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

+ **CS(OS) 2587/2010**

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Judgment dated 28.02.2012

HERO HONDA MOTORS LIMITED Plaintiff

Through: Ms.Divya Vijan, Advocate

versus

RAFIQ MEMON Defendant

Through

CORAM:

HON'BLE MR. JUSTICE G.S.SISTANI

G.S.SISTANI, J (ORAL)

1. Plaintiff has filed the present suit for permanent injunction, restraining infringement of trademark, copyright, delivery up, rendition of accounts etc. against the defendant. While issuing summons in the suit and notice in the application for stay on 21.12.2010 this court had restrained the defendants, its agents, distributors and / or any other persons acting for and on behalf of the defendant, from selling motorcycle parts bearing the trade mark HERO HONDA with or without the logo or any other trade mark and/or logo which is deceptively similar to the plaintiff's trade mark HERO HONDA and/or logo as also the product packaging of the plaintiff.
2. The defendants were proceeded *ex parte* by an order dated 27.07.2011. Plaintiff has filed the affidavit by way of evidence of Ms.Purnima Dogra, Assistant Manager (Constituted Attorney of plaintiff company). The affidavit by way of evidence has been exhibited as Ex.PW-1/A. She has deposed on the lines of the plaint. PW-1 has deposed that the plaintiff

company was originally incorporated on January in 1984 as a joint venture company. During the pendency of the suit, plaintiff has changed its name from “Hero Honda Motors Limited” to “Hero MotoCorp Limited”. The certificate of incorporation has been exhibited as Ex.PW-1/3.

3. PW-1 has also deposed that the Plaintiff’s products are of an extremely high quality and consequently have met with tremendous success since their launch in the year 1985. Sales figures in respect of the Plaintiff’s products bearing the trademark HERO HONDA for the last few years are reproduced below:

YEAR	Sales (Rupees in Crores)
1.4.1990-31.3.1991	215.52
1.4.1991-31.3.1992	275.72
1.4.1992-31.3.1993	307.27
1.4.1993-31.3.1994	369.99
1.4.1994-31.3.1995	483.85
1.4.1995-31.3.1996	640.70
1.4.1996-31.3.1997	782.83
1.4.1997-31.3.1998	1160.72
1.4.1998-31.3.1999	1552.90
1.4.1999-31.3.2000	2269.87
1.4.2000-31.3.2001	3192.96
1.4.2001-31.3.2002	4539.49
1.4.2002-31.3.2003	5194.58
1.4.2003-31.3.2004	5997.47
1.4.2004-31.3.2005	7562.68
1.4.2005-31. 3.2006	8870.26
1.4.2006-31.3.2007	10089.81
1.4.2007-31.03.2008	10517.22
1.4.2008-31.03.2009	12565.21
1.4.2009-31.03.2010	16098.79

4. PW-1 has also deposed that copies of the Annual Reports of the Plaintiff for the years 1993 to 2008 are filed and are collectively exhibited as Ex. PW-1/5 (i) to Ex. PW-1/5 (xiii). Copies of the sale invoices of the Plaintiff's products bearing the trademark HERO HONDA for the years 1996, 1997, 2001 to 2009 are collectively exhibited as Ex.PW-1/6 (i) to Ex.PW-1/6 (xvi).
5. PW-1 has also deposed that the plaintiff has also spent a considerable sum of money on the promotion of its products bearing the trade mark HERO HONDA. It has also been deposed that the plaintiff has acquired tremendous reputation and goodwill in the trade and also amongst the public at large through large-scale advertisement campaigns, innovative promotional schemes including sponsorship of events and by periodically issuing caution notices. The annual advertisement figures pertaining to the trade mark HERO HONDA for the past few years are as under:

YEAR	Expenditure (Rupees in lakhs)
01.04.1990-31.03.1991	459.55
01.04.1991-31.03.1992	363.49
01.04.1992-31.03.1993	551.47
01.04.1993-31.03.1994	674.94
01.04.1994-31.03.1995	682.50
01.04.1995-31.03.1996	1569.58
01.04.1996-31.03.1997	2058.70
01.04.1997-31.03.1998	2321.01
01.04.1998-31.03.1999	2601.42
01.04.1999-31.03.2000	4681
01.04.2000-31.03.2001	6112
01.04.2001-31.03.2002	9016
01.04.2002-31.03.2003	14186
01.04.2003-31.03.2004	12446
01.04.2004-31.03.2005	14748
01.04.2005-31.03.2006	19183
01.04.2006-31.03.2007	24143

01.04.2007-31.03.2008	22178
01.04.2008-31.03.2009	24960
01.04.2009-31.03.2010	36497

6. Copies of advertisement and promotional material pertaining to the plaintiff's products bearing the trademark HERO HONDA have been collectively exhibited as Ex. PW-1/7 (i) Ex. PW-1/7 (viii).
7. This witness has further deposed that apart from the common law rights, the plaintiff is the registered proprietor of the trade mark HERO HONDA in India. The details of the plaintiff's registrations in India are as under:

Trademark	Class	Goods	Reg. No	Date
HERO HONDA	12	Motor cycles and parts thereof	419115	13.03.1984
HERO HONDA (stylized with logo)	12	Motor cycles and parts thereof	513474	17.07.1989

8. PW-1 has also deposed that the aforesaid trade marks [HERO HONDA & HERO HONDA (stylized with logo)] have been renewed from time to time and are valid and subsisting. The witness has deposed that the copies of the certificates for use in legal proceedings for the trademark Nos. 513474 and 419115 are exhibited as Ex. PW-1/8 and Ex. PW-1/9 respectively.
9. This witness has also deposed that plaintiff has also adopted a logo to represent its products bearing the trade mark HERO HONDA. This logo consists of three parallel lines at the base surmounted by a semi circle which is further surmounted by a crown like structure. The said logo was

created at the instance of the plaintiff by Shobhagya Advertising Service. By virtue of an assignment in favour of the plaintiff by Shobhagya Advertising Service, the plaintiff is the proprietor of the copyright in the logo. Copy of the Copyright Assignment Letter from Shobhagya Advertising Service to the Plaintiff is exhibited as Ex. PW-1/10.

10. Ms.Dogra, has also deposed that the design of the packaging of the plaintiff's HERO HONDA spare parts was created by Mansa Packers (P) Ltd. which assigned the copyright in the packaging to the plaintiff. A copy of the Copyright Assignment Letter from Mansa Packers (P) Ltd. to the plaintiff is exhibited as Ex. PW-1/11. Samples of the plaintiff's products bearing the said logo are collectively exhibited as Ex. PW-1/12 (i) to 1/12 (iii).
11. This witness has also deposed that the said "Hero Honda" logo and the packaging design, layout, etc. constitute original artistic works within the meaning of Section 2 (c) of the Copyright Act, 1957 and the plaintiff is exclusively entitled to reproduction of the said logo as well as the packaging, being the proprietor thereof.
12. PW-1 has also deposed that the defendant, Mr. Rafiq Memon is the proprietor of Aamna Sales (Scooter House) having its office at Near Police Station, Opp. Girls School, Manendragarh – 497442, District: Manendragarh, Chhattisgarh, as recorded in the Local Commissioner's report dated January 19, 2011, which is exhibited as Ex. PW-1/13. It is also deposed that defendant is engaged in the business of selling spare parts for two wheeler vehicles including counterfeit products bearing the plaintiff's registered trade mark and logo.
13. It is also deposed that in October 2010, the plaintiff, through its representative/investigator appointed to ascertain infringing parties

involved in selling counterfeit products in Manendragarh, learnt that the defendants are engaged in selling motorcycle parts bearing the plaintiff's registered trademark and logo which do not originate from the plaintiff. The investigator filed an affidavit dated December 14, 2010 with which photographs of the defendant's products and defendant's premises were attached. The Affidavit dated 14.12.2010 is exhibited as Ex. PW-1/14.

14. PW-1 has deposed that the products viz. one pack of Disk Clutch Friction, one Element Air Cleaner and one Valve Kit purchased by the investigator from the premises of the defendant prominently bears the plaintiff's registered trademark HERO HONDA as well as the logo; and the quality and packaging of the defendant's products as well as the prices at which the defendants' products are available clearly demonstrates that the said products are not manufactured by the plaintiff; and the poor finish of the logo on the defendants' products packaging also indicates that the said products do not originate from the plaintiff. She has deposed that the plaintiff's spare parts department carried out a thorough check on the parts purchased from the defendant and came to the conclusion that following points indicate that the products purchased are counterfeits and non-genuine:

- a) The price label is white in colour unlike that of the original products which is green in colour.
- b) The MRP of the counterfeit products is different from that of the original products:
 - Disk Clutch Friction: Counterfeit- Rs. 75 per unit vs. Original- Rs. 82 per unit
 - Element Air Cleaner: Counterfeit- Rs. 75 per unit vs. Original - Rs. 61 per unit

- c) The word “GENUINE” printed on the price label of the counterfeit products is in simple ink unlike the thermochromic ink used in the original products.
- d) The crown-like structure and the semicircle in the Hero Honda logo printed on the borders of the packaging of these counterfeit products, are overlapping one another.
- e) The holographic strip on the price label of these counterfeit products is a poor imitation of the Plaintiff’s original holographic strip as it lacks the kinetic effect, 3D logo effect and HH expanding and shrinking effect as in the original products.
- f) The description of the Element Air Cleaner on these counterfeit products is as “Element A & B Air Cleaner” instead of Element A Air Cleaner as in the original item.
- g) The part No. on the counterfeit Disk Clutch Friction is 22201GF6000LS whereas on the original item it is 22201GF6000S.

Samples of the defendant’s products have been filed and are collectively exhibited as Ex. PW-1/15 (i) to Ex. PW-1/15 (iii).

15. Ms.Dogra has deposed that the unauthorized reproduction of the plaintiff’s registered trademark HERO HONDA amounts to infringement of the Registered Trademark Nos. 419115 and 513474 of the plaintiff; and the unauthorized reproduction of the plaintiff’s HERO HONDA logo and packaging amounts to infringement of the copyright vested with the plaintiff. She has also deposed that use of the plaintiff’s registered trade mark HERO HONDA amounts to a false statement as to the source

identifier; and the use of the plaintiff's registered trademark and the logo by the defendants would cause confusion and deception in the minds of the general public at large about a connection or affiliation with the plaintiff since the trademark connotes and denotes the plaintiff's products alone; and the defendants are clearly passing off their goods as those originating from the plaintiff.

16. PW-1 has further deposed that the plaintiff has been extremely diligent and proactive in protecting its intellectual property rights and has successfully taken legal actions against various third parties violating the plaintiff's exclusive rights in the HERO HONDA trade mark and logo. Copies of the orders passed by this Court in various matters relating to third party infringers are collectively exhibited as Ex. PW-1/16 (Colly).
17. This witness has also deposed that the defendants' conduct is clearly dishonest and malafide and guided by the desire to make unjust gains and is also perpetuating a fraud on the consumers; and the malafides of the defendants are plainly evident from the fact that the defendants have slavishly copied the minutest of details of the plaintiff's products to deceive the customers. The counterfeit goods recovered from the defendants' premises during the execution of the local commission were three (3) packets (each containing two pieces) of counterfeit Swing Arm Bush. It is also deposed that the counterfeit goods found at the defendants' premises during the execution of the local commission were six (6) pieces of counterfeit clutch plates and twenty (20) pieces of counterfeit Bearings bearing the plaintiff's registered trade mark HERO HONDA and logo; and the defendants and his associates wrongfully removed and concealed the counterfeit products from the custody of the Local Commissioner during the course of the commission proceedings as

recorded in the Local Commissioner's report. This witness has also deposed that to this effect plaintiff has filed a contempt petition CCP No. 124 of 2011 and the same is pending before this Hon'ble Court. PW-1 has further deposed that the Investigator had purchased counterfeit products viz. one pack of Disk Clutch Friction, one Element Air Cleaner and one Valve Kit from the defendant, thus the defendant is clearly indulging in manufacture and sale of a variety of counterfeit products; and since the defendant did not disclose their books of accounts during the Local Commission, it is not possible to obtain an accurate estimate of the volume of sales they have affected and over what period of time and at what profits. It is also deposed that the plaintiff estimates that by reason of the illegal trade activities of the defendants, the loss suffered in its business shall be to the tune of over Rs. 20,05,000/- whereas the damage to its goodwill and reputation cannot be assessed in monetary terms.

18. I have heard counsel for the plaintiff and perused the plaint and the accompanying documents and the evidence led by the plaintiff. The evidence of the plaintiff remained unrebutted. In this case at the stage of filing of the suit, interim orders were granted and Local Commissioner was also appointed to seize the goods in question. The goods were taken possession of and then released on superdari to the defendant. The plaintiff has established that the plaintiff is the proprietor of the registered trade mark HERO HONDA and logo. The plaintiff also hold the copyright in the logo and the packing material. The aforesaid facts and circumstances show that the plaintiff has the exclusive right to use the trademark HERO HONDA and the logo as also the packaging material in question. The defendant is attempting to counterfeit the products of the plaintiff and pass off its goods as that of the plaintiff. This not only causes loss of profits to the plaintiff, but results in inferior products made

available to the public at large who are deceived by the conduct of the defendant.

19. In view of the above, the plaintiff is entitled to a decree of permanent injunction against the defendant from dealing with the goods having infringing mark in terms of prayers (a) to (c) of paragraph 20 of the plaint.
20. The last aspect to be considered is the issue of damages for loss of reputation and business as also the cost of the present proceedings. It is trite to say that the defendant has deliberately stayed away from the present proceedings with the result that an enquiry into the accounts of the defendant for determination of damages cannot take place. However, the infringement of the trademark of the plaintiff as also its logo is not in dispute. The plaintiff has claimed damages to the tune of Rs.20,05,000/- for loss of sale and reputation payable to the plaintiff. 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.
21. 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.
22. 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.”

23. Learned counsel for the plaintiff states that damages have been claimed in the present suit and the plaintiff is entitled to the damages to the tune of Rs.20,05,000/-.
24. I am in agreement with the aforesaid submission of learned counsel for the plaintiff that damages in such cases must be awarded and a defendant, who chooses to stay away from the proceedings of the Court, should not be permitted to enjoy the benefits of evasion of court proceedings. Any view to the contrary would result in a situation where the defendant who appears in Court and submits its account books would be liable for damages, while a party which chooses to stay away from court proceedings would escape the liability on account failure of the availability of account books. A party who chooses to not participate in

court proceedings and stays away must, thus, suffer the consequences of damages as stated and set out by the plaintiff. 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 and logo of the plaintiff by the defendant.

25. For the reasons stated above, the plaintiff has made out a case for grant of decree as prayed in the plaint. Accordingly, the order dated 21.12.2010 is confirmed and the suit is decreed in favour of the plaintiff and against the defendant with costs. Plaintiff is also entitled to the damages to the tune of Rs.5.0 lacs.

G.S.SISTANI,J

FEBRUARY 28, 2012

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