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

+ **CS(OS) 959/2015**

% ***Judgment dated 07th November, 2016***

BURGER KING CORPORATION

..... Plaintiff

Through : Mr. Pravin Anand, Mr. Raunaq Kamath
and Ms. Anjana Ahluwalia, Advocates.

versus

GURPREET SINGH SEKHON & ORS.

..... Defendants

Through: None

CORAM:

HON'BLE MR. JUSTICE G.S.SISTANI

G.S.SISTANI, J (ORAL)

I.A. 13385/2016

1. This is an application filed under Order VIII Rule 10 of the Code of Civil Code, 1908 by the plaintiff for passing of a decree of permanent injunction in the default of the defendants to file written statement. None is present on behalf of the defendants despite service.
2. Summons in the present matter were issued on 10.04.2015; on the same date an *ex parte ad interim injunction* was also granted in favour of the plaintiff and against the defendants. The defendants were duly served and the defendants had also entered appearance through counsel on the next date of hearing, i.e. 29.07.2015. Thereafter, none has appeared for the defendants, nor has any written statement been filed on their behalf.
3. The plaintiff has filed the present suit for permanent injunction restraining the infringement of trademark, passing off, rendition of accounts, delivery up, damages etc. against the defendants. The

plaintiff seeks protection of its trademarks 'BURGER KING' and



'HUNGRY JACK'S' and their logos, i.e. 'BURGER KING' and 'HUNGRY JACK'S'; it further seeks protection of its catchphrase 'HAVE IT YOUR WAY'.

4. As per the plaint, the plaintiff corporation was founded in 1954 when it commenced its business with one restaurant in Miami, Florida, United States trading under the name and style of 'BURGER KING'. The plaintiff's very first advertisement was aired in 1958 on Miami's local station while the plaintiff's first franchisee outlet was started in 1959. Since its inception, the plaintiff had plans of global expansion and opened its first 'Burger King' restaurant outside the United States of America in Puerto Rico in 1963. By 1967, the plaintiff already owned and operated 275 'Burger King' restaurants. Owing to its swift expansion, today the plaintiff manages and operates a worldwide chain of over 13,000 fast food restaurants serving more than 11 million customers daily in 100 countries and U.S. territories. The plaintiff claims to be the second largest fast food hamburger company employing more than 30,300 people. It had opened the first 'Burger King' franchisee restaurant in Asia in 1982 and there are currently over 1,200 of these restaurants in Asia-Pacific Region.
5. As per the plaint, the other chain of restaurants of the plaintiff is in the name of 'HUNGRY JACK'S'. The first such franchisee restaurant was opened in Perth, Australia on 18.04.1971. Thereafter, the chain was expanded rapidly and by 1981, the plaintiff had launched 26 'Hungry Jack's' across three states in Australia; today, there are more than 340 stores across Australia.

6. Accordingly, the plaintiff claims proprietary rights in the marks 'Burger King' and 'Hungry Jack's' since the years 1954 and 1971 respectively.
7. As per the plaintiff, the plaintiff's 'Burger King' mark has been depicted in a variety of logos, which have acquired significant global reputation and have come to be solely associated with the plaintiff. In 1969, the plaintiff adopted a logo comprising a depiction of a hamburger enclosing its registered trade mark/ name 'Burger King' in red font. The same is referred to as the '*Hamburger Design Logo*', which is as under:



8. The plaintiff also claims to have adopted the Hamburger Design Logo in relation to its 'Hungry Jack's' mark in 1971. The mark 'Hungry Jack's' is similarly represented in a logo comprising a depiction of a hamburger enclosing the plaintiff's mark in red font; as shown below:



9. The plaintiff's trademarks are registered in its favor in over 122 countries of the world including 22 countries in the Asia Pacific and South-East Asia regions including India. In India, the plaintiff is the registered proprietor of the trade mark 'Burger King' (word) since 1979. The details of registrations in India are as under:

<u>Trade Mark</u>	<u>Reg. No.</u>	<u>Class</u>	<u>Date</u>	<u>Goods</u>
BURGER KING	348560	16	25.04.1979	Paper and paper products included in class 16, printed matter
BURGER KING	348561	29	25.04.1979	Meat, Fish, Milk and other dairy products, edible oils, fats and pickles.
BURGER KING	348562	30	25.04.1979	Coffee, tea, cocoa, sugar, coffee substitutes, breads, pastry, ices, mustard, pepper and sauces.
BURGER KING	348563	32	25.04.1979	Beer, ale and porter, mineral and aerated waters and other non-alcoholic drinks, syrups and other preparations for making beverages
	828558	16	20.11.1998	Paper goods and printed matter, paper, cardboard and goods made from these materials including BKC's packaging, advertising, promotional items.
	828559	29	20.11.1998	Meat and processed foods, meat, fish, poultry and game, meat extracts, preserved, dried and cooked fruits and vegetables, jellies, jams, fruit sauces, eggs, milk and milk products, edible oils and fats, including

				meat, fish, poultry, eggs used in sandwiches.
	828560	30	20.11.1998	Staple foods, coffees, tea, cocoa, sugar, rice, tapioca, sago, artificial coffee, flour and preparations made from cereals, bread, pastry and confectionery, ices, honey, treacle, yeast, baking powder, salt, mustard, including bkcs sandwich products and coffee and tea drinks.
BURGER KING	828561	32	20.11.1998	Light beverages, beers, mineral and aerated waters and other non-alcoholic drinks, fruit drinks and fruit juices, syrups and other preparations for making beverages
BURGER KING	1494246	42	06.10.2006	Restaurant Services
	927122	30	31.03.2009	Hamburger sandwiches; chicken sandwiches; fish sandwiches; breakfast sandwiches; bakery goods; fruits pies; coffee, rice, pasta; cereals and cereal preparations; tea, coffee, cocoa; coffee essence, coffee extracts, mixtures of coffee and chicory, chicory and chicory mixture, all for use as substitutes for coffee; non-medicated confectionery;

				pastries, cakes, biscuits, ices, ice cream, ice cream products, frozen confections; chilled desserts, mousses, sorbets; bread; pastry; drinks, fillings; sweet s
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10. In addition to the foregoing registrations in India, the plaintiff has also been granted registration of the mark ‘Burger King’ across the globe. The mark ‘Hungry Jack’s’ has been granted registration in few jurisdictions, excluding India. The details of international registrations have been extracted in paragraph 10 of the plaint.
11. The plaintiff claims that its marks had achieved trans-border reputation in India owing to their extensive use across the world even prior to their introduction in India. The plaintiff has brand visibility in India through trade shows (such as the USDA India Trade Mission 2009), presence of their ‘Burger King’ products in the embassy of the United States of America in India, import of the samples under the mark BURGER KING in India etc. Additionally, the Plaintiff has tie-ups with the entertainment industry and its ‘Burger King’ products/ brand have been advertised in popular movies such as The Fantastic Four (2005), Transformers (2007), Iron Man (2008), The Twilight Saga – New Moon (2009) etc. These movies were released in India and the Indian public was exposed to the products of the plaintiff carrying its trademarks and logos. Further there are numerous write-ups about the products of the plaintiff in publications having circulation in India.
12. The plaintiff further claims extensive online presence with the domain name ‘www.burgerking.com’ having been registered as far back as 14.11.1994. The plaintiff also owns the domains ‘www.bk.com’ and

‘www.hungryjacks.com.au’; which have lead to the marks gaining tremendous goodwill in India.

13. As per the plaintiff, on account of the inclusion of ‘beef’ in the plaintiff’s burgers, which in the Indian context would have previously made the conduct of the plaintiff’s business unviable, the plaintiff had not launched a ‘Burger King’ restaurant in India till recently. However, owing to globalization and transformation in the Indian development and consequent to conducting exhaustive feasibility studies which have indicated the readiness of the Indian market for the plaintiff’s world-renowned restaurants; in 2013, the plaintiff entered into a Joint Venture with Everstone Group, a leading private equity and real estate firm in India and South East Asia, to set up a supply chain in India and establish ‘Burger King’ restaurants across the country. The entry into India received wide spread press coverage both in the form of articles as well as through social media. The plaintiff’s first Indian ‘Burger King’ restaurant was opened in New Delhi on 09.11.2014. Since then, the plaintiff has launched 4 more ‘Burger King’ restaurants in New Delhi/ NCR with an additional 5 ‘Burger King’ restaurants operating in Mumbai and has plans of further expansion with several more outlets scheduled to open in India.
14. The plaintiff also claims that its ‘Burger King’ restaurants generate tremendous sales across the globe. The details of plaintiff’s revenue and promotional efforts have been extracted in paragraphs 19 and 20 of the plaint.
15. In addition to the Hamburger Design Logos, the plaintiff has also sought protection of its catchphrase/mark ‘Have It Your Way’ which was launched in 1973. Plaintiff has founded a US-based non-profit foundation with multiple focuses on hunger alleviation, disease

prevention and community education through scholarship programs at colleges in the US known as the 'Have It Your Way Foundation', which has awarded millions of dollars worth of scholarships to students in the last few years alone.

16. As per the documents placed on record, the slogan 'Have It Your Way' was initially adopted in order to sum up the difference of the 'Burger King' chain with its prime rival 'McDonald's'. The slogan was later abandoned in favour of other slogans, but the 'Have It Your Way' slogan was returned in 2004 in TV advertisements of the plaintiff corporation.
17. Accordingly, the plaintiff claims that owing to the long, continuous and ubiquitous use of the 'Burger King' (since 1954) and 'Hungry Jack's' (since 1971) trademarks/ service marks, the Hamburger Design Logo (since 1969) and the 'Have It Your Way' catch phrase (since 1973), coupled with extensive sales and promotional efforts, the plaintiff has acquired significant common law rights in the said marks, logo and catch phrase across the world including India and is, thus, entitled to the exclusive use thereof.
18. It is the case of the plaintiff, that in December 2014, the plaintiff learnt that the defendants had filed an application for registration of the mark



' in Class 30 filed by defendants. Upon investigation, the plaintiff claims to have learnt that the defendants were planning to open a restaurant in Patiala, Punjab under the said mark and the logo had been prominently displayed across the defendants' premises as well as signages and promotional material.

The defendants' were also using a similar catchphrase, i.e. 'Have it Kings Way'.

19. The investigation also revealed that the defendants are operating a website under the impugned domain name 'www.hungry-king.com'. A visit to the defendants' website revealed that the impugned mark/ name 'Hungry King' and the impugned logo  adopted by the defendants was prominently displayed. The defendants' website is an interactive one which allows visitors to purposefully avail of their services under the impugned trading style of 'Hungry King'. A search of the Whois Information Lookup Database conducted by the plaintiff confirmed that the impugned domain name was created on 26.06.2013. The defendants are also operating a page on the social media forum 'www.facebook.com' where it has prominently depicted a picture of its packaging bearing the impugned mark and logo  in conjunction with the impugned catch phrase 'Have It Kings Way'.
20. The plaintiff had also sent a cease and desist notice by email on 18.02.2015, which has not been replied to; this has lead to the filing of the present suit.
21. I have heard the learned counsel for the plaintiff and examined the contents of the plaint which are duly supported by an affidavit of the plaintiff and documents placed on record. Summons in the present suit were issued on 10.04.2015, when an *ad interim ex parte injunction* was also granted against the defendants. Thereafter, on the next date of hearing 29.07.2015, the defendants had entered appearance through counsel. Since 29.07.2015, none has been appearing on behalf of the defendants. On 26.02.2016, this court observed that the defendants had failed to file their written statement and adjourned the matter to enable the plaintiff to file an application under Order VIII Rule 10. The

plaintiff had even filed an application under Order XXXIX Rule 2A, being IA 4645/2016, as the defendants had failed to comply with the *ad interim ex parte* injunction granted by this court. The interim order dated 10.04.2015 was also made absolute on 29.08.2016. On the same date, it was noticed that the application bearing IA No. 4645/2016 could not be served and the service report stated '*firm sold*'. Thereafter on 01.09.2016, a local commissioner was appointed inspect the premises of the defendants' and also remove all hoardings, advertisements, etc. The report of the local commissioner is also on record.

22. Recently, I had examined the scope of Order VIII Rule 10 of the Code of Civil Procedure particularly in the background of the new Commercial Courts, Commercial Division and Commercial Appellate Division of High Courts Act, 2015 in ***Nirog Pharma Pvt. Ltd. v. Umesh Gupta & Anr.***, CS (OS) 2517/2015 dated 21.10.2016. The relevant paragraphs read as under:

“11. Order VIII Rule 10 has been inserted by the legislature to expedite the process of justice. The courts can invoke its provisions to curb dilatory tactic, often resorted to by defendants, by not filing the written statement by pronouncing judgment against it. At the same time, the courts must be cautious and judge the contents of the plaint and documents on record as being of an unimpeachable character, not requiring any evidence to be led to prove its contents. ...

...

28. The present suit is also a commercial suit within the definition of the Commercial Courts, Commercial Division and Commercial Appellate Division of High Courts Act, 2015 and it was the clear intention of the legislature that such cases should be decided expeditiously and should not be allowed to linger on. Accordingly, if the defendant fails to pursue his case or does so in a lackadaisical manner by not filing his written statement, the courts should invoke the provisions of Order VIII Rule 10 to decree such cases.”

23. In the present case, the plaintiff is aggrieved by the adoption of the mark ‘Hungry King’ by the defendants which is claimed to be mix of the two marks of the plaintiff, being ‘Hungry Jack’s’ and ‘Burger King’. The defendants have also imitated to Hamburger Design Logos of the said marks. The catchphrase/slogan is also similar. To sum up, the marks of the parties are as under:

<u>Plaintiff's Marks</u>	<u>Defendants' Mark</u>
<u>HUNGRYJACK'S + BURGERKING</u>	HUNGRY KING
	
HAVE IT YOUR WAY	HAVE IT KINGS WAY

24. Additionally, the plaintiff claims that the adoption of the domain name ‘www.hungry-king.com’ amounts to an infringement of the registered trademarks of the plaintiff, as detailed in paragraph 9 foregoing. The plaintiff has also submitted that the website is a slavish imitation of the website of the plaintiff’s website ‘www.hungryjacks.com.au’. A comparative analysis has also been given in paragraph 31 of the plaint.
25. I have perused the Report of the Local Commissioner dated 25.10.2016. The local commissioner had inspected the premises of the defendants and learnt that the premises had been sold to one, Mr. J.P. Arora, on 25.02.2016; who had since changed the name of the restaurant to ‘Sabik’ and had nothing to do with ‘Hungry King’. All the remaining banners, hoardings, advertisements have also been defaced by the local commissioner.

26. The learned counsel has also handed over in a Judgment of the Punjab and Haryana High Court being ***Gurpreet Singh Sekhon v. State of Punjab***, CRM No. M-36297/2014 dated 19.11.2014; wherein anticipatory bail was granted to defendant no.1 herein. In the said judgment, the counsel for the defendant no.1 had mentioned that the defendant nos 1 and 2 had initially planned to open a franchisee of the plaintiff's 'Burger King' restaurant only. Since the same did not materialize for one reason or another, the defendants opened a restaurant in the name of 'Hungry King' and ran the same for about one and a half years. The learned counsel has submitted that the same clearly establishes the intention of the defendants to pass off their products as that of the plaintiff.
27. It has been repeatedly held by the Supreme Court and this Court that in proceeding under Order VIII Rule 10 of the Code of Civil Procedure, the courts should not act blindly; but must consider the contents of the plaint. It has been held in ***Balraj Taneja & Anr. v. Sunil Madan & Anr.***, AIR1999SC3381 that even a judgment passed on the failure of the defendant to file its written statement, the requirements of Order XX Rule 4(2) should be fulfilled. This has been reiterated numerous times and recently in ***C.N. Ramappa Gowda v. C.C. Chandregowda (Dead) by L.Rs. and Anr.***, (2012)5SCC265.

PASSING OFF

28. Passing Off action arises out of common law and is not pre-conditioned on registration. The term 'passing off' was explained by James, L.J. in ***Singer Manufacturing Co. v. Loog***, (1880) 18 ChD 395 as under:

"...I have often endeavoured to express what I am going to express now (and probably I have said it in the same words, because it is very difficult to find other words in which to express it) — that is, that no man is entitled to represent his

goods as being the goods of another man; and no man is permitted to use any mark, sign or symbol, device or other means, whereby, without making a direct false representation himself to a purchaser who purchases from him, he enables such purchaser to tell a lie or to make a false representation to somebody else who is the ultimate customer.”

(Emphasis Supplied)

29. Lord Diplock in *Erven Warnink Besloten Vennootschap v. J. Townend & Sons (Hull) Ltd.*, [1979] A.C 731 had identified five essentials to establish an action of passing off. The relevant excerpt is as under:

“My Lords, *A.G Spalding and Brothers v. A. W. Gamage Ltd.*, 84 L.J.Ch 449, and the later cases make it possible to identify five characteristics which must be present in order to create a valid cause of action for passing off: (1) a misrepresentation, (2) made by a trader in the course of trade, (3) to prospective customers of his or ultimate consumers of goods or services supplied by him, (4) which is calculated to injure the business or goodwill of another trader (in the sense that this is a reasonably foreseeable consequence) and (5) which causes actual damage to a business or goodwill of the trader by whom the action is brought or (in a quia timet action) will probably do so.”

(Emphasis Supplied)

30. The foregoing essentials have been accepted by the Supreme Court in *Cadila Health Care Ltd.v.Cadila Pharmaceuticals Ltd.*, (2001) 5 SCC 73 and *Heinz Italia v. Dabur India Ltd.*, (2007) 6 SCC 1. In *Cadila Health Care Ltd. (Supra)*, the Supreme Court had further laid down the following decisive tests for checking deceptive similarity:

“35. Broadly stated, in an action for passing-off on the basis of unregistered trade mark generally for deciding the question of deceptive similarity the following factors are to be considered:

(a) The nature of the marks i.e. whether the marks are word marks or label marks or composite marks i.e. both words and label works.

(b) The degree of resemblance between the marks, phonetically similar and hence similar in idea.

(c) The nature of the goods in respect of which they are used as trade marks.

(d) The similarity in the nature, character and performance of the goods of the rival traders.

(e) The class of purchasers who are likely to buy the goods bearing the marks they require, on their education and intelligence and a degree of care they are likely to exercise in purchasing and/or using the goods.

(f) The mode of purchasing the goods or placing orders for the goods.

(g) Any other surrounding circumstances which may be relevant in the extent of dissimilarity between the competing marks.

36. Weightage to be given to each of the aforesaid factors depending upon facts of each case and the same weightage cannot be given to each factor in every case.”

(Emphasis Supplied)

31. In the present case, the mark of the defendants is extremely similar to the marks of the plaintiff. Infact, it is a blend of the two marks of the plaintiff. The same is further aggravated by the fact that the Hamburger Design Logo has also been copied. A comparison of the marks has already been given in paragraph 23 aforegoing. In order to further portray their products as that of the plaintiff, the defendants have even adopted a slavish imitation of the slogan of the plaintiff.
32. Accordingly, applying the aforegoing test I am of the view that the defendants have tried to dupe the general public by portraying their products in a manner that they originate from the plaintiff. Such usage would inevitably lead to loss of revenue as also that of goodwill.

Accordingly, the defendants have indulged into the offence of passing off.

33. Having held that the defendants have committed the act of passing off, the only other issue which remains in the present suit is damages.
34. A coordinate bench of this court in the case of ***Relaxo Rubber Limited & Anr.v.Selection Footwear & Anr.***, AIR2000 Del 60 which while granting injunction also granted damages under Order VIII Rule 10 in a case for infringement of copyright and trade mark.

PUNITIVE DAMAGES

35. With regard to the relief of damages as claimed by the plaintiffs in paragraph 40 g) of the plaint, the plaintiffs relied in ***Time Incorporated v. Lokesh Srivastava & Anr.***, 2005 (30) PTC 3 (Del); 2005 (116) DLT 599, while awarding punitive damages of Rs. 5 lakhs in addition to compensatory damages also of Rs. 5 lakhs, Justice R.C. Chopra observed as under:

“8. This Court has no hesitation on 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 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 Mathias v. Accor Economy Lodging Inc., 347 F.3d 672 (7th Cir. 2003) 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 torfeasor 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 times he gets away. This Court feels that this approach is necessitated further 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 since 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. This Court is of the view that the punitive damages should be really punitive and not flea bite and quantum thereof should depend upon the flagrancy of infringement.”

(Emphasis Supplied)

36. This Court in the case of **Microsoft Corporation v. Rajendra Pawar & Anr.**, reported at 2008 (36) PTC 697 (Del.), has held:

“22. 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 task 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.

23. Punitive damages are a manifestation of equitable relief granted to an aggrieved party, which, owing to its inability to prove actual damages, etc., could not be adequately compensated by the Court. Theoretically as well as practically, the practice of awarding of punitive damages may be rationalized as preventing under-compensation of the aggrieved party, allowing redress for undetectable torts and taking some strain away from the criminal justice system. Where the conduct of the erring party is found to be

egregiously invidious and calculated to mint profits for his own self, awarding punitive damages prevents the erring party from taking advantage of its own wrong by escaping prosecution or detection.”

(Emphasis Supplied)

37. A coordinate bench of this court in the case of ***The Heels v. Mr. V.K Abrol and Anr.***, CS(OS) NO.1385 of 2005 decided on 29.03.2006 has held:

“11. 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.

12. No doubt it is not possible to give an exact figure of damages on the basis of actual loss, but certain token amounts on the basis of the sales of the plaintiff can certainly be made. The plaintiff is unnecessarily dragged into litigation and the defendants must bear consequences thereof. In fact in such a case both compensatory and punitive damages ought to be granted apart from the costs incurred by the plaintiff on such litigation. In view of the given sales figure of the plaintiff, I consider it appropriate to grant a decree of damages in favor of the plaintiff and against the defendants for a sum of Rs 3 lakh apart from costs of the suit.”

38. In view of the facts of the present case, this Court is of the opinion that in the present case rupee two lakhs as punitive damages be granted in favour of the plaintiff and against the defendant in terms of 26 (h) of the plaint.

39. Resultantly, having been satisfied with the averments made and duly supported by documents, report of the local commissioner and no written statement being on record, I deem it a fit case to for invoking the provisions of Order VIII Rule 10 of the Code of Civil Procedure.
40. Accordingly, the present suit is decreed in favour of the plaintiff and against the defendants in terms of paragraphs 40b), c) and f) along with damages of rupeestwo lakhs. No other relief is pressed.
41. I.A. 13385/2016 stands disposed of.

I.A. 4645/2015 (under Order XXXIX Rule2A CPC)

42. In view of the judgment passed in the suit, the application stands disposed of.

NOVEMBER 07, 2016

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G.S.SISTANI, J

