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* IN THE HIGH COURT OF DELHI AT NEW DELHI

+ CS(OS) 404/2012

% Judgment dated 13th March, 2014

FERRERO SPA & ANR Plaintiffs
Through : Ms. Vaishali Mittal, Ms. Nupur
Kumar, Ms. Neha Reddy and Mr.
Gurpreet Singh Kahlon, Advs.
versus
RAJ BAID & ORS Defendants
Through : None.

CORAM:

HON'BLE MR. JUSTICE G.S.SISTANI

G.S. SISTANI, J. (Oral)

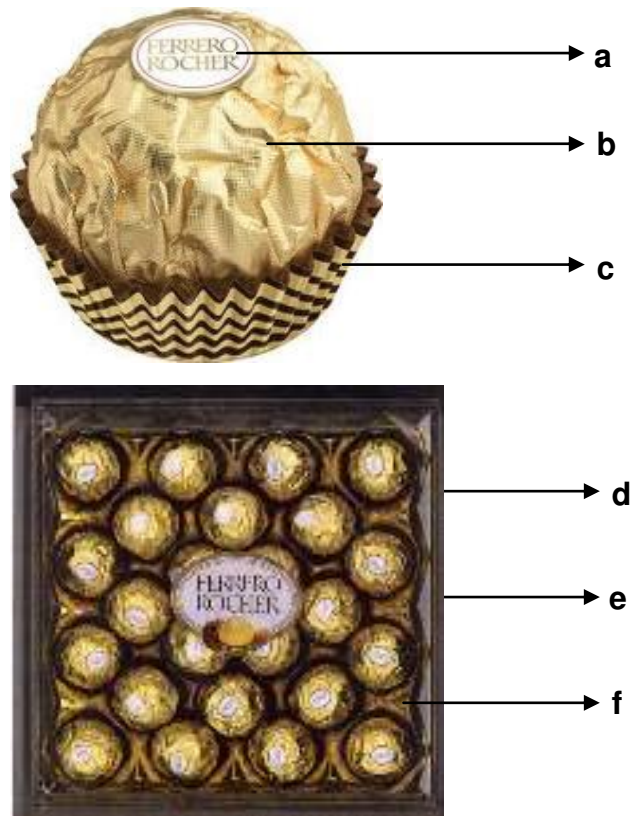
1. The plaintiffs have filed the present suit for permanent injunction, restraining infringement of trademarks, trade dress, passing off, rendition of accounts, delivery up, dilution, damages against the defendants.
2. While issuing summons in the suit and notice in the application for stay on 17.2.2012 this court had restrained the defendants from selling, offering for sale, advertising directly or indirectly, dealing in any manner with the goods and /or the products of the plaintiffs, as detailed in para 6 of the plaint and from using the trade dress, packaging, colour combination, lay-out and get up designed to imitate the trademark of the plaintiffs' product "FERRERO ROCHER".
3. On 26.7.2012 the matter was duly settled qua defendants 1 & 2 and a consent decree was passed against them in terms of para 19 (i) of the plaint. As none appeared for the defendant No.3 despite service, the

defendant no.3 was proceeded *ex-parte* on 13.12.2013.

4. Plaintiff has filed evidence by way of affidavit of Mr.Manoj Kumar Gupta, PW-1 (Regional Sales Manager of Plaintiff No. 2, Ferrero India Pvt. Ltd). The affidavit of Mr.Manoj Kumar Gupta has been exhibited as Ex.PW-1/A. PW-1 has stated that he has been with the said Plaintiff for the last four years. It is also deposed by PW-1 that plaintiff No.2 is affiliated to plaintiff No. 1 and both plaintiffs have respectively delegated powers to him by way of letters of authorization to depose in this matter. Original letters of authorization are collectively exhibited as Ex-Pw 1/1.
5. PW-1 has deposed that that Ferrero Group, to which the Plaintiff belongs, was founded in early 1946 and is today one of the 4 biggest confectionery producers worldwide. PW-1 has further deposed that the Ferrero Group was ranked as the most reputable company in the world according to the Reputation Institute Survey of 2009 reported in the Economist and Forbes magazine and as per the 2012 survey, the Ferrero Group is still ranked amongst the top 50 most reputable companies in the world. Fresh printouts of the above stated web pages are collectively exhibited as Ex.PW-1/5.
6. PW-1 has further deposed that that Plaintiff No. 1 is the proprietor of various trademarks including FERRERO ROCHER, FERRERO ROCHER trade dress, NUTELLA, TIC TAC, KINDER mark etc.
7. PW-1 has also deposed that Ferrero Rocher was introduced by the Plaintiff in the year 1982. The packaging style of the FERRERO ROCHER chocolate specialties is unique and is recognized from a distance by consumers as a source identifier with the Plaintiff around

the world. A web extract relating to the adoption and use of the FERRERO ROCHER trade dress is exhibited as Ex.PW-1/6.

8. PW1 has also deposed that the FERRERO ROCHER packaging has the following distinct and unique elements:



- a) The rounded crushed gold wrappers always bears an oval shaped white sticker;
- b) Crushed gold coloured wrappers that holds nutty chocolate balls;
- c) Each resting in a fluted brown coloured cupcake shaped holder;
- d) These uniquely packaged individual chocolates are further packed in transparent boxes, bearing an oval label on the lid;
- e) A distinctive diamond pattern on the cover in one of the

FERRERO ROCHER packaging variants which has been used since 2003 and is registered as a trademark under the Madrid protocol;

- f) The contents of the box in their egg holder-style container can be clearly seen by the purchasers in packaged form without opening it.
9. PW-1 has also deposed that Plaintiff No. 1 also has an International registration (not extended to India) for the heart-shaped box packaging style of the FERRERO ROCHER chocolate specialties. The internet printout of Plaintiff No. 1's International registration for the heart shaped box packaging is exhibited as Ex.PW- 1/9.
10. PW-1 has deposed that the following are the trademark registrations of Plaintiff No.1 in India:

Trademark	Regn. No.	Class	Date
Label with device of two chocolates 	1261994	30	19.01.2004
Praline Device in crushed wrapper and fluted cupcake wrapper 	1678048	30	21.04.2008

11. Ex. PW-1/10 & PW-1/11 are the originals of the Legal proceeding certificates.
12. Mr. Manoj Kumar Gupta, PW-1, has next deposed that the plaintiff has spent millions of dollars worldwide on promotion and publicity of its FERRERO ROCHER specialties under the afore-mentioned trade dress in India and the world. He has also deposed that owing to the extensive advertising and promotion of the FERRERO ROCHER specialties, there is immense goodwill and reputation in the FERRERO ROCHER trademarks and trade dress in India and abroad; and the Plaintiff's rights in the FERRERO ROCHER trademarks and trade dress have been recognized by several foreign Courts as well known from time to time. A print out of the case brief of a judgment of Supreme People's Court of China is exhibited as Ex PW-1/12. A few other orders from foreign Courts along with English translations of the same, recognizing Plaintiff No.1's rights in its FERRERO ROCHER trademarks and trade dress are exhibited as Ex. PW-1/13 (colly.)
13. PW-1 has next deposed that Plaintiff's well known FERRERO ROCHER trademarks and trade dress find mention in various third party articles denoting the unquantifiable goodwill and reputation of the Plaintiff. The web extracts about global reputation for the FERRERO ROCHER chocolate specialties are collectively exhibited as Ex. PW- 1/14.
14. PW-1 has also deposed that Plaintiff No. 1 and its affiliates have a very wide presence on the internet and operates several websites having access in India. Web extracts from the website ferrero.com,

and a 'domain tools' result showing that the said domain name was created in 1998 are exhibited as Ex.PW-1/15.

15. PW-1 has also deposed that due to following factors, Plaintiff's FERRERO ROCHER trademarks and trade dress have acquired a "well known status":

(i) The FERRERO ROCHER specialty was introduced in the year 1982 and is extensively available around the world;

(ii) The Ferrero Group has its business spread over more than 100 countries and in India plaintiff carries on the business directly. The FERRERO ROCHER specialties are available pan India.

(iii) The Plaintiff's FERRERO ROCHER trade marks and trade dress have accumulated immense goodwill and reputation around the world including, India amongst the relevant members of trade as well as the public at large;

(iv) Plaintiff No.1 has registrations for its FERRERO ROCHER trademarks and trade dress in India.

(v) The company spends around 1000 Lacs annually for promoting FERRERO ROCHER specialties and a copy of a certificate from Plaintiff No. 2 certifying its marketing spend in India for the financial year 2009 and 2010 is exhibited as Ex. PW-1/16.

(vi) The promotional efforts of the Plaintiffs for the FERRERO ROCHER specialties in India is evident from the fact that the said product was an associate sponsor of the widely watched television show in India 'Koffee with Karan'. A copy

of a letter from Radeus Advertising Pvt. Ltd. in this regard is exhibited as Ex. PW-1/17.

(vii) In addition to the above, the promotional material for the FERRERO ROCHER specialties in India is exhibited as Ex. PW-1/18.

(viii) That the annual sales turnover of FERRERO ROCHER specialties is nearly 8000 Lacs.

(ix) A statement of the sales turnover of the company over the past few years in India is set out below:

Year	Sales turnover (In Rs. Lakhs)
2008-09	5,286
2009-10	11,308
2010-11	22,069
2011-12	318,28

(x) A few sales invoices of the plaintiff company in India are exhibited as Ex. PW-1/19 (Colly). Further, copies of audited balance sheets of Plaintiff No. 2 for the years 2009 and 2010 are exhibited as Ex. PW-1/20 (Colly).

(xi) That the Web extracts from leading newspapers in India about FERRERO ROCHER specialties are filed in the present proceedings. Fresh prints out of the said articles are collectively exhibited as Ex. PW-1/21. A copy of the Financial Times article dated April 25, 2013 denoting the

goodwill and reputation of the Plaintiffs is filed herewith and the same is exhibited as Ex.PW-1/22.

(xii) In India, the FERRERO ROCHER trade dress and trademarks are widely recognised and have been accorded protection. Orders passed by the Hon'ble High Court of Delhi in this regard are filed in the present proceedings. Copies of a few orders passed by the Hon'ble High Court of Delhi in this regard are filed and collectively exhibited as Ex.PW-1/23. A caution notice pertaining to the FERRERO ROCHER trade dress and trademarks has also been published in 'The Statesman' in India and is filed herewith and exhibited as Ex. PW-1/24.

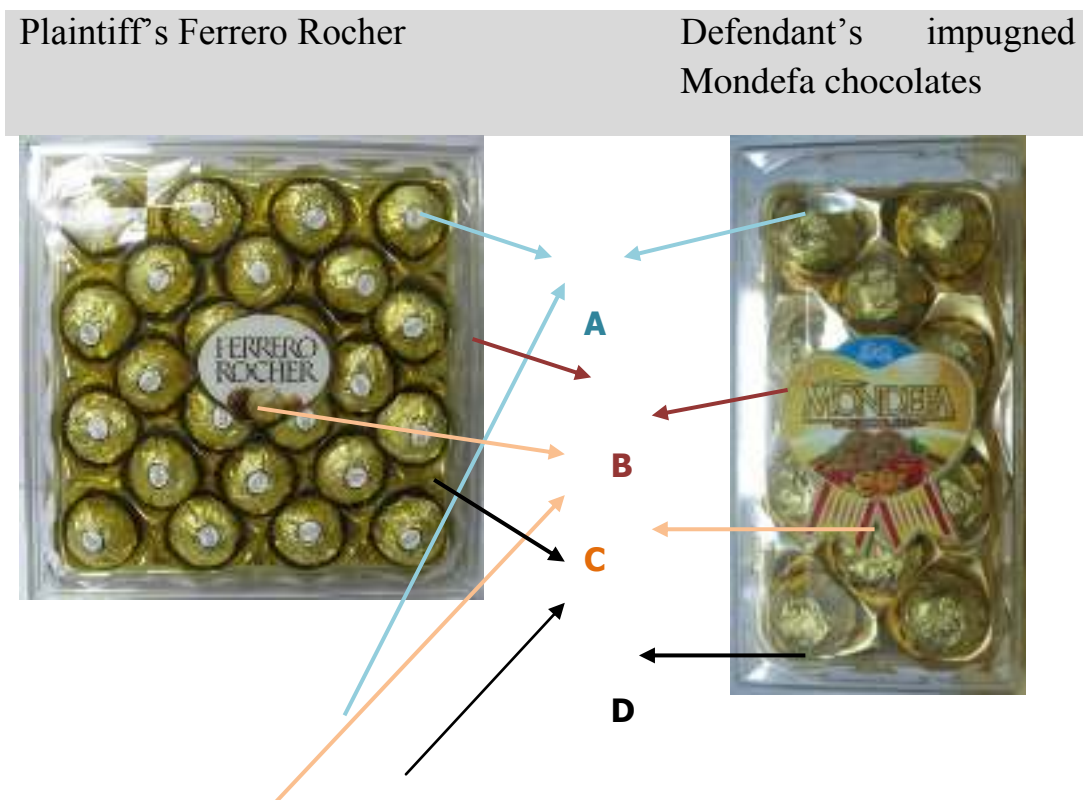
(xiii) Plaintiff's FERRERO ROCHER brand is recognised as a Superbrand by the Superbrand Council in various countries including U.K. and Mauritius. Fresh printouts of the web extracts pertaining to Superbrands UK and extracts pertaining to Superbrands Mauritius are filed and collectively exhibited as Ex.PW-1/25.

(xiv) An extract of a Google search showing various books that mention FERRERO ROCHER product is filed in the present proceedings and exhibited as Ex.PW-1/26.

16. PW-1 has further deposed that the defendant is manufacturing and selling look-a-likes of the plaintiff's well known FERRERO ROCHER chocolate specialties under the names ONLY and MONDEFA in India. The photographs of the defendant's packaging

of the above mentioned products are collectively exhibited as Ex.PW-1/27. PW-1 has further deposed that the defendant is infringing the registered trademarks of the Plaintiff as set out in paragraph 8 hereinabove, by way of manufacturing, selling and dealing in the impugned products with an overall get up and packaging identical to the Plaintiff's FERRERO ROCHER specialties; and the following tables elaborate the distinct features of the FERRERO ROCHER trade dress which have been copied by the Defendant:

I. Defendant's impugned 'Mondefa' chocolates compared with 'Ferrero Rocher'





#	Distinctive feature of Ferrero Rocher	Mondefa
A	Crushed golden wrapper (part of Registration No. 1678048)	✓
B	The diamond pattern on the transparent lid	✓
C	Deceptively similar device of 'two chocolates' on the label (part of registration No.1261994)	✓
D	Golden tray box in their egg holder-style container	✓

17. PW-1 has also deposed that the above comparison shows the blatant copying of FERRERO ROCHER trademarks and trade dress by the Defendant which is likely to cause confusion in the market place and lead an unwary customer into buying the Defendant's impugned chocolates under the mistaken belief of the same belonging to the Plaintiff; and the blatant copying of FERRERO ROCHER trademarks and trade dress by the Defendant amounts to passing off and dilution of the Plaintiff's unique trade dress and packaging and infringement of Plaintiff No.1's registered trademarks under number 1678048 and 1261994.

18. It is also deposed that due to the aforesaid Defendant's blatant acts of infringement, dilution and passing off, the Plaintiffs have suffered enormous damage to their goodwill and reputation for FERRERO ROCHER trademarks and trade dress in India. PW-1 has also deposed that the defendant by its unauthorized and illegal activities has undermined and diluted the goodwill and reputation enjoyed by the Plaintiff's FERRERO ROCHER specialties.
19. It is next deposed by PW-1 that the defendant's act of blatant copying of the FERRERO ROCHER trademarks and trade dress leaves no doubt as to the intentional violation of the Plaintiffs' rights by the said Defendant. By remaining absent from the present proceedings, Defendant No. 3 has deprived the Plaintiffs of an opportunity to establish actual profits earned by them from the infringement of FERRERO ROCHER trademarks and trade dress, which when used for business purposes can be computed only on the basis of their account books; and the damages alone are not adequate remedy as the injury caused to the Plaintiffs' intangible property in their reputation and goodwill is not capable of being accurately assessed in monetary terms.
20. PW-1 has also deposed that the amount of damages suffered by the Plaintiffs on account of importation and sale of the imitations of FERRERO ROCHER chocolate specialties being manufactured by Defendant No. 3 in identical trade dress and bearing the marks ONLY/ MONDEFA is unquantifiable but given the number of cities and markets in which the aforesaid products were found and the potential number of copycat/look alike goods that are being sold in

various cities including Delhi, the monetary damages alone are estimated to be at least Rs. 50 lakhs. PW-1 has also deposed that irreparable damage and harm to the goodwill and reputation of the FERRERO ROCHER and erosion of the intangible property in its trade dress and trademark may run into several more lakhs of rupees and thus the Plaintiffs have based their claim of damages of Rs.50.0 lakhs on one or more of the following factors:

- (i) Actual illegal profits earned by the defendant No.3 from manufacturing and selling look alike chocolates which have a close resemblance with that of the plaintiffs'; and/or
- (ii) Actual revenue lost by the plaintiffs due to loss of sales of their products/ chocolates arising out of the illegal/infringing activities of the said defendant.
- (iii) Damage to the plaintiff's enormous reputation and goodwill in the said trade marks and trade dress in the following manner:

(a) The purchasing customers of the impugned product sold by the Defendant, will in all likelihood believe that there is an association between the defendant and the plaintiffs or the defendant is carrying on such acts with an approval or an authorization of the plaintiffs;

(b) If the impugned products manufactured and sold by the defendant face quality issues, the defendant's customers are likely to accuse the plaintiffs and their products of being poor quality.

Consumers of average intelligence and imperfect recollection are bound to be confused or deceived by the appearance of the imported look-alikes which strain to sail as close to the wind as possible;

(c) Such indiscriminate acts of the defendant would doubtlessly result in tarnishing the reputation and goodwill attached with the famous trademark FERRERO ROCHER and its distinctive trade dress/getup and, consequently, in the erosion of the public's identification of this very strong mark with the plaintiffs alone, thus diminishing its distinctiveness and prestigious connotations.

21. I have heard counsel for the plaintiffs and perused the pleadings, documents filed as also the affidavit by way of evidence of PW-1. The affidavit by way of evidence of PW-1 and the documents which have been placed on record, remain unrebutted and unchallenged. The plaintiffs have established that the plaintiffs are the registered proprietor of the trademark FERRERO ROCHER (word as well as device). Copies of registration certificates have been exhibited as Ex. PW-1/10 and Ex. PW-1/11. The plaintiffs have filed printouts from various websites, Ex. PW-1/5, showing that Ferrero Group is one of the 4 biggest confectionery producers worldwide and is ranked amongst the top 50 most reputable companies in the world. Plaintiffs have also filed a web printout, Ex. PW-1/6, with regard to the packaging style of the plaintiffs' product. Ex. PW-1/12 is the print out of the case brief of a judgment of Supreme People's Court of China, recognizing plaintiffs' right in the FERRERO ROCHER trademarks

and trade dress by several foreign Courts. The plaintiffs have also placed on record web printouts exhibited as Ex.PW-1/14 and PW-1/15 to show the global presence of the plaintiffs' trade mark on the internet as well. The plaintiffs have also filed printouts of the articles in leading Indian newspapers about FERRERO ROCHER specialties, Ex.PW-1/21. Plaintiffs have also filed Ex.PW-1/22, a copy of the Financial Times article dated April 25, 2013 denoting the goodwill and reputation of the Plaintiffs. Plaintiffs have also filed Ex.PW-1/23, copies of the orders passed by this court in their favour. The plaintiffs have also established that they have acquired the status of 'well known mark' by virtue of various factors such as use of its trade mark and trade dress since as long back as 1982 and its subsequent registration, its wide-spread business across numerous countries, the immense goodwill and reputation acquired by it around the world, the wide scale advertising and promotional activities carried out by plaintiff and its massive turnover on annual basis.

22. This Court is of the view that the plaintiffs have proved beyond doubt that the plaintiff is the registered proprietor of the trademark FERRERO ROCHER as well the trade dress and hence the plaintiffs have the exclusive right to use the trademark including trade dress of FERRERO ROCHER.
23. In the case of *Colgate Pamolive Company v Anchor Health & Beauty Care Pvt. Ltd.* reported at 2003(27)PTC478(Del) following observations were made by another bench of this court with respect to adoption of deceptively similar trade dress:

“52. It is the overall impression that customer gets as to the source and origin of the goods from visual impression of colour combination, shape of the container, packaging etc. If illiterate, unwary and gullible customer gets confused as to the source and origin of the goods which he has been using for longer period by way of getting the goods in a container having particular shape, colour combination and getup, it amounts to passing off. In other words if the first glance of the article without going into the minute details of the colour combination, getup or lay out appearing on the container and packaging gives the impression as to deceptive or near similarities in respect of these ingredients, it is a case of confusion and amounts to passing off one's own goods as those of the other with a view to encash upon the goodwill and reputation of the latter.

53. The plaintiffs have succeeded prima facie in showing from the look of trade dress of the two articles, one manufactured by the plaintiff and another by the defendant from the point of view of not only unwary, illiterate customer/servants of the household but semi-literate also as the trademarks "Colgate" and "Anchor" are written in English language cannot be distinguished by ordinary customer of a country where bare literacy level is abysmally low. There is every likelihood of confusion as to the source on account of the similarity of substantial portion of the container having particular colour combination and also shape of the container which alone helps in determining the allegations of passing off despite stripes in the same colour or in different colour. The criteria is the overall impression from the look of packaging/container containing the goods and articles that can legitimately injunct its rival. Such an action on the part of infringing party also has an element of unfair competition.

55. The difference in the style of the words appearing on the container or packing identifying its manufacturers by way of style, colour combination or textures or graphics is certainly significant or relevant for determining the overall imitation of the container but if a product having distinctive colour combination, style, shape and texture has been in the market for decades as in this case it is in the market since 1951 it leads to ineluctable inference of having acquired secondary meaning on account of its reputation and goodwill earned at huge cost.

60. In the case of passing off and for that purpose infringement of trade mark which are already in existence, the second or for that purpose the subsequent comer has certain obligation to avoid unfair competition and become unjustly rich by encashing on the goodwill or reputation of the prior comer. They have to establish and bank upon their own trade dress or distinctive features so as to establish their own merit and reputation and attract the attention of the purchasing public and if there are no substantial dissimilarities of marks, colour combination, get up or lay out on the container or packing or covering of the goods of the prior comer these are likely to create confusion in the minds of customers between his goods and the goods of the prior comer in the market as underlying and hidden intention of the second comer is to encash upon the successful rival.”

[Emphasis Supplied]

24. Having regard to the evidence on record and comparing the impugned product of the defendants, photographs of which have been exhibited as Ex. PW-1/27 (Colly.), I am of the view that the impugned products of the defendants are visually deceptively similar to those of the plaintiffs. The defendants have not only copied the trade dress of the individual FERRERO ROCHER chocolate specialties but have also copied the overall getup of the various FERRERO ROCHER packaging of the plaintiffs. Some of the distinctive features that define the products of the plaintiffs and which have been blatantly imitated by the defendants include a label with Praline Device, crushed golden wrapper that holds the individual chocolate balls, heart shaped box with transparent lid, deceptively similar device of two chocolates on the label, golden tray box in their egg holder-style container etc. In my view, plaintiffs have established that FERRERO ROCHER's trade dress is so distinctive and renowned in the market the reproduction merely of the principal elements of its trade dress by third parties is

enough for the consumers in the market to be misled with respect to its origin. The plaintiffs, by virtue of their long and continuous use of the FERRERO ROCHER trademarks, including trade dress with its individual packaging components as well as overall appearance have garnered tremendous reputation and goodwill in the said marks and trade dress; and the defendants, by adopting the visually similar trade dress and get up have made a undisguised attempt to pass off their products as that of the plaintiffs. Consumers of average intelligence and imperfect recollection are bound to be confused or deceived by the strikingly similar appearance of the defendants' products to that of the plaintiffs. The plaintiffs, thus, are guilty of infringing the registered trade marks as well as the trade dress of the plaintiffs and passing off their goods as those of the plaintiffs and thus encasing on the latter's goodwill and reputation.

25. The plaintiffs have also claimed damages from the defendants on account of illegal activities carried out by the latter.
26. Order sheets reveal that the defendant no. 3 has deliberately stayed away from the present proceedings with the result that an enquiry into the accounts of the defendants for determination of damages cannot take place. 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.
27. I am of the view 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. 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. [Also see ***Hero Honda Motors Ltd. v Rafiq Memon*** reported at 2012 (52) PTC 449 (Del), ***Gora Mal Hari Ram Ltd. v Ashiq Exports*** reported at 2012 (50) PTC 428 (Del.), ***L.T. Overseas Ltd. v Guruji Trading Co.*** reported at 2005 (31) PTC 254 (Del.), ***Relaxo Rubber Ltd. and Anr. v Selection Footwear and Anr.*** reported at AIR 2000 Del 60].

28. For the reasons stated above, the plaintiffs have made out a case for grant of decree as prayed in the plaint. Accordingly, the order dated 17.2.2012 is confirmed and the suit is decreed in favour of the plaintiffs and against the defendant no.3. Plaintiffs are also entitled to the damages to the tune of Rs.5 lacs.

G.S.SISTANI, J

MARCH 13, 2014 'sn'/pdf