

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

% Decided on: 17th July, 2017

+ **CS(COMM) 1585/2016**

PEPSICO INC & ORS. Plaintiffs

Represented by: Mr. Kunal Mimani and Mr.
Dheeraj Nair, Advocates

versus

DUGAR SPICES & EATABLES (P) LTD. & ORS. Defendants

Represented by: None

CORAM:

HON'BLE MS. JUSTICE MUKTA GUPTA

MUKTA GUPTA, J. (ORAL)

1. By the present suit, the plaintiffs prays for the following reliefs:

A) *A decree of permanent injunction restraining the defendants, their principal officers, family members, servants, agents, dealers, distributors, retailers and anyone acting for and on their behalf from manufacturing, selling, exporting or importing, offering for sale or advertising using the impugned products under the marks/ logos/ labels/ packagings under the marks KURKURE, KURMURE and/or CRACKURE or any other mark/ logo/ label/ packaging which is in violation of the Plaintiffs' rights in the marks/logos/labels/ packagings of the KURKURE series of products, in any manner whatsoever including through representation/promotion/sale of the infringing marks/logos/packagings on their website.*

B) An order of Directions to the custom departments at all ports in India not to allow the import of the Defendants' impugned product in India in view of the order of injunction of this Hon'ble Court.

C) An order of Rendition of Account of profits/ Decree of Damages illegally earned by the Defendants by use of the infringing marks/logos/labels/packagings KURKURE, KURMURE and/or CRACKURE and from selling the impugned products and a decree for the amount so found due be passed in favour of the Plaintiffs. The Plaintiffs undertake to pay further court fees once the sum is ascertained on the Defendants' rendering true and correct accounts.

D) A decree of delivery up of all the material bearing the impugned marks/logos/packagings under the marks KURKURE/ KURMURE/ CRACKURE or any other deceptively similar mark/logo/device to that of the Plaintiffs' KURKURE series of products namely, printed material, labels, packaging, invoices, moulds, dyes, plates, bottles, publicity materials, labels, sign boards, stationery etc., for the purpose of destruction/erasure.

E) Costs be awarded in favour of the plaintiffs; and

F) Any such further and other order(s) as this Hon'ble Court may deem fit and proper in the facts and circumstances of the present case.

2. Summons in the suit were issued to the defendants vide order dated 22nd December, 2010 and an ad interim ex parte order was also passed in favour of the plaintiffs and against defendant Nos. 1, 6 and 7 restraining

them from selling or offering for sale any products with the mark similar to the plaintiffs' mark "KURKURE". Since defendant Nos. 2 to 5 could not be served, they were directed to be served through designated officer of the Ministry of External Affairs, Govt. of India. Vide order dated 19th April, 2011 an ad interim injunction was granted restraining defendant Nos. 2 to 5 from selling or offering for sale any product with the mark similar to the plaintiffs' mark "KURKURE". None entered appearance on behalf of defendant Nos. 2 to 5 and consequently they were proceeded ex parte vide order dated 4th September, 2015.

3. The plaintiffs gave up their claim for damages, rendition of accounts and costs against defendant Nos. 1, 6 and 7 as the disputes between plaintiffs and defendant Nos. 1, 6 and 7 were resolved and the same was recorded vide order dated 19th November, 2015. Thus the suit was disposed of qua defendant Nos. 1, 6 and 7.

4. As per the plaint, plaintiff No. 1, PepsiCo Inc, is a Corporation incorporated under the laws of North Carolina, United States of America having its principal office at 700, Anderson Hill Road, Purchase New York, USA. Plaintiff No. 2, PepsiCo India Holdings Ltd. and Plaintiff No. 3, Pepsi Foods Private Limited are fully owned subsidiary companies of plaintiff No.1. The plaintiffs are the largest sellers of savoury snack foods, world's leading snack food manufacturers and one of the largest manufacturers and sellers of snacks in India. The plaintiffs' net sales of its products, including snack food business exceeds USD 43.2 billion.

5. The present suit relates to illegal manufacturing, marketing and sale of counterfeit and look alike products by defendant Nos. 2 to 5 in India and Nepal. It is stated that the defendants are using the trade mark, logo,

packaging, color combination of the plaintiffs' products "KURKURE", "KURMURE" and "CRACKURE" and violating the rights of the plaintiffs by doing the following acts:

- a. *Use of the identical trade mark KURKURE or deceptively similar marks like KURMURE, CRACKURE;*
- b. *Use of an identical Blue Ribbon Logo in some of the packaging.*
- c. *Use of the style of the letter "K" and "M" in the trade mark KURMURE which are similar to the earlier style of the Plaintiffs of KURKURE mark/logo.*
- d. *Use of an identical packaging with an orange/red, green and blue get-up, lay out and colour combination.*
- e. *Use of Masti Bhara Swad, Chai-Time Masti and the concept of Family Masti.*
- f. *Passing off of their products and business as that of the Plaintiffs;*
- g. *Dilution of the brand equity of the product and mark/label/logo KURKURE.*

6. Defendant No. 2 initially appears to have originated from Nepal and obtained trademark registrations for the mark/label/ KURKURE in Nepal. The plaintiffs have taken action against the registrations of the said mark by Defendant No. 2 in Nepal by way of filing cancellation petitions.

7. The trademark KURKURE and its style/label/logo/packaging is the exclusive property of the plaintiffs. The plaintiffs hold the trademark registration of "KURKURE" mark and "KURKURE CHAI BITES". The original artistic works in the plaintiffs' "KURKURE" packaging is also

subject matter of protection as contemplated under Section 2 (c) of the Copyright Act, 1957 and the copyright therein is exclusively owned by the plaintiffs herein. The packaging of the plaintiffs has instant recognition attracting the purchaser. The conceptualization, arrangements and depiction of the pictorial and artistic design of the plaintiffs pack is an original art work created for and on behalf of the plaintiffs.

8. It is the case of the plaintiffs that defendants No. 2 to 5 are the manufacturers and sellers of various counterfeit and look alike products under the marks/logos/labels/packaging of “KURKURE”, “KURMURE” and “CRACKURE”. The defendants have, in an illegal and unlawful manner, deliberately copied the essential features of the plaintiffs products. Upon seeing the defendants packaging the first impression of visual impact is that of the plaintiffs packaging.

9. The plaintiff led ex parte evidence and examined Lokesh Pandey, General Manager- Legal, PepsiCo (India) holdings Private Ltd. (Plaintiff No. 2) as PW-1 who tendered his evidence by way of affidavit and exhibited the copy of the resolution (Ex. PW-1/1) dated 15th January, 2015 authorizing him to swear the affidavit on behalf of the company which is duly incorporated under the provision of the Companies Act, 1956. It is deposed that plaintiffs are world renowned manufacturers and sellers of beverages under the trademarks PEPSI, MIRINDA, 7UP, AQUAFINA and MOUNTAIN DEW. The plaintiffs through their various divisions all over the world are also the largest manufacturers and sellers of snack food products under the brands LAY'S, CHEETOS, TOSTITOS, DORITOS, LEHAR and KURKURE. One of the leading business of the plaintiffs is

manufacture and sale of snack food under the trade mark/name/logo/label “KURKURE”.

10. Plaintiffs had launched the snack product with distinctive look and packaging under the mark “KURKURE” in India in the year 1999. An online print of an article published in the Financial Times dated 14th October, 1999 about the launch of the product under the mark “KURKURE” is exhibited as Ex. PW-1/10. The original Legal Proceedings Certificates for registration No. 1091168 for the “KURKURE” (stylized) mark; registration No. 1354757 for the mark “KURKURE CHAI BITES” and registration No. 1462492 for the KURKURE (wordmark) are exhibited as Ex. PW-1/12 to Ex. PW-1/14 respectively. The list of foreign registrations of the mark/logo “KURKURE” is exhibited as Ex. PW-1/15. The annual sales of plaintiffs “KURKURE” range of products for the period between 2007 to 2009 in India are as under:

Year	Volume(Numbers)
2007	29660 Tons
2008	32055 Tons
2009	36261 Tons

11. Plaintiffs’ expenditure on market research and advertising of its products under the “KURKURE” for the period 2001 to 2006 has been in excess of ₹100 crores. For the period between 2007-2009, the plaintiffs

expended the following amounts towards advertising and marketing for their product under the “KURKURE” trademark in India.

Year	Amount
2007	43 Crores
2008	44 Crores
2009	64 Crores

12. Plaintiff No. 1 has also obtained domain name registrations in the 'co.in' and '.in' categories, specific to India. The plaintiffs also operate the website www.kurkure.co.in which is accessible by innumerable internet users. The mark “KURKURE” is a "well-known mark" within the meaning of Section 11(8) of the Trade Marks Act, 1999.

13. Defendant Nos. 2 to 5 are based in Nepal and have obtained trade mark registrations for the defendants mark there. The said registrations have been granted in error, accordingly the plaintiffs, under the prevalent laws of Nepal, have filed rectifications petition against the registrations of the defendants. Copies of the rectification petitions filed by the plaintiffs are exhibited as Ex. PW-1/23. Defendant No. 2 to 5 also market and sell their products in India which is evident from the website of defendant No. 2- www.dugarspices.com.

14. The conduct of the defendant Nos. 2 to 5 cannot be called as a bona-fide conduct as the defendants are in the same trade and must be aware about

the packaging of the plaintiffs at the time of its adoption because the plaintiff's packaging is in vogue since long.

15. As per the evidence led, the packaging of the plaintiffs and the defendants as well as contents of website of the defendants showing the labels/packaging of the defendants are as under-

Plaintiffs' Packaging



Defendants' Packaging



DEFENDANT'S PACKAGING



DEFENDANT'S PACKAGING

16. As per the evidence led by the plaintiffs, contents of website of the defendant are as under-





17. From the perusal of the aforesaid packaging as well as contents on the website of defendant No.2, packaging of the defendants is deceptively similar to that of the plaintiffs' trademark, logo, labels/packaging of

KURKURE series of products thereby infringing the trademark of the plaintiffs and passing of their goods as that of the plaintiffs’.

18. It is trite law that a decree can be passed against the foreign defendants if part cause of action has arisen within the jurisdiction of this Court. This Court in the decision reported as 2011 SCC OnLine Del 3131 Super Cassetes Industries Ltd. Vs. Myspace Inc held-

“55. Now I shall deal with other submissions of the parties point wise including the issue relating to jurisdiction. At the threshold, I would like to state that I have held that this court has the jurisdiction and therefore proceeded to decide the aspect of copyright infringement first. I shall now discuss the reasons for arriving at the conclusion that this Court has necessary territorial jurisdiction which are as under:

55.1 Firstly, the present case relates to infringement of copyright wherein the remedies are conferred under the special statute. The said suit for infringement of copyright can be filed and initiated at the place wherein the plaintiff carries on business, or personally works for gain etc. This is by virtue of non obstante clause provided under Section 62(2) of the Act which reads as under:

“62. Jurisdiction of court over matters arising under this Chapter. (1) Every suit or other civil proceeding arising under this Chapter in respect of the infringement of copyright in any work or the infringement of any other right conferred by this Act shall be instituted in the district court having jurisdiction.

(2) For the purpose of sub-section (1), a “district court having jurisdiction” shall notwithstanding anything contained in the Code of Civil Procedure, 1908 (5 of 1908), or any other law for the time being in force, include a district court within the local limits of whose jurisdiction, at the time of the institution of the suit or other proceeding, the person instituting the suit or other proceeding or, where there are more than one such persons, any of them actually and

voluntarily resides or carries on business or personal works for gain.”

55.2 By mere reading of the provision of Section 62(2) of the Act, it becomes amply clear that the suit for infringement can be filed at the forum where the plaintiff resides or carries on business. The opening words of the provision provides “Notwithstanding anything contained in the code of civil procedure” which means that the said provision will operate in addition to what has be provided in the Code of Civil procedure. Thus, the said provision enables the suit to be filed at the place of the plaintiff which is the additional ground for attracting the jurisdiction of the court.

55.3 This question is no longer res integra and put to rest by the Supreme Court while examining the said provision in the case of Exphar SA v. Eupharma Laboratories Ltd., (2004) 3 SCC 688 wherein the Hon'ble Court observed.

“It is, therefore, clear that the object and reason for the introduction of sub-section (2) of Section 62 was not to restrict the owners of the copyright to exercise their rights but to remove any impediment from their doing so. Section 62(2) cannot be read as limiting the jurisdiction of the District Court only to cases where the person instituting the suit or other proceeding, or where there are more than one such persons, any of them actually and voluntarily resides or carries on business or presently works for gain. It prescribes an additional ground for attracting the jurisdiction of a Court over and above the ‘normal’ grounds as laid down in Section 20 of the Code.”

Therefore, the plaintiff while it has initiated the said suit at the forum where it is carrying on business has rightly initiated the suit in compliance of the provision of Section 62(2) of the Act which is the additional ground for attracting the jurisdiction. In these circumstances, by operation of non-obstacle clause, the principles relating to defendants carrying on business or part of cause of action or subject matter becomes irrelevant as the present case falls under the special provisions prescribed in the special statute.

The said provisions under Section 62 are in addition to and not in derogation or conflict with the general law as envisaged in the Code of Civil Procedure. Thus, the recourse of the defendants' counsel in relation to the principles of general law is misplaced.

55.4 The personal amenability of the defendants are therefore, not relevant in case of suit for infringement wherein the jurisdiction is sought to be invoked by way of provisions of the special enactment when it provides for non obstante clause. The said non obstante clause thus operate to its full extent and it cannot be said that there is a separate question of personal amenability of the defendants to be in the forum state which is still to be considered.

55.5 It is true that that to sue a foreign defendant in this country, the foreigner either must be resident and or carry on business within the jurisdiction of forum court. These are the principles applicable in private International law. The only exception is if such party submits to the jurisdiction. However the operation of this rule is not absolute but is subject to the municipal law.

55.6 It is now well settled that when the municipal law provides otherwise or overrides the private international law, then the municipal law prevails over and above the principles of private international law. The said principle has been comprehensively decided by Karnataka High Court in Airbus Industries v. Laura Howell Linton, ILR 1994 KAR 1370 wherein the Court has stated that even the provisions of Section 20(c) of the Code of Civil Procedure which provides cause of action wholly or in part overrides the private international law.

The Madras High Court in Swaminathan v. Somasundaram AIR 1938 Mad 731 in considering whether the Indian Courts have jurisdiction over non-resident foreigners, it was held that even with respect to non-resident foreigners, the Courts in British India have jurisdiction in personam in suits based upon a cause of action arising in British India.)

55.7 Thus, in the present case also even assuming that the rules of private international law may have any role to play, the same stands overridden by the express provision of the special act which

is Copyright Act, 1957 which speaks otherwise and entitles the plaintiff to sue at the place of its own forum.

55.8 Secondly, the argument was advanced by the defendants about the commission of torts outside India. The said argument is also rejected as meritless. The commission of tort in the present case is in India. The website of the defendants is one which is engaged in the online business of providing and exhibiting the songs and cinematograph films worldwide including India. The said website is usually accessed by Indians for downloading the songs of upcoming movies from the website of the defendants. The plaintiff has substantiated the cause of action by showing some instances of infringements which has been caused in relation to the specific works. Thus, the said commission of the tort has occurred or occurs in India wherein the Indian user goes to the website, the defendants through its search engine exhibits the said works and the work is communicated to the public by sending the work to him and facilitating downloading or reaching to the computer of Indian user. Similarly, conversely, when the Indian user shares the infringing work with the defendants' website which goes into the servers of the defendants and saved there after the uploading. The said actions are sufficient to constitute part of cause of action under Section 20(c) of the Code of Civil Procedure.

55.9 In the first case, the tort or civil wrong is caused in India as the aspect of downloading to the computer has been occurred in India when the said work is communicated to Indian users without the permission of the plaintiff. In the second case too, the initiation of the tort or part of the same has occurred in India as the infringing work without the authority of the plaintiff is communicated to the defendants with a limited licence to further modify and communicate further. The said commission of the acts or the part of the overt acts constitutes the part of cause of action within the meaning of Section 20(c) of the Code of Civil Procedure.

55.10 Section 20(c) of the Code confers jurisdiction where the cause of action wholly or in part arises. Thus, the court where the part of cause of action will arise would have the jurisdiction to

entertain and try the proceeding like in the present case. So seeing from any standpoint be from special act or general code of civil procedure, this court has necessary territorial jurisdiction to entertain and try the proceedings. However, the discussion to Section 20(c) of the Code becomes merely academic as the special act itself confers jurisdiction on this court by operation of non obstante clause. Still, I have deemed it fit to discuss the same in view of the categorical objections raised by the defendants on jurisdiction.

55.11 Thirdly, the reliance of the judgment of the Division Bench in Banyan Tree (Supra) is equally misplaced by the defendants and thus does not aid the case of the defendants at all.

55.12 It is a well settled principles the judgment is an authority of what it decides and not for the proposition which can be logically deduced therefrom. [The said proposition has been laid down by the Supreme Court in Bharat Forge Co. Ltd. v. Utam Manohar Nakate (2005) 1 LLJ 738 SC; M.P. Gopalakrishnan Nair v. State of Kerala: AIR 2005 SC 2053]

55.13. In Banyan Tree (Supra), the Hon'ble Division Bench has rightly reframed the issue in the following manner:

“For the purposes of a passing-off action, or an infringement action where the plaintiff is not carrying on business within the jurisdiction of a court, in what circumstances can it be said that the hosting of a universally accessible web-site by the defendants lends jurisdiction to such court where such suit is filed (“the forum state”)?

56. By mere reading of the question answered by the Hon'ble Division Bench, it becomes patently clear that the Hon'ble Division Bench was concerned with the question wherein a passing off action, whether the jurisdiction of the court can be conferred by way of website operation of the defendants or not, or the case of infringement where the plaintiff is not carrying on business within the territorial jurisdiction of the court. The apparent distinguishing features which make Banyan treecase inapposite to the present case are outlined as under:

a) Firstly, the case of Banyan Tree (Supra) was a case of passing off, however, the present case is a case of infringement wherein plaintiff invokes the jurisdiction on the basis of carrying on his business at the forum court. It needs no further mention that it is now well settled that the tests of conferring jurisdiction on the court in the case of the passing off and the infringement are totally different. Whereas, the jurisdiction in infringement cases is governed by the provisions of special act like Section 62(2) of the Copyright Act. On the other hand, in the passing off cases, it is governed by the ordinary law of civil procedure. Thus, the case of plaintiff carrying on business or working for gain which is a relevant and significant consideration in the present case in view of operation of special statute was absent in the case of Banyan Tree (Supra) and that was the sole reason the court had difficulty in assuming the jurisdiction in Banyan Tree (Supra) which lead to referral to division Bench for the question to be answered.

b) Secondly, The Division Bench in Banyan Tree (Supra) also observed that if the case of Banyan Tree(Supra) would have been of infringement, then the court would have had jurisdiction and the special provisions of Section 62(2) of Copyright Act, 1957 as well as Section 134(2) of the Trade Marks Act are those of the kinds of the long arm provisions in the limited sense. The relevant excerpt from the Banyan Tree (Supra) dicta is reproduced hereinafter:

“8. At the outset it needs to be noted that the present suit is not one for infringement by the defendants of the Plaintiff's trademark and the Plaintiff carries on business within the jurisdiction of the court. If it were, then in terms of Section 134(2) of the Trademarks Act 1999 (TM Act) this court would have jurisdiction to entertain the suit although the defendants do not reside or carry on business within its jurisdiction. Section 134(2) of the TM Act (like and Section 62(2) of the Copyright Act, 1957) is therefore a ‘long arm’ provision in a limited sense, confined to infringement actions by Plaintiffs carrying on business within the

jurisdiction of the forum court. The present suit is an action for passing off in which neither the Plaintiff nor any of the defendants voluntarily resides or carries on business within the local limits of Delhi. Consequently, neither Section 20(a) nor Section 20(b) CPC applies. The Plaintiff seeks to find the territorial jurisdiction of this Court in terms of Section 20(c) CPC. In other words, according to the Plaintiff the cause of action, wholly or in part, arises within the jurisdiction of this Court. This, according to the Plaintiff is on account of two factors. One, that the website of the defendants is accessible in Delhi; it is not a passive website but used for soliciting business in Delhi. Second, that there was at least one instance of the defendants' brochure being sent to a Delhi resident for the purposes of sale of property."

Thus, the said distinction and the caveat expressed by the Division Bench itself is sufficient to exclude the present case from that of the operation of Banyan Tree Judgment as it stands a good law which it decides and cannot be extended to infringement cases which are governed by special provisions.

c) Thirdly, assuming that the judgment of Banyan Tree (Supra) may be applied to the present case, even then the difference in the factual matrix further takes out the present case from the application of the said dicta. This is due to the reason in Banyan Tree's case (supra), the court was concerned with the hotel services wherein there was tendency of booking online in the hotel from every place and thus the mere act of booking cannot be held to clothe jurisdiction on this court unless it forms a part of cause of action in the case whereas in the present case concerns with the activities of the defendants which are primarily web based which are interactive due to media presence, downloading, uploading and nothing else. The court propounded doctrine of purposeful availment in Banyan Tree's case (supra) to show the nexus of the transaction with cause of action in the suit. In the sharp contradistinction to the same, the defendants in the present case are offering to show and communicating the

Indian works to the Indian public with the interactive media inside and the user is able to view the same online, download it and use it and further communicate to public. The plaintiff has also substantiated the same by providing download of the sample infringement which are also forming part of cause of action. Thus, there is sufficient interactivity in the website which is aiming at the Indian users and shows nexus with the complaint with the suit where the plaintiff is directly aggrieved. The present case would be therefore, different from the case of Trade Mark infringement wherein some online transaction or a trap order is shown to clothe cause of action for the purposes of invoking jurisdiction.

The present case relates to complaints arising directly out of the online acts and thus cannot be rejected on the counts of unconnected cause of action. Therefore, the Banyan Tree's case (supra) is inapplicable in the present case and rather if the tests laid down in the same are applied, the present case sufficiently qualifies the tests of Banyan Tree (Supra).

57. Hence, for all these aforesaid reasons, this court will have jurisdiction to entertain and try the proceeding.

58. The related argument as to jurisdiction was also raised by the learned counsel for the defendants that this Court cannot exercise the extra territorial jurisdiction as assuming jurisdiction would in this case would mean exercising extra territorial jurisdiction. The said argument is rejected as baseless and the reasons for variance are outlined as under:

a) Firstly, this Court has already arrived at the finding that the court has assumed the jurisdiction on the basis of the part of cause of action which has arisen in India and the infringement is being caused in India. Thus, this court would have jurisdiction to entertain and try the proceedings for infringements which has been caused in India.

b) Secondly it is merely the apprehension of the defendants that there will be some effect of extra territorial for which this court is not concerned, it is neither the case of the plaintiff to

give this as an extra territorial effect and nor this court is giving any such effect as contended by the defendants. Rather, the court is exercising the jurisdiction on the basis of the law of the land which is Copyright Act of India, 1957.

c) Thirdly, it has already been observed that the commission of tort of infringement has occurred in India which is prima facie infringing in nature, the said acts are prohibited under the Copyright Act and thus this court is proceeding to do what is permissible under the law. This court is not concerned with any incidental effects which the defendants are apprehensive of due to the exercise of the jurisdiction of the Court and that cannot come in the way of exercise of jurisdiction of this Court.

d) There are lots of cases cited on Article 245 of the Indian Constitution wherein it has been observed about the parliamentary power to enact the extra territorial laws. The said reliance of judgments is equally misplaced as in the present case, this court is not concerned with the legislative competence of the any extra territorial laws. The said judgments are not applicable to the present case as the court is exercising the jurisdiction on the basis of Indian law having force in India and thus the concerns are mere apprehensions of the defendants which this court cannot take care of.”

19. Evidence of the plaintiffs has gone un rebutted. Since the plaintiffs have neither led evidence with respect to cost nor legal cost, prayer-E cannot be allowed. The plaintiffs urged that the cost in terms of appointment of Local Commissioner be awarded. However, since the two Local Commissioners were appointed to inspect the premises of defendant Nos. 1, 6 and 7 only and the matter has been settled by the plaintiffs with the aforesaid defendants, no decree can be passed for cost of execution of Local Commission.

20. Consequently, the suit is decreed in favour of the plaintiffs and against the defendant Nos. 2 to 5 in terms of prayer A, B and D. The suit is accordingly disposed of.

(MUKTA GUPTA)

JUDGE

JULY 17, 2017
‘v mittal’

