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

+ **CS(OS) 1878/2009 & I.A. 12833/2009**

DISNEY ENTERPRISES, INC Plaintiff

Through: **Mr. Pravin Anand, Advocate with
Ms. Tanya Varma, Advocate.**

versus

MR. RAJESH BHARTI & ORS Defendants

Through: **None.**

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Date of Decision: 13th February, 2013.

CORAM:

HON'BLE MR. JUSTICE MANMOHAN

J U D G M E N T

MANMOHAN, J

1. The plaintiff has filed the present suit for permanent injunction restraining infringement of trademark, passing off, damages, rendition of accounts and delivery up of the infringing material etc. The prayer clause in the plaint is reproduced hereinbelow:-

- i) An order for permanent injunction restraining the Defendants, their partners or proprietors, their officers, servants, agents and all persons, firms, corporations and associations in active concert or participation with the Defendants from importing, exporting, manufacturing, selling, offering for sale, advertising, directly or indirectly dealing in any product, including but not limited to bags bearing any word mark or character device as may be identical with or deceptively similar to the Plaintiff's trade mark 'Mickey Mouse' and/or any other characters/trade mark amounting to infringement of the Plaintiff's registered trademarks as detailed above.*

- ii) *An order for permanent injunction restraining the Defendants, their partners or proprietors, their officers, servants, agents and all persons, firms, corporations and associations in active concert or participation with the Defendants from importing, exporting, manufacturing, selling, offering for sale, advertising, directly or indirectly dealing in any product, including but not limited to bags bearing any word mark or character device as may be identical with or deceptively similar to the Plaintiff's trade mark 'Mickey Mouse', and/or any other words/characters originating in/owned by the Plaintiff or in any other way passing off their goods as those of the Plaintiff or as may suggest a connection or association with the Plaintiff.*
- iii) *An order for rendition of accounts of profits, directly or indirectly earned by the Defendants from their infringing activities and wrongful conduct and a decree for the amount so found due to be passed in favour of the Plaintiff.*
- iv) *An order for delivery up by the Defendants of all finished and unfinished materials, advertising material, blocks, dies etc. bearing the word marks/likenesses of the Plaintiff's trademarks, for the purpose of erasure/destruction.*
- v) *A sum of Rs.20,00,000 for a decree of damages as valued for the purposes of this suit in the preceding paragraph for the purposes of loss of sales, reputation and goodwill of the Plaintiff's trademarks caused by the activities of the Defendants.*
- vi) *An order as to the costs of the proceedings.*

2. The plaintiff, namely, Disney Enterprises, Inc., is a Corporation organised and existing under the laws of the State of Delaware in the United States of America with its principal place of business at 500 South Buena Vista Street, Burbank, California 91521-6840, USA.

3. The plaintiff claims both common law trademark rights as well as trademark registrations for the trademark DISNEY and Disney devise marks in more than 58 countries the world over. The Certificate for Use in Legal

Proceedings evidencing plaintiff's registration of both a variety of word and device marks in India has been exhibited as Ex. PW 1/8.

4. The relevant facts of the present case are that in July, 2008, the plaintiff conducted an investigation of various parties including that of the defendants and discovered that defendant nos. 3, 4 and 5 are engaged in manufacturing, selling and exporting counterfeit bicycles for children bearing the trademark DISNEY and Disney characters. Defendant nos. 1 and 2 are the owners of defendant nos. 3 to 5.

5. It is the case of the plaintiff that defendants' use of the plaintiff's trademarks is an unauthorised use and the defendants have adopted the same on account of the goodwill and reputation generated by the plaintiff in its well known trademarks to mislead the consumers into believing that they are associated with the plaintiff.

6. The plaintiff states that, in order to amicably settle the dispute, the plaintiff made several attempts to contact the defendants. However, the defendants did not respond to any of the letters sent by the plaintiff.

7. Consequently, the plaintiff instituted the present suit on 6th October, 2009 and an injunction was granted against the defendants on 23rd October, 2009.

8. As despite service, the defendants failed to appear before the Court, they were proceeded *ex parte* vide order dated 29th July, 2010. The plaintiff filed their *ex parte* evidence by way of affidavit of Col. (Retd.) J.K. Sharma, their constituted attorney. The said affidavit was tendered on 8th April, 2011.

9. The plaintiff filed evidence of infringement in the form of photographs of the packaging of the defendants' product (Ex. PW 1/13) and a catalogue and price list of the defendants bearing the Disney characters and the trademark DISNEY (Ex. PW 1/14). An affidavit of the investigator was also filed in the present proceedings.

10. Mr. Pravin Anand, learned counsel for the plaintiff submits that the plaintiff's trademark DISNEY has acquired the status of a well known trademark in India as envisaged under Section 11 of the Trade Marks Act, 1999. Mr. Anand points out that said trademark has been declared a well known trademark by this Court vide order dated 20th October, 2011 in the matter of *Disney Enterprises, Inc. & Anr. Vs. Gurmeet Singh & Ors., CS (OS) 1451 of 2011*.

11. Mr. Anand submits that the plaintiff seeks exemplary or punitive damages in the matter on account of the losses suffered by the plaintiff due to act of infringement of the defendants. Mr. Anand submits that the expression 'Punitive' masks a variety of specific purposes that such damages are intended to actually serve apart from the punishing element and the deterrent cause of award of such damages. In this connection, Mr. Anand relies upon the case of *Mathias Vs. Accor Economy Lodging Inc., 347 F. 3d 672* wherein the Court observed that one of the functions of punitive damages is to relieve the pressure on an overloaded criminal justice system 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.

12. Having gone through the un rebutted evidence of the plaintiff, this Court is of the view that plaintiff is the registered proprietor of the trademarks in question which have been blatantly infringed by the defendants. The said trademarks are valid, subsisting and consequently, the plaintiff has full right to their exclusive use and to restrain use of any identical or deceptively similar marks by unauthorised persons.

13. Moreover, as the plaintiff's trademarks and its characters have been held to be well known marks in ***Disney Enterprises, Inc. & Anr. Vs. Gurmeet Singh & Ors.*** (supra), this Court is of the opinion that the plaintiff's trademarks are entitled to be protected across all classes, even for classes for which it holds no registration or for goods or services it has yet to enter.

14. This Court is also of the opinion that the defendants have adopted the trademark DISNEY and the Disney characters with a *mala fide* intent to pass off their goods as those of the plaintiff and to cash in on the goodwill and reputation enjoyed by the plaintiff in its trademark DISNEY and Disney characters.

15. Moreover, in India courts are sensitive to the growing menace of infringement and have started granting punitive damages even in cases where due to absence of the defendants exact figures of sales by the defendants under the infringing copyright and/or trademark exact damages are not available. This Court in ***The Heels Vs. V.K. Abrol & Anr., CS(OS) 1385/2005*** decided on ***29th March, 2006*** while granting damages has held “*This court has taken a view that where a defendant deliberately stays away from the proceedings with the result that an enquiry into the accounts of the defendant*

for determination of damages cannot take place, the plaintiff cannot be deprived of the claim for damages as that would amount to a premium on the conduct of such defendant. The result would be that parties who appear before the court and contest the matter would be liable to damages while the parties who choose to stay away from the court after having infringed the right of the plaintiff, would go scotfree. This position cannot be acceptable.”

16. Further, this Court in **Microsoft Corporation Vs. Rajendra Pawar & Anr., CS(OS) 530/2003** decided on 27th July, 2007 has held “*Perhaps it has now become a trend of sorts, especially in matters pertaining to passing off, for the defending party to evade court proceedings in a systematic attempt to jettison the relief sought by the plaintiff. Such flagrancy of the defendant’s conduct is strictly deprecatory, and those who recklessly indulge in such shenanigans must do so at their peril, for it is now an inherited wisdom that evasion of court proceedings does not de facto tantamount to escape from liability. Judicial process has its own way of bringing to tasks such erring parties whilst at the same time ensuring that the aggrieved party who has knocked the doors of the court in anticipation of justice is afforded with adequate relief, both in law and in equity. It is here that the concept of awarding punitive damages comes into perspective.*”

17. This Court is also of the view that before award of damages it is not necessary that the plaintiff must show some particular benefit has accrued to the defendant or that the plaintiff must satisfy the Court by leading evidence that it has suffered actual loss. In **Microsoft Corporation Vs. Ms. K. Mayuri & Ors., 2007 (35) PTC 415 Del.**, this Court has held “*The practice of grant of exemplary damages needs to be strengthened particularly in those cases where flagrant infringement is found. Such an exercise of power is not to be fettered by any*

requirement that the plaintiff must show some particular benefit which has accrued to the defendant or that the plaintiff must satisfy the court by leading evidence that he has suffered actual loss. In a case where the plaintiff proves such actual loss, he would be entitled to the same. However, even without such a proof, in case of flagrant infringement, the court has the complete discretion to make such award of damages as may seem appropriate to the circumstances, so that it acts as deterrent. In some cases, it is not possible to prove the actual damages, namely, that there is a normal rate of profit or that there is a normal or establish licensed royalty. Yet, clearly, the damages have to be assessed.”

18. In ***Disney Enterprises Inc. & Anr. Vs. Harakchand Keniya & Ors., CS (OS) 1254/2007*** decided on **24th October, 2011** wherein the defendants were engaged in selling the counterfeit party hats and other party decoration products bearing the DISNEY characters, this Court while stating that the plaintiffs are the proprietor of the trademark in question and the said trademarks have been infringed by the defendants, awarded damages to the tune of Rs. 2,00,000/- against the defendants.

19. In fact, punitive damages have the effect of deterring not only the defendant from repeating the offence, but also deterring others from committing the same, preserving peace, inducing private law enforcement; compensating victims for otherwise uncompensable loss and payment of the plaintiff's counsel fees. In ***Time Incorporated Vs. Lokesh Srivastava & Anr., 2005 (30) PTC 3 (Del.)*** while awarding punitive damages of Rs. 5 lakhs in addition to compensatory damages also of Rs. 5 lakhs, Justice R.C. Chopra observed that “*time has come when the Courts dealing in actions for*

infringement of trademarks, copy rights, patents etc., should not only grant compensatory damages but also award punitive damages with a view to discourage and dishearten law breakers who indulge in violation with impunity out of lust for money, so that they realise 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 the said case the court held that the defendants’ magazine which used the Hindi translation of the word ‘Time’ with the distinctive red border, was a slavish imitation of the plaintiff’s trademark and held the defendants are liable for infringement.

20. Consequently, present suit is decreed and plaintiff is held entitled to compensatory damages of Rs. 2,00,000/- and punitive damages of Rs. 3,00,000/-. Further, defendants, their partners or proprietors, their officers, servants, agents, firms, corporations and associations are restrained by permanent injunction from using the trademark DISNEY or any deceptively similar variant thereof on any goods, including but not limited to bicycles, or in any other manner whatsoever. Plaintiff is also held entitled to the costs of the suit. Registry is directed to prepare a decree sheet accordingly.

21. With the aforesaid observations, present suit and pending application are disposed of.

MANMOHAN, J

FEBRUARY 13, 2013
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