

IN THE HIGH COURT OF DELHI AT NEW DELHI

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Date of Decision : 25th March, 2014

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CS(OS) 815/2007

CASTROL LTD. AND ANR. Plaintiffs

Through: Mr.Sushant Singh Singh, Adv.

versus

M/S PANDIT OIL COMPANY & ORS. Defendants

Through: None

CORAM:

HON'BLE MR. JUSTICE G.S.SISTANI

G.S.SISTANI, J. (Oral)

1. The plaintiff has filed the present suit for permanent injunction, infringement of trade marks and copyright, passing off, damages and delivery up. Summons were issued in the suit on 4.05.2007. Counsel for the defendant no.2 and defendant no.5 entered appearance on 14.9.2007. Written statement was filed on behalf of defendant no.5 on 18.2.2008. Since none appeared on behalf of defendant no.3 and defendant no.4, on 14.9.2007 and again on 18.2.2008 despite service, defendants no.3 and 4 were proceeded ex parte vide order dated 18.2.2008. Fresh summons were issued for defendant no.1 and 2 on 18.2.2008. Written statement was filed by defendant no.2 on 8.7.2008. Since none appeared on behalf of defendant no. 1 despite issuance of summons on various occasions and service, defendants no. 1 was also proceeded *ex parte* on 17.01.2013. After filing his written statement, defendant no. 5 failed to carry out admission/denial of documents

despite several opportunities being granted. Eventually, defendant no. 5 stopped appearing from 09/11/2012 onwards, and defendant no.5 was also proceeded ex-parte on 17.01.2013.

2. On 26.4.2013 a statement was made by counsel for the plaintiffs that he has instructions to withdraw the prayers made in paragraph 33 (d), (e) and (f) of the plaint. It was submitted by counsel for the defendant no.2 that he has no objection if the present suit is decreed, in terms of paragraph 33 (a), (b) and (c) of the plaint. Accordingly, the suit was decreed in favour of the plaintiffs and against defendant no. 2 in terms of para 33 (a), (b) and (c) of the plaint.
3. Plaintiffs have filed evidence by way of affidavit of the Constituted Attorney of the plaintiff no. 1 and Head-Trade Marks of plaintiff no.2, namely, Mr. Murlidhar Balasubramanian. He has deposed that plaintiff No.1 Castrol Limited is a company incorporated under the laws of England and having its registered office at Burmah House, Pipers Way, Swindon Whiltshire SN3 1RE, U.K. He has further deposed that the plaintiff No.1 is inter-alia, carrying on business on a large and extensive scale of manufacturing, processing and marketing of high-grade lubricating oil products in the United Kingdom and in several countries all over the world. The plaintiff No.1 also trades in anti-freezing compounds, hydraulic fluids, brake fluids, dewatering fluids, metal working and cutting oil and chemical cleaning materials.
4. He has further deposed that Plaintiff No.2 Castrol India Ltd, is a company incorporated under the Indian Companies Act, 1956 and having its registered office at Technopolis Knowledge Park Mahakali

Caves Road, Chakala Andheri (East) Mumbai-400 093 and regional office at 5th Floor, East Towers, NBCC Place, Pragati Vihar, New Delhi-110003. It has been deposed that plaintiff No.2 carries on business on a large scale, *inter alia*, in processing and trading in high grade automotive and industrial lubricants, greases, brake fluids, wood preservatives, metal cleaning compounds and various speciality products in India. It also trades in anti-freezing compounds, hydraulic fluids and like products.

5. PW-1 has further deposed that plaintiff No.1 is an internationally renowned company having operations in several countries all over the world and it commenced its activities in India in the year 1919. It has also been deposed that Plaintiff No.1 is the registered proprietor of various trademarks in India, of which the word CASTROL or a substantial and dominant part thereof forms a prefix and the registered trademarks registrations are all renewed, valid and subsisting.
6. He has further deposed that Plaintiff No.1, *inter alia*, is the registered proprietor of the various trademarks including following in India-
 - a. The trade mark CASTROL is registered in India under No.260626 in Class 4 dated 17th November 1969 in respect of industrial oils and greases (other than edible oils, fats and essential oils) hydraulic fluids being oils, lubricants, fuels and illuminant as a distinctive logo comprising a solid coloured circle across which is an irregularly shaped white portion occupying about one half of the total area of the mark. The word CASTROL appears in an oblique script across the

horizontal member of the said white portion. Plaintiff No.2 is the registered user for the trademarks of plaintiff No.1.

b. Trade Mark CASTROL, registered under No. 1494 in Class 4 as of 29th June, 1942, in respect of oils for heating, lighting and lubricating.

7. PW-1 has deposed that all the above mentioned trade marks have been continuously put to use and renewed from time to time and are still subsisting on the Register of Trade Marks. Certified copies of the Registration Certificates are marked as Exhibit PW1/2 and Exhibit PW1/3.
8. PW-1 has further deposed that Plaintiff No.1 is also the registered proprietor of the trademark ACTIV bearing registration no. 838183 dated 25.1.1999 in class 04 in respect of industrial oils and greases; lubricants; lubricating oils and greases; fuels, non-chemicals additives for fuels, lubricants and greases, dust absorbing, wetting and binding compositions; illuminants; gear oils, transmission oils. Copies of the legal proceeding certificate bearing no.838183 in class 4 and 1404370 in class 4 are exhibited as Exhibit PW1/4 and Exhibit PW1/5 respectively. It has also been deposed that the above said trademarks have been renewed from time to time and are still subsisting on the Registrar of Trade Marks.
9. He has further deposed that the product of the plaintiff is packed in a particular plastic dark gray colour container having its particular design, layout, shape and configuration and plaintiff No. 1 is the first person

who conceived the shape and configuration of the said design which is pending registration.

10. He has further deposed that the plaintiffs are using a particular label in respect of its products under the trademark CASTROL ACTIV which has a unique design, layout, get up and colour scheme and oblique logo. It has also been deposed that the plaintiff is the first person to use the said label and the plaintiff has been using the same for the last many years. It has further been deposed that the artistic features of the get up, layout and colour combination of said product has been extensively devised and depicted in various print media and its features are exclusively associated with the plaintiffs and no one else. The purchasers of the said product are literate, semi-literate and illiterate people and drivers etc. who also recognize the products from colour and shape of the containers. Photographs of the container / packing material used by the plaintiffs in respect of its product CASTROL ACTIV are exhibited as Exhibit PW1/6.
11. It has been deposed that the plaintiffs are international manufacturer and merchants of wide range of products including, in particular, oils, lubricants, greases etc. In India, their products are being marketed through plaintiff No.2. It has also been deposed that the trade mark CASTROL is dominant in the automotive sector for which they manufacture and market a wide variety of products including the following:-
 - a)CASTROL CRB 30
 - b) CASTROL CRB 40

- c) CASTROL CRB PLUS
- d) CASTROL ACTIV
- e) CASTROL CRB VISCUS-MULTIGRADE ENGINE OIL.
- f) CASTROL CRD-DIESEL ENGINE OIL.
- g) CASTROL GP-MULTIGRADE MOTOR OIL.
- h) CASTROL GTX
- i) CASTROL GTX 2
- j) CASTROL GTX EXTRA MULTIGRADE ENGINE OIL
- k) CASTROL AP 2
- l) CASTROL AP-3 ALL PURPOSE GREASE
- m) CASTROL PSO 2 –PUMP SET OIL
- n) CASTROL SUPER TT, TWO STROKE OIL
- o) CASTROL DEUSOL SUPER
- p) CASTROL MULTIGRADE GEAR OIL
- q) CASTROL UNIVERSAL BREAK FLUID.

Samples of some of the plaintiff's packing material/goods under the mark CASTROL are exhibited as Exhibit PW1/7.

11. PW-1 has further deposed that the said packing materials are being used by the plaintiff company in carton, plastic and tin containers and plaintiffs are the owners of copyright of the artistic works shown on the said packing materials. It has also been deposed that by reason of circumstances in which the said artistic works were produced, the plaintiffs are the owner and have legal and equitable rights for the said artistic works and claim copyright in them.

12. The annual turnover of the goods sold by the Plaintiff No.2 from June 1983 till the December 2008 have been extracted in the affidavit and reproduced below:-

YEAR ENDED	TURNOVER (RS)
June 1983	47,11,61,115.00
June 1984	52,01,41,314.00
June 1985	58,85,71,716.00
June 1986	73,56,26,937.00
June 1987	90,74,80,674.00
June 1988	1,14,20,91,069.00
June 1989	1,54,86,80,000.00
March 1990	1,16,60,89,000.00
March 1991	1,83,85,08,000.00
December 1992	2,81,34,73,000.00
December 1993	4,00,61,69,000.00
December 1993	4,00,61,69,000.00
December 1994	5,46,46,39,000.00
December 1995	7,14,20,01,000.00
December 1996	8,88,24,52,000.00
December 1997	9,93,03,00,000.00
December 1998	10,79,00,00,000.00
December 1999	11,95,00,00,000.00
December 2000	12,37,81,00,000.00
December 2001	13,57,36,00,000.00
December 2002	13,38,94,00,000.00
December 2003	13,60,51,00,000.00

December 2004	15,28,00,00,000.00
December 2005	16,68,00,00,000.00
December 2006	20,39,00,00,000.00
December 2007	22,16,48,00,000.00
December 2008	25,31,71,00,000.00

Year wise turnover details for brand ‘activ’ have also been extracted in the affidavit and reproduced below:

<i>YEAR</i>	<i>AMOUNT (IN CRORE)</i>
<i>2005</i>	<i>101.47</i>
<i>2006</i>	<i>130.39</i>
<i>2007</i>	<i>161.86</i>
<i>2008</i>	<i>237.85</i>
<i>2009</i>	<i>318.58</i>
<i>2010</i>	<i>434.44</i>

Year wise advertising & sales promotion expenses details for brand ‘activ’ are reproduced below:

<i>YEAR</i>	<i>AMOUNT (IN CRORE)</i>
<i>2005</i>	<i>14.55</i>
<i>2006</i>	<i>8.23</i>
<i>2007</i>	<i>14.15</i>
<i>2008</i>	<i>23.32</i>

2009	28.70
2010	39.69

Copy of the year wise turnover and advertising and sales promotion expenses is exhibited as Exhibit PW1/8.

13. He has further deposed that the Plaintiffs have been extensively advertising their products through various print media including newspapers, magazines and trade journals, leaflets and other promotional literature depicting the said trade marks which have been extensively distributed to all the Plaintiffs' dealers throughout the country.
14. The annual expenditure incurred by the Plaintiff No.2 in India on advertising and publicity of the products from the year 1984- 2008 as detailed in the affidavit of PW-1 are given below:-

YEAR	EXPENDITURE (RS)
June 1984	7,26,368.00
June 1985	43,61,398.00
June 1986	54,53,918.00
June 1987	90,55,319.00
June 1988	1,04,11,601.00
June 1989	1,29,15,000.00
March 1990	84,47,000.00
March 1991	1,82,46,000.00
December 1991	2,65,12,000.00
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December 1992	5,07,39,000.00
December 1993	8,43,33,000.00
December 1994	14,88,74,000.00
December 1995	22,40,89,000.00
December 1996	33,00,44,000.00
December 1997	42,87,00,000.00
December 1998	40,00,00,000.00
December 1999	46,00,00,000.00
December 2000	43,00,00,000.00
December 2001	53,51,00,000.00
December 200	52,34,00,000.00
December 2003	54,33,00,000.00
December 2004	60,00,00,000.00
December 2005	77,55,00,000.00
December 2006	64,81,00,000.00
December 2007	91,34,00,000.00
December 2008	97,67,00,000.00

15. PW-1 has further deposed that by virtue of continuous and extensive use of trademark and trade name CASTROL by the plaintiff in relation to its high quality goods, in practically all parts of the world including India, for the past 85 years, the trademark/trade name CASTROL is identified to be exclusively associated with the plaintiff and no one else. It has also been deposed that the degree of such association and familiarity of the CASTROL mark with the Plaintiff is so immense that use of the said mark in relation to any goods whatsoever by any third

party would automatically be looked upon by the consuming public and members of trademark as thereof by the plaintiff. Under such circumstances there cannot be a possible explanation for any trader to adopt the trade mark/trade name CASTROL in relation to its goods or as its trading style/corporate name.

16. PW-1 has also deposed that by virtue of prior adoption and registration in a number of countries, the plaintiff holds statutory as well as proprietary rights in trademark/trade name CASTROL. It has also been deposed that the said trademark/trade name CASTROL has been protected by the Indian court from time to time in relation to same goods as well as different classes of goods. It has further been deposed that the trademark/trade name CASTROL has been described in various publications and court decisions as “famous”, “notorious”, “notoriously well-known”, “extremely well-known”, and “enjoys a special fame”. Further the trademark/trade name CASTROL has acquired tremendous reputation in India as well as in other parts of the world on account of the fact that the goods manufactured and sold by plaintiffs are available worldwide. It has also been deposed that due to the unique goodwill, reputation and name the trademark/ trade name CASTROL has become a well known trademark.
17. PW-1 has also deposed that the plaintiff’s subsidiary company has invested and continues to invest substantial amounts of money and effort in advertising and promoting the CASTROL mark, as a result of which, the CASTROL mark serves as a symbol of the goodwill and excellent quality of Plaintiff’s products and services. Moreover, the consistent superior quality and the Plaintiff’s efforts to continuously

design, redesign, develop and upgrade its products with the changing requirements of industry have contributed in building an enduring public trust and demand for its products. Thus, the reputation and goodwill in the trademark CASTROL is well earned.

18. PW-1 has further deposed that the plaintiffs came to know about the offending activities of defendants in the month of January 2007, and it was found that the defendants are filling, selling and marketing spurious oil and lubricant under the trademark CASTROL ACTIV 4 – T with the similar packing as that of the plaintiffs. It has also been deposed that the defendant no.1 has a filling unit and it is supplying the infringing material to the defendant nos. 2 to 4. Photograph of the container / packing material used by the defendants in respect of its product is exhibited as Ex. PW-1/9.
19. It has also been deposed that the plaintiffs through their Investigator purchased samples of the infringing goods from the premises of defendants bearing the trademark CASTROL ACTIV 4 – T on 18.1.2007, 19.1.2007, 25.1.2007 and 31.1.2007 and for the same the defendants also issued the Kacha receipts. The Kacha receipts, notarial reports as well as visiting cards of some of the parties are exhibited as Exhibit PW1/10. It has also been deposed that the samples of the products purchased by plaintiffs through Notary Public were examined in the laboratories and found to be spurious and sub-standard oil used by the defendants, which are not manufactured and marketed by the plaintiffs. Copies of the test reports from the laboratories are exhibited as Exhibit PW1/11. It has further been deposed that the batch number of the containers, hologram and shrink sleeves are spurious and do not

tally with the standard quality of the plaintiffs' products. It is further deposed that the defendants are purchasing empty containers from Kabaris from the market and filling the same with sub-standard oil in their premises and marketing the same by giving the impression that the said products are genuine products of plaintiff, which in fact is untrue as the contents thereof are spurious in quality which are not manufactured and filled by the plaintiff no.2 nor any authorized person on their behalf. It has further been deposed that the prices depicted by defendants on the containers also vary from that of the plaintiffs.

20. PW-1 has further deposed that the material purchased by the Notary Public bears the plaintiffs' trade mark, colour scheme, get up of the label and logo etc. and the plaintiffs have not authorised the defendants to carry out the said activities or to use the trade marks and corporate name of the plaintiffs. It has also been deposed that by using the impugned products/ spurious material, the defendants are guilty of infringement of plaintiffs' registered trademark ACTIV bearing no.838183 dated 25.1.1999 in class 04 and therefore, they are liable to be restrained from continuing with the said infringement.
21. He has further deposed that the defendants have adopted the said trademark with a malafide intention of passing off their counterfeiting goods as that of the plaintiffs. It has also been deposed that the defendants are creating a misrepresentation in the course of trade to the prospective customers which is likely to lead to immense confusion and deception and the same is also causing damage and injury both to the plaintiffs' business and reputation and the consumer and general public.

22. He has further deposed that the defendants' scheme is dishonest and motivated by desire to usurp the vast reputation and goodwill which is enjoyed by the plaintiffs not only in India but throughout the world. It has also been deposed that the defendants' infringing scheme is diluting the distinctiveness of plaintiff's trademark and layout of the product.
23. He has further deposed that unless the defendants are restrained by a perpetual order of injunction from continuing to commit the acts of infringement and passing off as aforesaid, not only will the consumers suffer but the plaintiffs will also suffer irreparable loss and injury. It has also been deposed that by their wrongful action the defendants have earned huge and illegal profits.
24. I have heard counsel for the plaintiffs and carefully perused the documents which have been placed on record along with the affidavit by way of evidence which have been filed. The registration certificates of the plaintiff's trademarks CASTROL and ACTIV have been exhibited as Ex. PW-1/2 and Ex. PW-1/3 and Ex. PW-1/4 and Ex. PW-1/5 respectively. Photographs of the container / packing material used by the plaintiffs in respect of its product 'CASTROL', 'ACTIV' are exhibited as Ex. PW-1/6 to Ex. PW-1/7. Photograph of the container / packing material used by the defendants in respect of its product and Kacha receipts, notarial reports as well as visiting cards of defendants are exhibited as Ex. PW-1/9 to Ex. PW-1/10.
26. The local commissioner has also filed his reports, wherein he has stated that on inspection of the premises of defendant no. 1, he found 35 pieces of infringing goods and on inspection of the premises of defendant no. 2 he found 17 pieces of infringing goods. The quantity of

the goods was noted and handed back to the staff of premises on *Superdari*. The local commissioner after his inspection requested the owner of defendant no. 2 to sign the superdari nama which was refused by him. The family and neighboring shop owners tried to coerce the Local Commissioner into admitting that nothing was found at defendant's no. 2 premises.

27. On the basis of the documents placed on record, the plaintiffs have established that plaintiff no. 1 is the owner of trademark "CASTROL" which is being used by plaintiff no.1 along with the trademark "ACTIV" and that both the trademarks i.e. CASTROL/ CASTROL ACTIV are being used by the plaintiffs extensively and continuously in respect of their goods for the last many years. Plaintiffs have also established that they are using a particular label in respect of their products under the trademark CASTROL ACTIV and that the said label of the plaintiffs is an original artistic work that falls within the meaning of section 2(c) of the Copyright Act, 1957. Plaintiffs have also established that the packaging of their products has a unique and distinctive colour scheme, get up, lay out and artistic features and hence the plaintiffs are the owners of the copyright of the artistic works shown on the said packaging materials and thus they have the exclusive right to reproduce, publish and distribute the said packaging material which are covered under section 2(c) of the Copyright Act, 1957. Plaintiffs have also established that on account of extensive advertisement and publicity of their products, on which they have incurred heavy expenses to the tune of crores annually, they have been able to generate vast turnover for years and that during the past 85 years, the plaintiffs have

built up an unparalleled reputation and goodwill with respect to their trademark and trade name CASTROL in the market.

28. The plaintiffs have also claimed damages on account of illegal activities of the defendants along with delivery up of the goods bearing impugned trademark/ trade name and/or the impugned copyright works.
29. Perusal of the order-sheets would reveal that defendants no.1, 3, 4 and 5 have 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 attention of this Court has been drawn to a number of judgments in this behalf where dealing with similar situations, damages have been awarded.
30. 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 another case of Hindustan Machines v. Royal Electrical Applies, 1999 PTC (19) 685, a sum of Rs.3 lakhs was awarded.
31. In the case of Time Incorporated v. Lokesh Srivastava and Anr., 2005 (30) PTC 3 (Del) 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., 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."

32. See also *Hero Honda Motors Limited v. Rafiq Memon* [2012 (52) PTC 449 (Del.)]; *Gora Mal Hari Ram Ltd. Vs. Ashique Exports* [2012 (50) PTC 428 (Del.)]; *Relaxo Rubber Limited and Anr. Vs. Selection Footwear and Anr.* [1999 PTC 578].
33. I am in agreement with the aforesaid submission of learned counsel for the plaintiffs 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 of 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.

33. 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 04.05.2007 is confirmed and the suit is decreed in favour of the plaintiff and against the defendants no. 1,3,4 and 5 with costs. Plaintiff is also entitled to damages to the tune of Rs.2.00 lacs to be equally borne by the abovementioned defendants.

(G.S.SISTANI)
JUDGE

MARCH 25th, 2014