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

+ **CS(OS) 2019/2013**

% *Date of decision : 20th August, 2014*

SANDISK CORPORATION Plaintiff
Through: Ms.Shwetasree Majumdar, Adv.

versus

RAJU A.K.A BILAL Defendant
Through: None.

CORAM:

HON'BLE MR. JUSTICE G.S.SISTANI

G.S.SISTANI, J. (Oral)

1. Present suit has been filed by the plaintiff for permanent injunction restraining infringement of Trademark, copyright, passing off, rendition of accounts of profits/damages and delivery up.
2. Summons in the suit and notice in the application were issued on 22.10.2013. On an application for appointment of Local Commissioner, filed by the plaintiff, a Local Commissioner was also appointed in the matter. On the spot report filed by the Local Commissioner shows that a copy of the order was shown to the Defendant.
3. On 29.04.2014, 30 days time was granted to the Defendant to file the written statement. Simultaneously on the same date i.e 29.04.2014, CCP(O) 116/2013 was also listed before the court when the following order was passed:-

“Pursuant to theailable warrants issued one Mr Sanjeev Kashyap, son of Sh. Shree Ram, resident of H.No. 31/2, X Block, Gali No.

10, Brahmpuri, Delhi-110053, has been produced in court today, however, the investigator of the petitioner had identified him as a person, called Raju.

Mr Sanjeev Kashyap, will file his reply to the contempt petition, as he has received a complete set of paper book and also remain present in court on the next date of hearing.

Mr Sanjay Nagpal, respondent no. 2 is present in court. Mr Sanjay Nagpal, need not remain present in court, unless specifically directed.

List on 20.08.2014.”

4. The necessity for noticing the order of 29.04.2014 passed in CCP(O) 116/2013 has arisen on account of the fact that the order passed in the suit does not make it clear that the only defendant was duly served in the suit. It may also be noticed that the suit was filed against Raju a.k.a Bilal, defendant no. 1. Defendant No.1 was produced in court pursuant to bailable warrants issued. He informed the court that his name was Sanjeev Kashyap S/o Sh. Shree Ram. The investigator of the petitioner also identified him as the person called ‘Raju’. The amended memo of parties was thereafter filed in the court.
5. Vide order dated 13.08.2014, right of Defendant to file the written statement as well as to carry out admission/denial of documents was closed. The Defendant has chosen neither to appear in the suit nor in the contempt proceedings no written statement has been filed. Defendant is therefore proceeded ex parte.
6. The Complaint is duly supported by the affidavit of Mr Gurjot Singh, Constituted Attorney of the plaintiff and same is read as evidence on behalf of the plaintiff. He has averred in the complaint that Plaintiff is a

Corporation organized and existing under the laws of the State of Delaware in the United States of America with its principal place of business at 951, SanDisk Drive, Milpitas, CA 95035, USA and is the world's largest dedicated provider of flash memory storage solutions under the house mark "SanDisk".

7. It has further been averred in the plaint that the Plaintiff designs, develops and manufactures data storage solutions in a range of form factors using the flash memory, controller and firmware technologies. It has also been averred that it was founded in 1988 by Dr. Eli Harari and Sanjay Mehrotra, both non-volatile memory technology experts and the Plaintiff became a publicly traded company on NASDAQ in November 1995 and as of September 2011, its market capitalization stood at US\$ 9.95 billion. Further as per the plaint, the Plaintiff's products enable users to capture, share, preserve, and enjoy a growing world of digital content and within 25 years, the Plaintiff has grown from a three-person Silicon Valley startup to a global leader with more than 4,000 employees. Plaint also discloses that the SanDisk brand is recognized around the world, and the Plaintiff's pioneering flash memory technology is integrated into products from top electronics companies and is marketed to both other equipment makers as well as direct to consumers.
8. It has also been averred in the plaint that the Plaintiff creates transformational memory products at world-class manufacturing facilities that produce more than two million products each day. Also it serves three high-growth mega markets - mobile, computing, and consumer electronics - each of which increasingly requires flash memory to deliver compelling benefits to consumers and businesses.
9. It has further been averred in the plaint that the SanDisk trademark and brand stands for quality that consumers count on to store their precious

memories, and companies count on for reliable access to mission-critical data. The Plaintiff leverages its vertically integrated model to deliver this competitive differentiation. By focusing on leading edge R&D and utilizing world-class manufacturing facilities, the Plaintiff's customers benefit from its uncompromising pursuit of excellence across its entire product portfolio.

10. In the plaint it has also been averred that approximately 250,000 storefronts worldwide stock and sell the Plaintiff's products, taking the Plaintiff's annual revenues in the year 2011 to US\$ 5.66 billion. Further the Plaintiff's advertising and research and development expenditure in 2011 stood at US\$ 513 million which manifests in the immense brand recall for the Plaintiff's SanDisk trademark in the minds of customers worldwide. The Plaintiff is headquartered in Milpitas, California, with offices or manufacturing facilities in 10 locations in Asia (including India, Taiwan, China and Japan) and 6 locations in Europe (including the UK, Ireland and Spain).
11. It has also been averred in the plaint that the Plaintiff additionally owns exclusive rights, title and interest to market and sell products bearing *inter alia*, the trademark "SanDisk". The Plaintiff possesses both common law trademark rights to the trademark "SanDisk", as well as trademark registrations for the same in more than 150 countries the world over, including but not limited to India, United States of America, Australia, Brazil, Canada, China, Egypt, European Community, Hong Kong, Indonesia, Korea, Malaysia, Nepal, Pakistan, Philippines, Saudi Arabia, Singapore, South Africa, Sri Lanka, Thailand and UAE. A complete list of the Plaintiff's registrations for the trademark SanDisk worldwide has been filed along with the plaint.

12. The plaint also discloses that the Plaintiff is also the registered proprietor of both variety of word marks and device marks in India and the key among these are the Plaintiff's house mark "SanDisk" which is registered under Trademark Application No. 1249761 in Class 9 since 21.11.2005 and the "SanDisk" logo which is registered under Trademark Application No. 1249762 in Class 9 since 16.11.2005 (hereinafter, the SanDisk trademarks) and the Plaintiff also owns common law rights in the "Red Frame Logo" and the word mark "Cruzer Blade", both of which are currently pending registration before the Indian Trade Marks Registry under Trademark Application Nos. 1805766 and 2261469 respectively.
13. It has next been averred in the plaint that the Plaintiff started selling its products directly in the Indian market from 2005 through its country-wide network of official Channel Partners. The Plaintiff's Channel Partners buy original SanDisk products directly from the Plaintiff or one or more of Plaintiff's subsidiaries for distributing the products in the Indian market. Also the Plaintiff's genuine SanDisk products are additionally sold at a plethora of e-commerce portals which reach out to Indian customers irrespective of their physical locations. Photographs showing original SanDisk products being sold at some of its authorized retailers in various cities have been filed along with the plaint.
14. Further, it has been averred in the plaint that the Plaintiff strives towards continuous advancement in its products and technology and operates a dedicated Research and Development (R&D) Centre in India through its wholly owned subsidiary SanDisk India Device Design Centre Private Limited, which has two geographical locations in Bengaluru and Gurgaon.
15. The plaint also discloses that the Plaintiff markets and advertises its products in India through advertising consultants and media agencies

appointed by the Plaintiff for this purpose. The Plaintiff has spent large amount of time and money in marketing and popularizing its SanDisk mark in India. Advertisements for the Plaintiff's products appear regularly in almost all newspapers and magazines published and distributed in India including both national and regional publications. Additionally, the Plaintiff's mark "SanDisk" has been widely published across the country through numerous third-party write-ups, industry awards and recognitions and other media reports in both print and electronic media. A few advertisements of the Plaintiff's products, third-party write-ups and other media publications have been filed along with the plaint.

16. It has further been averred in the plaint that as a result of such extensive marketing efforts along with the excellent quality of the products, the Plaintiff's "SanDisk" mark enjoys an immense goodwill and reputation both in India and worldwide. Consequently, the sales of the Plaintiff's products in India have consistently increased and the Plaintiff's mark "SanDisk" is exclusively associated in the minds of the purchasing consumer with the Plaintiff alone.
17. It has also been averred in the plaint that owing to the popularity and iconic nature of the Plaintiff's products, they are widely counterfeited. Counterfeits of the Plaintiff's products surface from time to time in large volumes in the various markets of Delhi that are well known hubs of counterfeit electronic goods and the upsurge in their availability is particularly noticeable during festivals. It has further been averred in the plaint that upon enquiries, the Plaintiff was able to ascertain that a large proportion of the counterfeit products bearing "SanDisk" trademarks were originating from the Old Lajpat Rai Market area in New Delhi, which is one of the focal hubs of the wholesale network in this particular class of counterfeit products.

18. Further it has been averred in the plaint that in the year 2012 the Plaintiff had filed several suits for trademark infringement, passing off, copyright infringement, damages, delivery up and rendition of accounts against establishments selling and/or dealing in counterfeit SanDisk products. Copies of orders of this Hon'ble Court granting *ex parte ad interim* injunctions in favour of the Plaintiff against various establishments located in New Delhi which are selling and/or dealing in counterfeit SanDisk products have been filed along with the plaint.
19. The plaint also discloses that in the month of October 2013 the Plaintiff's investigator came across the Defendant who is trading at the Display Counter outside Shop No. 886, Near Balaji Electronics, Old Lajpat Rai Market, Chandni Chowk, New Delhi – 110 006 and the investigator noted that the Defendant had a stall displaying memory cards bearing the SanDisk brand and flash drives of other brands, all of which are counterfeit products. Upon seeking to purchase the same, the investigator was introduced to the Defendant, Mr. Raju, the proprietor of the establishment and noted that the Defendant was stocking and selling several memory cards of the "SanDisk" brand. It has also been averred that the investigator observed that the Defendant was selling memory cards at a price as low as Rs. 150/- for a single 4GB memory card and was willing to negotiate even lower prices for bulk orders. This is in stark contrast to the price of corresponding genuine SanDisk Mobile micro SDHC cards of the Plaintiff which retail it at a price range upwards of Rs. 300/-. Upon inspecting the product sold by the Defendant to the investigator, the Plaintiff found that the memory cards were cheap counterfeits being mere plastic cut-outs in SanDisk Mobile micro SDHC card shape with no storage capacity whatsoever. However, the counterfeit memory cards bore markings similar to the Plaintiff's genuine products,

including the Plaintiff's trademark "SanDisk", which was printed to make them look like actual SanDisk products. Further, even the packaging of the memory cards was of extremely low quality and the print on the packaging was an exact copy of the Plaintiff's original packaging, bearing the Plaintiff's trademarks, trade-dress and identical layout. Original photographs of the actual product bought by the Plaintiff from the Defendant and a chart comparing the Defendants' counterfeit products and the Plaintiff's original SanDisk products has been filed along with the plaint.

20. Further it has been averred in the plaint that the Defendant is infringing the statutory and common law rights of the Plaintiff under various heads and is guilty of infringing the Plaintiff's trademarks, passing off their goods as those of the Plaintiffs and infringing the Plaintiff's copyright in artistic and literary works in the product packaging.
21. It has also been averred in the plaint that the Plaintiff has suffered and is likely to suffer incalculable losses, both tangible and intangible to its goodwill, business and reputation on account of the acts of infringement and passing off by the Defendant. Plaintiff has prayed that the present suit be decreed, as despite service and time having been granted no written statement has been filed.
22. I have heard counsel for the plaintiff and carefully perused the documents which have been placed on record along with the plaint duly supported by affidavit which has been treated as affidavit by way of evidence. The Plaintiff possesses both common law trademark rights to the trademark, "SanDisk". Plaintiff also has trademark registrations for the same in more than 150 countries worldwide including India. Further, Plaintiff's products have a demand globally. The plaintiff is the registered proprietor of a variety of word marks and device marks in India as set out in

Plaintiff's documents on record, including its logo and house mark "SanDisk". Thus plaintiff is the owner of Trade mark "SanDisk" and has the exclusive right to use the same.

23. In compliance to the order dated 22.10.2013, a local commissioner visited the premises of the Defendant on 25.10.2013. On checking the premises Local Commissioner found 42 Mobile Micro SDHC Card of 4 GB bearing Trade Mark "SanDisk" and 21 Mobile Micro SDHC Card of 8 GB bearing Trade Mark "SanDisk"
24. On the basis of documents placed on record, Plaintiff has been able to establish that Plaintiff owns all rights, title and interest in, and holds the exclusive rights to market and sell products bearing trade mark "SanDisk". Plaintiff has also established that the packaging which includes the unique and distinctive arrangement of features, colour combinations, trade dress, product get up and layout is an original artistic work within the meaning of Section 2(c) of the Copyright Act 1957. Also plaintiff is the owner of copyright in the literary matter appearing on the packaging which is an original literary work within the meaning of section 2(o) of the Act. Further, the plaintiff has been able to show that on account of extensive marketing efforts and excellent quality of the products, the Plaintiff's "SanDisk" mark enjoys an immense goodwill and reputation both in India and worldwide. Plaintiff has also established that the plaintiff has spent a large amount of time and money on advertising its products and by virtue of extensive sales and sales promotion of its products, the plaintiff's mark "SanDisk" is exclusively associated in the mind of the purchasing consumer with the plaintiff alone. Plaintiff has also been able to establish that Defendant is guilty of infringement of Trademark by an unauthorized use of the plaintiff's trademark on inferior quality counterfeit products.

25. Having regard to the averments made in the plaint which have not been refuted and the report filed by the Local Commissioner, I am of the view that in the present case, the mark in question is identical, the goods are identical, and the class of purchasers and mode of purchase are the same. The adoption and use of the identical trademark by the Defendant in relation to identical products amounts to an infringement of the plaintiff's statutory rights in the registered trademark "SanDisk". [See ***Evergreen Sweet House vs. Ever Green and Ors.*** reported at 2008 (38) PTC 325 (Del) and ***Cadila Health Care Ltd v. Cadila Pharmaceuticals Ltd.*** reported at (2001) 5 SCC 73]
26. I am of the opinion that the Defendant is also guilty of passing off as by using a similar mark as that of the plaintiff's, the defendant is misrepresenting to the purchasing public that it is selling genuine goods of the plaintiff or in association with/in connection with the plaintiff's and thus causing confusion as to the source of the goods and passing off his goods as that of the plaintiffs, whereas the goods of the defendant are spurious and inferior in quality. Furthermore, the Defendant in a malafide, dishonest and an unethical manner is encashing upon the goodwill and reputation of the plaintiff's, established by the latter over the period of many years.
27. Therefore, plaintiff has made out a case for grant of a decree of permanent injunction in terms of prayer (a), (b) and (c) at paragraph 17 of the plaint.
28. Plaintiff has also prayed for rendition of accounts of profits earned by defendant alongwith delivery up of infringing goods, advertising material, blocks, dies etc. bearing infringing mark. Plaintiff has further claimed damages of Rs. 20 Lacs. However, plaintiff restricts its prayer to punitive damages.

29. The Defendant has chosen not to contest the matter and thus the plaintiff is also entitled to the benefit of punitive damages with a view to ensure that such litigants desist from indulging into such activities and they are not given benefit of the acts, which resulted to the loss to the plaintiff. It would be useful to refer to the judgment in the case of *Time Incorporated v. Lokesh Srivastava and Anr.*, reported at 116(2005) DLT 599 wherein this court has observed as under:

“This court has no hesitation on saying that the time has come when the courts dealing actions for infringement of trademarks, copyrights, 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”.

30. Accordingly, the order dated 20.08.2014 is confirmed and the suit is decreed in favor of the plaintiff and against the defendant. Plaintiff is also entitled to damages to the tune of Rs 2.0 lacs.

31. Decree sheet be drawn up accordingly.

G.S.SISTANI, J.

AUGUST 20, 2014
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