs had learnt that

Defendant No. 2 was marketing a tooth powder under the name of CHOICE in containers which had a colour combination, get up, lay out and arrangement of features which were identical with or deceptively similar to that of the plaintiffs tooth powder pack. Thereafter plaintiffs' attorneys addressed a legal notice to the Defendant No. 2 dated 28th June 1984, a carbon copy of which is filed with the suit and which was replied to by the Defendants through their attorney on 13th July 1984 is exhibited as Ex-PW-1/6. A response from defendant No. 2's attorneys denying all allegations in the said notice is admitted by defendant No. 2 and is exhibited as Ex. P-5.

8. This witness has also deposed that in the month of July 1995 the plaintiffs were informed by their Zambia office that defendant No.2 was exporting toothpaste under the mark CHOICE in cartons and tubes bearing a strong resemblance to the plaintiffs' toothpaste cartons and tubes. Thereafter discreet inquiries made by the plaintiffs revealed that defendant No. 2 had been selling the said CHOICE toothpaste in the Indian market (including Delhi) as well, although in a discreet and clandestine manner. Another legal notice was thereafter sent to defendant No.2 through the plaintiffs' attorneys on 31st January, 1996 and office copy of which is filed herein and is marked as X-1. The plaintiffs were shocked to learn that defendant No.2 had instituted a suit against them being Civil Suit No. 975/96 in the City Civil Court, Mehsana. The defendants' said suit is essentially an action under Section 120 of the Trade and Merchandise Marks Act, 1958 and Section 60 of the Copyright Act, 1957 and a certified copy of the same filed herein is admitted by defendant No. 2 and is exhibited as Ex. P-6.
9. This witness has also deposed that this suit has been filed for a

permanent injunction restraining infringement of plaintiff No. 1's trademark registrations bearing numbers 190279 and 319139 in class 3; infringement of the copyright of the plaintiffs' copyright in the Colgate Dental Cream packaging and passing off by defendant Nos. 1 and 2 inter alia by the acts of adopting, making, offering for sale, selling, distributing and dealing in an infringing label and reproducing the colour combination, get up, lay out and arrangement of features of the plaintiffs packaging. The plaintiffs have also sought damages and rendition of accounts of the profits earned by the defendants on account of their aforesaid acts and the delivery up of the infringing material. The plaintiff No. 1 is the registered proprietor in India of the well-known trademark COLGATE and also of a label trademark registration limited to red and white colours with the word COLGATE printed in white colour on a red background. Plaintiff no.2, company is the registered / licensed user in India of plaintiff No.1's trademarks, designs and copyrights and manufactures / markets inter alia a variety of dental care products including toothbrushes, toothpaste and toothpowder in India under the trade mark COLGATE and packaging bearing a distinctive get-up and colour combination comprising of a predominantly red background and the trademark COLGATE in white (hereinafter "the get-up" and "the red and white colour combination" respectively). It has also been deposed that the registered user/license agreement dated 17th May, 1999 entered into between plaintiff No.1 and the plaintiff no.2 company has been filed with the Trade Marks Registry, Mumbai, along with an application made by plaintiff No.2 for recordal of as a Registered User. An office copy of the said application annexed hereto and is exhibited as Ex. PW-1/5A.

10. PW-1 has also deposed that plaintiff No. 1 has several valid and subsisting trademark registrations in India pertaining to the trademark COLGATE and its distinctive Red and White label inter alia in class 3 the details of which are set out herein below.

Mark	Registration No.	Date	Scope of Registration
COLGATE (WORD)	167064	15/12/1954	Word
COLGATE (DEVICE)	190279	12/05/1959	Label limited to red & white colors
COLGATE (DEVICE)	319139	01/10/1976	Label

11. Mr.Shrivastav, has also deposed that the original certificates for use in legal proceedings in respect of the following registrations filed herewith are exhibited: Registration No. 167064 as Ex. PW-1/7, and Registration No. 190279 as Ex.PW- 1/8 and Registration No.319139 is admitted by Defendant No. 2 and exhibited as Ex.P-4.
12. It has also been deposed that plaintiff company has been using the trademark COLGATE and the distinctive Red and White label/packaging of dentifrice products under a Registered User (RU) agreement with plaintiff No.1, the proprietor. The RU agreement dated 28th June 1963, was preceded by a license in the year 1949 from plaintiff No. 1 to plaintiff no.2, company. Thereafter, plaintiff No.1 and plaintiff no.2 entered into further RU agreements from time to time including in 1974 and 1978. Plaintiff no.2, company

also has a subsisting RU agreement dated 17th May 1999 with plaintiff No. 1 which is pending with the Trademark Registry with respect to the renewed trademarks.

13. This witness has also deposed that plaintiff no.2, company is a subsidiary of plaintiff No. 1 in which the latter holds 51% of the equity shares. Plaintiff No. 1 is a nearly 200 year-old company established in 1806. It has been in the dentifrice business for over 100 years, having commenced the business around 1806. The trademark COLGATE is in continuous use since then. Plaintiff no.2, company has been conducting the business in India under the trademark COLGATE in the distinctive and well- known red and white colour combination since the year 1937 and has vast and extensive reputation. For decades plaintiff no.2, company has used the singularly distinctive packaging for Colgate Dental Cream, the predominant features of which are:-

- a) A colour combination of red (background) and white (words); and
- b) A stylized representation of the mark COLGATE.

14. This witness has also deposed that the essential features of the plaintiffs Colgate Dental Cream packaging comprising the trademark COLGATE written in white letters on a red background have remained constant for over seven decades even while the overall get-up and layout has been gradually modified as a natural progression in pace with modern trends. The plaintiffs have filed on record several specimens of the Colgate Dental Cream label/packaging, which show the evolution of the label. These are

now identified for ease of reference by the exhibit marks mentioned hereinafter:-

- i) Colgate Dental Cream label - subject matter of registration No. 190279 dated 12th May 1959, which is, registered with the condition "the mark is limited to the colours red and white".
- ii) Colgate Dental Cream label subject matter of trademark registration No. 319139.
- iii) Ex.PW-1/9 Colgate Dental Cream label introduced in 1984 ('C' with a slant appears for the first time.)
- iv) Ex.PW-1/10 to 1/13: Colgate toothpaste cartons for flavored variants
- v) Ex.PW-1/14 to 1/18: Colgate variants introduced after the institution of the suit

15. This witness has also deposed that the plaintiffs' products under the trademark COLGATE and the distinctive red and white label are amongst the largest and fastest selling products in this category. Audited statements of sales turnover from the years 1963-1994 and 1995 to 2004 and a corresponding statement of expenditure incurred on advertisement/publicity have been prepared. They are filed herewith and may be exhibited as Ex.PW-1/19 and Ex.PW-1/19A. A bundle of plaintiff no.2, company's annual reports from 1990-1996 also filed marked Ex.PW-1/20 to Ex.PW-1/25. The Plaintiffs have consistently advertised their product in the distinctive red & white colour combination. Sample advertising of the plaintiffs is filed herewith marked as Ex. PW-1/26 to Ex. PW-1/36.

16. This witness has also deposed that the association in the minds of the consuming public and members of the trade between the red and white colour combination and plaintiff no.2, company's product is very strong. A large number of consumers of plaintiff company's products fall in the illiterate/ semi-literate and/or rural category who are not well versed in English and most often rely on the red and white colour combination to identify and demand my company's product. Even amongst the aware and literate classes the circumstances in which this product is purchased or sold, that is usually stacked one on top of the other, are conducive to confusion with a similar product packaged in a similar manner with a predominantly red and white colour combination so that a third party's look alike product can be passed off as that of my company's due to this deception. Photographs of various shops selling dentifrice products are enclosed are marked as Ex, PW-1/37 and Ex. PW-1/38.
17. This witness has also deposed that the plaintiff no.2, company has been vigilant in monitoring the misrepresentation/misuse by third parties of their product by using a similar trademark and/or packaging and has taken several legal proceedings where necessitated, which have been decreed in favour of the plaintiffs by virtue of the defendants voluntarily undertaking not to violate the trade mark and copyright of the plaintiffs. This witness has also produced certified copies of the orders and are exhibited their photocopies as Ex. PW-1/39 to Ex. PW-1/50 as they are required

from time to time in various pending cases in different courts in India and constitute valuable archival records of the plaintiffs.

18. This witness has also deposed that the all the Colgate cartons as aforesaid constitute original artistic works within the meaning of section 2(c) of the Copyright Act, 1957 in which copyright subsists and the Plaintiffs are the owners of copyright to the same. The Plaintiffs are the exclusive owners of copyright in the said artwork, which is designed on commission by its advertising agency for valuable monetary consideration. Defendant No.1 has adopted, clearly with deliberation, a label/package that is inspired by the plaintiffs' well-known Colgate red and white label. A specimen of the defendants packaging under the trademark CHOICE is admitted by the Defendant No. 2 and exhibited as Ex. P-1. This product is meant for sale in India. The defendant also exports this product and a Specimen of its export, packaging is admitted by Defendant No. 2 and exhibited as Ex.P-2. The defendants packaging of the domestic and export product is deceptively similar at least as far as the essential features of the red and white label are concerned namely the red (background) and white (words) colour combination.
19. It has also been deposed that the defendants packaging at Ex.P-1 and Ex.P-2 as stated above is an infringement of plaintiff No.1's trademark registration Nos. 190279 and 319139 on account of the use of the red and white colour combination.
20. This witness has also deposed that the defendants have reproduced the colour combination, arrangement of features and lay out of the plaintiffs' Colgate Dental Cream packaging, for an identical product

namely toothpaste. Therefore this is a clear case of passing off and there is bound to be confusion or deception on account of such acts of the defendants. This witness has deposed that it is physically improbable to capture evidence of actual confusion but from surrounding facts and circumstances it is evident that that confusion is bound to occur. The nature of the product, the type of consumers, the channels of sale including the manner of product display, all combine to make a strong case for likelihood of confusion and deception that may lead to passing off. The defendant's adoption of the colour combination, arrangement of features and lay out of the plaintiffs' Colgate toothpaste packaging is dishonest and aimed at usurping the goodwill and reputation created by the plaintiffs for the product under the said colour combination, arrangement of features and lay out. There is every likelihood of confusion or deception among existing and potential customers of my company.

21. I have heard counsel for the plaintiff and also carefully perused the affidavit by way of evidence and the documents placed on record.
22. While issuing notice in the suit on 23.04.1996, this court had granted ad interim injunction in favour of the plaintiff and against the defendants, restraining defendants or their agents/representatives/dealers from manufacturing, selling, offering for sale, exporting, advertising, directly or indirectly dealing in toothpaste, dental cream or any cognate and allied product under a red and white carton and/or tube, or any other packaging/ label mark as is deceptively similar to plaintiff No.1's Colgate Dental Cream packaging including label/ carton/ tube.

23. The plaintiff has been able to establish that the plaintiff company was incorporated under the Indian Companies Act, 1913. The plaintiff is the registered proprietor in India of the well known trademark COLGATE and also of a label trademark registration limited to red and white colours with the word COLGATE printed in white colour on a red background. Plaintiff has also succeeded in establishing that plaintiff has several valid and subsisting trademark registrations in India, pertaining to the trademark COLGATE and its distinctive red and white label *inter alia* in class 3 as detailed in the affidavit. The original certificates for use in legal proceedings in respect of the registrations have been exhibited as Ex.PW-1/7, PW-1/8 and Ex.P-4. The trademark of the plaintiff company has been in continuous use since the year 1937 and the plaintiff has a vast and extensive reputation. The witness has in detail deposed with regard to the essential features of the plaintiff's COLGATE dental cream packaging comprising the trademark COLGATE written in white letters on a red background, which has remained constant for over seven decades, with some modification keeping in pace with the modern trends. Copies of the labels have been exhibited as Ex.PW-1/9 to Ex.PW-1/18. The plaintiff has also been able to establish the large expenditure incurred on advertisement and on publicity. Copies of annual reports have been filed. I have also examined the impugned cartons, Ex.P-3, which also has a red background and the word 'CHOICE' has been written in white. The product of the plaintiff is used by both the illiterate, semi-literate or rural categories of persons, who would often rely on the red and white combination to identify the product of the plaintiff.

The plaintiff has also been able to establish that the Colgate carton constitutes original artistic work within the meaning of Section 2 (c) of the Copyright Act, in which copyright subsists and plaintiffs are the owners of the copyright. The carton of the defendant would show that the defendant has adopted the colour scheme of red background and the words written in white deliberately to ride over the goodwill of the plaintiff and the defendant's packaging Ex.P-1 and Ex.P-2 is an infringement of plaintiff no.1's trademark registration Nos.190279 and 31939 on account of use of the red and white colour combination. The product of both the parties is also identical, namely, tooth paste. Accordingly, the present suit is decreed in terms of prayers (a), (b) and (c) of paragraph 27 of the plaint.

24. Counsel for the plaintiff also prays for damages for loss of reputation and business as also the cost of the present proceedings amounting to Rs.15,00,000/-. The the of the trademark of the plaintiff is not in dispute. The attention of this Court has been drawn to a number of judgments in this behalf where dealing with similar situations, damages have been awarded.

25. In the case of 'M/s L.T. Overseas Ltd. v. M/s Guruji Trading Co. and Anr. [CS (OS) No. 2711/1999] decided on 07.09.2005 this court had granted Rs.3 lakhs damages to the plaintiff. In the case of Relaxo Rubber Limited and Anr. v. Selection Footwear and Anr., 1999 PTC 578, the defendant did not file the written statement after taking time for the same and a decree was passed under Order VIII Rule 10 of the Code of Civil Procedure, 1908. Against the claim of

tentative damages of Rs.5 lakhs, Rs.3 lakhs was awarded as damages. In another case of **Hindustan Machines v. Royal Electrical Applies**, 1999 PTC (19) 685, a sum of Rs.3 lakhs was awarded.

26. In the case of **Time Incorporated v. Lokesh Srivastava and Anr.**, 2005 (30) PTC 3 (Del) where apart from compensatory damages of Rs.5 lakhs, punitive damages have also been awarded. It would be useful to reproduce paras 7 and 8 of the said judgment, which are as under :-

“7. Coming to the claim of Rs.5 lacs as punitive and exemplary damages for the flagrant infringement of the plaintiff's trade mark, this Court is of the considered view that a distinction has to be drawn between compensatory damages and punitive damages. The award of compensatory damages to a plaintiff is aimed at compensating him for the loss suffered by him whereas punitive damages are aimed at deterring a wrong doer and the like minded from indulging in such unlawful activities. Whenever an action has criminal propensity also the punitive damages are clearly called for so that the tendency to violate the laws and infringe the rights of others with a view to make money is curbed. The punitive damages are founded on the philosophy of corrective justice and as such, in appropriate cases these must be awarded to give a signal to the wrong doers that law does not take a breach merely as a matter between rival parties but feels concerned about those also who are not party to the lis but suffer on account of the breach. In the case in hand itself, it is not only the plaintiff, who has suffered on account of the infringement of its trade mark and Magazine design but a large number of readers of the defendants' Magazine 'TIME ASIA SANSKARAN' also

have suffered by purchasing the defendants' Magazines under an impression that the same are from the reputed publishing house of the plaintiff company.

8. This Court has no hesitation in saying that the time has come when the Courts dealing actions for infringement of trade marks, copy rights, patents, etc. should not only grant compensatory damages but award punitive damages also with a view to discourage and dishearten law breakers who indulge in violations with impunity out of lust for money so that they realize that in case they are caught, they would be liable not only to reimburse the aggrieved party but would be liable to pay punitive damages also, which may spell financial disaster for them. In Mathias v. Accor Economi Lodging, Inc., 347 F.3d 672 (7th Cir. 2003) the factors underlying the grant of punitive damages were discussed and it was observed that one function of punitive damages is to relieve the pressure on an overloaded system of criminal justice by providing a civil alternative to criminal prosecution of minor crimes. It was further observed that the award of punitive damages serves the additional purpose of limiting the defendant's ability to profit from its fraud by escaping detection and prosecution. If a tortfeasor is caught only half the time he commits torts, then when he is caught he should be punished twice as heavily in order to make up for the reason that it is very difficult for a plaintiff to give proof of actual damages suffered by him as the defendants who indulge in such activities never maintain proper accounts of their transactions who they know that the same are objectionable and unlawful. In the present case, the claim of punitive damages is of Rs.5 lacs only which can be safely awarded. Had it been higher even this court would not have hesitated in awarding the same. The Court is of the view that the punitive damages should be really punitive and not flee

bite and quantum thereof should depend upon the flagrancy of infringement.”

27.Learned counsel for the plaintiff prays that the damages be awarded for the loss of reputation and business as also the cost of the present proceedings. I am in agreement with the aforesaid submission of learned counsel for the plaintiff that damages in such cases must be awarded. There is a larger public purpose involved to discourage such parties from indulging in such acts of deception and, thus, even if the same has a punitive element, it must be granted. R.C. Chopra, J. has very succinctly set out in *Time Incorporated's case (supra)* that punitive damages are founded on the philosophy of corrective justice. That was the case where the publishers of Time Magazine had come to Court and one of the factors which weighed while awarding punitive damages was that the readers had been sufferers of the infringement of the mark of the plaintiff. The only difference is that in the present case it is the consumer of the products of the plaintiff, who have suffered, as a consequence of the infringement of the mark of the plaintiff by the defendant.

28.For the reasons stated above, the plaintiff has also made out a case for grant of damages. Accordingly, plaintiff is also entitled to the damages to the tune of Rs.2.0 lacs. Suit also stands decreed in terms of prayers (a), (b) and (c) of the paragraph 27 of the plaint.

G.S.SISTANI,J

22nd December, 2011 ssn [pdf]