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

+ **CS(OS) 3032/2011**

% ***Judgment dated 23.5.2014***

DISNEY ENTERPRISES ,INC & ANR Plaintiff

Through: **Mr.Bharat S. Kumar, Advocate**

versus

SANTOSH KUMAR & ANR Defendants

Through

CORAM:

HON'BLE MR. JUSTICE G.S.SISTANI

G.S.SISTANI, J. (Oral)

1. Present suit has been filed by the plaintiffs for permanent injunction, restraining infringement of trademark and copyrights, passing off, dilution, damages, rendition of accounts of profits and delivery up. Summons in the suit were issued on 05.12.2011. On an application for appointment Local Commissioners, filed by the plaintiffs, three Local Commissioners were appointed in the matter. An interim injunction was granted against the defendants on 05.12.2011. Counsel entered appearance on behalf of the defendants on 10.02.2012. Written statement was filed on behalf of the defendants and a replication to the same was also filed by the plaintiffs.
2. Vide order dated 11.09.2013 defendants admitted the proprietary rights of the plaintiffs in the characters, character names and devices in respect of which present suit has been filed. An affidavit dated 8th February, 2013 was filed by the defendant no. 1 in which inter alia it was stated that defendant nos. 1 and 2 do not wish to contest the present suit.

3. None appeared on behalf of the defendants on 07.03.2014, hence their right to carry out admission/denial of plaintiffs' documents was closed. On 13.03.2014 also, none appeared on behalf of the defendants, consequently defendants were proceeded ex parte vide order dated 13.03.2014.
4. Plaintiffs have filed the affidavit of Mr. Vishal Ahuja (PW1), authorized signatory and lawful attorney of plaintiff companies. The copies of the letter of authority dated February 7, 2011 on behalf of Plaintiff No.1 and the power of attorney dated October 1, 2009 on behalf of Plaintiff No.2 along with a fresh power of attorney dated 22nd October, 2013 have been exhibited as **ExPW1/1- 'Colly'**.
5. PW1 has deposed that the Plaintiff No. 1, Disney Enterprises Inc., is a corporation organized and existing under the laws of the State of Delaware in the United States of America, having its principal place of business at 500 South Buena Vista Street, Burbank, California 91521-0874, USA.
6. PW1 has also deposed that the Plaintiff No.2, The Walt Disney Company (India) Pvt. Ltd, is the master licensee in respect of the Plaintiff No.1's copyrights and trademarks for promotion, publishing and merchandising purposes in the territory of India and that the Plaintiff No.2 is a Company registered in India having its registered office located at 1st Floor, Building No. 14, Solitaire Corporate Park, Guru Hargovindji Marg, Chakala, Andheri (E), Mumbai – 400 093 and its branch office located at C-301, Third Floor, Ansal Plaza, HUDCO Place, Andrews Ganj, New Delhi - 110049.
7. PW1 has further deposed that the Plaintiffs are subsidiaries of 'The Walt Disney Company' which is a leading and diversified international family entertainment and media enterprise. He has also deposed that Plaintiffs

have established themselves in various businesses, particularly as creators and distributors of highly creative and entertaining animated motion pictures and television programmes, whose unique characters have achieved mythic proportions in popular culture. He has also deposed that globally prominent characters forming an important part of the Plaintiffs' bundle of intellectual property assets include, but are not limited to, *Mickey Mouse*, *Minnie Mouse*, *Donald Duck*, *Daisy Duck*, *Goofy*, *Pluto*, *Winnie the Pooh*, *Tigger*, *Hannah Montana*, etc. (hereinafter collectively referred to as "DISNEY Characters"). He has also deposed that these DISNEY Characters have appeared in several motion pictures and television programmes for over eighty years now and have a huge fan-following of their own, cutting across all territorial, age and gender barriers. Moreover, Plaintiff No.1 has enhanced the popularity and relatability of its protected characters, trademarks, trade name and service marks by spawning a toy, books, bags, merchandise industry which revolves around these characters, trademarks, trade name and service marks.

8. PW1, Mr. Vishal Ahuja, has also deposed that the degree of association of the DEI (Disney Enterprises Inc.) Materials, particularly Character Names, Character Devices or Characters with the Plaintiffs is so intense that any reference to these would lead a substantial part of the relevant public to recognize, acknowledge and associate the same exclusively with the Plaintiffs and the Plaintiffs alone. Moreover, irrespective of whether the goods and services are provided by the Plaintiffs themselves, or through its licensees, use of the DEI Materials in relation to any business, goods or services signifies the highest standards of quality and integrity.
9. PW1 has further deposed that the reputation and goodwill of the Plaintiffs' Characters and trademarks spill over into every business that

the Plaintiffs have ventured into, be it travel, real estate, management and design services, print and publishing industry, consumer goods and merchandising, internet and direct marketing, interactive media like gaming and mobile applications or educational services, apparel, beverages, clothing, stationery items, giftware, novelty items, sports equipments, bags etc.

10. PW1 has also deposed that to protect the DEI Materials, the Plaintiff has registered hundreds of Trademarks across many countries including India. Moreover, the characters “Mickey Mouse” and “Minnie Mouse” have been held to be extremely popular and famous world over by the Hon’ble Supreme Court of India and hence were accorded the status of ‘well known marks’. He has also deposed that being the holder of the Trademarks over the DEI Materials, only the Plaintiffs have the right to authorize usage or issue licenses related to the Trademarks. A list of all relevant registrations of the Plaintiff’s and copies of Legal Proceeding Certificates of the Trademark registrations have been exhibited as **ExPW1/2 ‘Colly’**.
11. Mr. Vishal Ahuja, PW1 has also deposed that to protect the DEI Materials, the Plaintiff also holds hundreds of Copyrights over the characters across the world including India. He has also deposed that the Plaintiff being the exclusive owner of Copyrights over them has the right to reproduce or authorize/ license its reproduction in either two dimensional or three directional forms. Copies of the Copyright Registration Certificates of the Plaintiff’s characters have been exhibited as **ExPW1/3 ‘Colly’**.
12. PW1 has further deposed that the degree of association of the DEI materials and any product is such that by mere reference to the DEI materials, the public associates the product to that of the Plaintiffs’.

Hence, the usage of any of the DEI materials in connection with any product/ service will lead to confusion in people and will result in deception. Conclusively, any such unauthorized usage would constitute a violation of the Plaintiffs' common law trade mark right amounting to passing off. He has also deposed that the Plaintiffs' merchandising business is directly related to the popularity of the Plaintiffs' Characters and the same forms a considerable part of the Plaintiffs' revenue. Therefore, any such passing-off will also result in unfair competition and a serious loss in revenue and incalculable damages to the Plaintiffs herein.

13. PW1 has also deposed that every licensed product (including packaging) of the Plaintiffs bear a permanently affixed copyright notice (generally ©Disney) and/or trademark notice as may be communicated by the Plaintiffs' to the Licensee in writing. He has also deposed that authorized/ genuine merchandise of the Plaintiffs' bear the name, address and country of origin of the Licensee on permanently affixed labels. Furthermore, authorized goods of the Plaintiff also contain certain statutory declarations such as name and/or address of the manufacturer/packer, retail sale price, quantity of goods, consumer helpline number etc. The photographs of authorized goods bearing such authentication features have been exhibited as **ExPW1/4-'Colly'**. He has also deposed that the Plaintiffs enter into various license agreements with prospective licensees. A copy of a sample agreement executed between the Plaintiff No. 2 and prospective licensees has been exhibited as **ExPW1/5**.
14. PW1 has further deposed that on 2nd November, 2011 the Plaintiffs were informed by their market sources that the Defendants herein are engaged in retailing, offering for sale, selling, trading, wholesale distribution and other dealings, in a variety of stationery items such as stationery products, including but not limited to examination pads, boards etc., bearing the

Plaintiff's DEI Materials, without the Plaintiff's permission. Defendant No.1 is in charge of the Defendant No.2, and is responsible for the conduct of its business.

15. PW1, Mr. Vishal Ahuja, further deposed that on 2nd November, 2011, plaintiffs appointed an independent investigator, Mr. Rajesh Mishra, who visited the establishment of the Defendants and reported/confirmed that Defendants were engaged in sale and distribution of goods with the Plaintiffs' trademark and copyright protected Characters affixed on them such as **"Hannah Montana"**, **"Donald Duck"**, **"Mickey Mouse"**, **"Winnie the Pooh"** etc.
16. PW1 has also deposed that pursuant to the order of this Hon'ble court, the Ld. Local Commissioner along with the Plaintiffs' representatives visited the premises of the Defendants. He has also deposed that the report of the Local Commissioner reveals that upon reaching the Defendants' premises, a large number of goods bearing the Plaintiffs' DEI materials were found at the above-mentioned address of the Defendants' as well as the new location disclosed during the local commission proceedings. Copy of the Local Commissioner's report has been exhibited as **Ex-PW1/7 'Colly'**.
17. PW1 has further deposed that the counterfeit products of the Defendants are of cheap quality with poor packaging and they have knowingly affixed Plaintiff's DEI materials on such goods. Said acts of the Defendants have lead to confusion between the original merchandise and the counterfeit merchandise, hence the reputation and goodwill, so hardly earned by the Plaintiffs' is being tarnished. Therefore, Defendants are infringing the registered trademarks of the Plaintiff's within the Meaning of Section 29 of the Trademarks Act 1999.
18. It has also been deposed that the Characters of the Plaintiffs' fall under Artistic Work within the meaning of Section 2(c) of the Copyright Act

1957, hence, by unauthorized depiction, the Defendants are also liable to copyright infringement within the meaning of Section 51 of the Copyright Act 1957.

19. Actual retail price of each of the categories of goods found at the Defendants’ premises during the visit of the Local Commissioner is mentioned hereinbelow:

S.No.	Plaintiff’s products	Average Unit Price of the Plaintiff’s Product in INR (exclusive off all taxes)	Number of Defendant’s Goods seized during Local Commission Proceedings	Monetary Loss caused to the Plaintiffs’
1.	Exam Board	120	2350	Rs. 2, 82, 000

It has been deposed that the prices as indicated hereinabove have been provided from the catalogues of goods listing the prices. The catalogues have been exhibited as **Ex PW1/8**.

20. PW1 has further deposed that in addition to the above, the Ld. Local Commissioner also seized 2D as well as 3D stickers which are used to affix upon the cardboard for making the Examination Boards. Ostensibly, the 2D/3D stickers were manufactured by the Defendants in order to unauthorizedly put for sale/sell, the final product i.e. the examination board. As a result, the monetary loss caused to the Plaintiffs’ upon manufacturing these Examination Boards is mentioned in the table hereinbelow:

S.No.	Plaintiff's products	Average Unit Price of the Plaintiff's Product in INR (exclusive off all taxes)	Number of Defendant's Goods seized during Local Commission Proceedings	Monetary Loss caused to the Plaintiffs'
1.	Exam Boards	120	7900	Rs. 9, 48, 000

21. Thus, the total monetary loss caused to the Plaintiffs is computed as follows:

S.No.	Plaintiff's Products	Average Unit Price of the Plaintiff's Product in INR (exclusive off all taxes)	Total Number of Infringing Goods seized during Local Commission Proceedings	Total Monetary Loss caused to the Plaintiffs'
1.	Exam Board	120	2350 + 7900	Rs. 12, 30, 000 (exclusive of taxes)

22. PW1, Mr. Vishal Ahuja, has also deposed that the Plaintiffs in addition to the above mentioned damages also incurred expenses on initiating the present suit. The Plaintiffs have filed court fees of Rs.22,013/-, and the total fees for the Local Commissioners was fixed at Rs. 1,20,000/-.

23. PW1 has also deposed that the sale of such cheap counterfeits by the Defendants is severely detrimental to the rights of the Plaintiffs' authorized licensees in India. Moreover, such unchecked, unauthorized use and infringement of the Plaintiffs' valuable intellectual properties acts as a disincentive for entities to pay monetary consideration in exchange for permits/licenses from Plaintiffs'. Therefore, the sale of counterfeit products by the Defendants significantly affects the commercial interests of the Plaintiffs'.
24. PW1 has further deposed that the Defendants have been habitual infringers for a number of years prior to the Plaintiffs learning of their illegal activities. During the preceding years the Defendants have earned significant profits through the sale and distribution of pirated/unlicensed goods of the Plaintiffs and as a result the Plaintiffs have suffered huge losses. He has also deposed that on account of the Defendants' blatant infringement and abuse of process of law, the Defendants must not only be held liable for the direct loss to the Plaintiffs' as discovered through the execution proceedings but also punitively punished so as to deter other infringers from committing the same. He has also deposed that considering the Defendants' regular, ceaseless and habitual acts of infringement, the Plaintiffs must have suffered enormous losses over and above Rs. 20 lacs.
25. PW1 has also deposed that the information contained in the printouts is an exact replication of the information as present on the websites and that the information is not defaced, altered etc. in any manner whatsoever.
26. 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 evidence of plaintiffs has gone un-rebutted and unchallenged. A list of all relevant registrations of

the Plaintiff's and copies of Legal Proceeding Certificates of the Trademark registrations have been exhibited as **ExPW1/2 'Colly'**. Copies of the Copyright Registration Certificates of the Plaintiff's characters have been exhibited as **ExPW1/3 'Colly'**. Copy of Local Commissioners' report, showing the large quantity of goods bearing the Plaintiffs' DEI materials seized at defendants' location have been exhibited as **Ex-PW1/7 'Colly'**.

27. On the basis of the documents placed on record, the plaintiffs have established that plaintiff no. 1 is the owner of the trademarks and copyrights in question and the plaintiffs have the exclusive right to use, authorize usage or issue licenses related to the Trademarks and copyrights. Plaintiffs have also established that the degree of association of the DEI materials, such as Character Names, Character Devices or Characters with the Plaintiffs is so intense that any reference to them leads a substantial part of the relevant public to recognize, acknowledge and associate the same exclusively with the Plaintiffs and the Plaintiffs alone. Plaintiffs have also established that Defendants are engaged in sale and distribution of goods with the Plaintiffs' trademark and copyright protected Characters affixed on them such as "Hannah Montana", "Donald Duck", "Mickey Mouse", "Winnie the Pooh" etc. Plaintiffs have further established that the defendants have adopted said characters of plaintiffs with a mala fide intent to passoff their goods as those of the plaintiffs' and to cash upon the goodwill and reputation enjoyed by the plaintiffs in its trademarks and copyrights in the said characters.
28. In *Disney Enterprises, Inc. & Anr. Vs. Gurmeet Singh & Ors., CS(OS) 1451 of 2011* decided on 20th October, 2011, this court has declared that plaintiffs' trademark DISNEY has acquired the status of well known trademark.

29. Plaintiffs have limited their prayer for damages to punitive damages.
30. In *Microsoft Corporation v. Deepak Raval* reported at MIPR 2007 (1) 72, this Court observed that in our country the Courts are becoming sensitive to the growing menace of piracy and have started granting punitive damages even in cases where due to absence of Defendant, the exact figures of sale made by them under the infringing copyright and/or trademark, exact damages are not available. The justification given by the Court for award of compulsory damages was to make up for the loss suffered by the plaintiff and deter a wrong doer and like-minded from indulging in such unlawful activities.
31. In *Larsen and Toubro Limited v. Chagan Bhai Patel* reported at MIPR 2009 (1) 194, this Court has observed that it would be encouraging the violators of intellectual property, if the Defendants notwithstanding having not contested the suit are not burdened with punitive damages.
32. In the case of *Time Incorporated v. Lokesh Srivastava and Anr* reported at 2005 (30) PTC 3 (Del), apart from compensatory damages of Rs.5 lakhs, punitive damages were also been awarded.
33. 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 a defendant who appears in Court and submits its account books would be liable for damages, while another defendant who, 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 not to participate in court proceedings and stays away must, thus, suffer the consequences of damages as stated and set out by the plaintiffs. 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.

34. 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 0512.2011 is confirmed and the suit is decreed in favour of the plaintiffs and against the defendants. Plaintiff is also entitled to damages to the tune of Rs.5.0 lacs.
35. Decree sheet be drawn up accordingly.

(G.S.SISTANI)
JUDGE

MAY 23, 2014
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