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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**
Date of decision :25th July, 2018

+ **CS (COMM) 237/2016 & I.A. 13923/2014**
M/S DIESEL S.P.A Plaintiff
Through: Mr. S. K. Bansal, Mr. Pankaj Kumar
& Mr. Kapil Kumar Giri, Advocates
(M-9810438450).

versus

M/S SMART COLLECTION & ORS Defendants
Through: Mr. H. P. Singh, Advocate for D-1 to
6&8 (M-9810008116).

CORAM:
JUSTICE PRATHIBA M. SINGH

Prathiba M. Singh, J. (ORAL)

1. The Plaintiff – M/s. Diesel S.P.A., is an Italian company and the owner of the trademark ‘*DIESEL*’. The company was founded by Mr. Renzo Rosso, an Italian who adopted the mark ‘*DIESEL*’ in 1978 for garments, but thereafter expanded into a range of men’s products like fragrances, watches, eyewear, cosmetics, and various other accessories. The Plaintiff’s products are claimed to be sold in more than 100 countries in the world. In India, the mark ‘*DIESEL*’ is registered both in word form and logo form in several classes including classes 3, 9, 14, 16, 18, 24 25, 41 & 42, as stated in paragraph 6 of the plaint. It is the case of the Plaintiff that the mark ‘*DIESEL*’ is also an essential part of the domain name and website www.diesel.com.

2. The Plaintiff avers that in the last week of April, 2014, it came across various counterfeit products with the trademark ‘*DIESEL*’ and came to know that the said products are being promoted through various social

media platforms and blogs. The original Plaintiff impleaded Defendant No.1 as M/s. Smart Collection. Mr. Yasin Sayani original Defendant no.2 claimed that he was the owner of the trade mark 'SMART COLLECTION'. Hence M/s. Smart Collection was deleted vide order dated 13th October, 2015. An amended memo of parties was thereafter filed. Mr. Yasin Sayani, Mr. Danish Sayani, Ms. Yasina Sayani, M/s Floressence Perfumes Pvt. Ltd, M/s Cris Moda Perfumes Pvt. Ltd., are defendants 1-5. Defendant No.6, is M/s Singh Collection and Defendant no.7 is M/s Cosmic International. There are no allegations in the Plaintiff against Defendant Nos. 6 and 7.

3. The Plaintiff claims that the Defendants are engaged in sale of counterfeit products through clandestine channels as also promotion and advertising of the impugned goods and products bearing the trademark of the Plaintiff through various blogs and social media websites as well. Paragraph 21 of the Plaintiff reads as under:

*"21. The enquiry of the Plaintiff revealed that the defendants are engaged in the display, advertisement, promotion, sale, delivering and distributing the impugned goods and products bearing the trademark of the Plaintiff not only in the markets but also on the internet inclusive of the online shopping websites, social networking sites, facilitating websites and related media and blog-spots like
[https:// www.facebook.com/pages/Smart-Collection-Perfumes-18ml-from-France/242267372464372](https://www.facebook.com/pages/Smart-Collection-Perfumes-18ml-from-France/242267372464372),
[https:// www.facebook.com/scperfumes18ml](https://www.facebook.com/scperfumes18ml),
<https://www.facebook.com/groups/SmartCollectionPerfumes/>
<https://www.facebook.com/perfumesmartcollection18>
<https://www.facebook.com/SmartCollectionPerfumeMalaysia>
[https:// www.facebook.com/smartcollectionmalaysia](https://www.facebook.com/smartcollectionmalaysia)*

www.smartcollectionperfume81.blogspot.com, www.smartcollectionperfumedeodorant.blogspot.com, www.klsmartperfumes.blogspot.com, and are otherwise dealing in the course of trade (hereinafter referred as the “impugned activities”) in the impugned goods. The screenshots taken from some such websites are filed herewith this suit.”

The claim of the Plaintiff is that the sale of the products being advertised and promoted are violative of the Plaintiff’s rights in the trade mark ‘DIESEL’, and since the products are counterfeit, an injunction is liable to be granted.

4. In a common written statement filed on behalf of the Defendant Nos.1-5, & 7, it was claimed that the Defendant No.1 – M/s. Smart Collection does not exist, but is a trademark owned by Defendant No.2 i.e. Mr. Yasin Sayani. Thus, the Defendants did not dispute that the mark ‘*SMART COLLECTION*’ emanated from their stable of products. The Defendants, however, challenged the territorial jurisdiction of this Court. It was claimed that the Defendant No.5 – Cris Moda Perfumes Pvt. Ltd. is not a company. It is actually a sole proprietary concern of Mr. Danish Sayani by the M/s. Cris Moda Parfums. It is claimed to a small scale industry which manufactured and marketed its own perfumes under their registered trademark ‘*Cris Moda Parfums*’. It is also claimed that the mark ‘*Cris Moda Parfums*’ was assigned by Defendant no.4 to Defendant no.5. According to the Defendants, M/s. Singh Collections has been impleaded only for the purposes of vesting territorial jurisdiction in this Court. There is no connection between the other defendants and M/s. Singh Collections. The Defendants also deny that they run or administer any of the blogs or websites enlisted in para 21 of the plaint. The Defendants also categorically

stated in the written statement as under:

“20 to 23.....

It is further denied that the blogs and websites so stated in the corresponding para of the plaint do not belong to the Defendants nor do they have any association or connection with the same. The Defendant categorically submits that it in no manner runs or administers these blogs or websites or advertises through Face Book pages and that the claims of the Plaintiff are totally false, baseless and are being made to mislead and prejudice this Hon'ble Court against the Defendant. Rest of the paras are denied.

24 to 30. The Contents of paras 24 to 30 of the plaint are incorrect, wrong and denied. Plaintiff is put to strict proof thereof. It is submitted by the Defendants that the suit is bad on account that the present Defendants have never sold any products with the trademark DIESEL. Therefore, the Defendants have no reason to sell goods with a false description or have ever indulged in counterfeiting of the Plaintiff products. The question of selling products with phonetically, visually and structurally similar marks of the Plaintiff products does not arise, nor have the Defendants copied the artistic work or copyright of the Plaintiff or have tried to give false description or have ever tried to link themselves with the customers of the Plaintiff. The Defendants have their own trademark to bank upon and do not require any leave or licence from the Plaintiff nor have the Defendants have ever violated the trademarks of the Plaintiff to lead to infringement or passing off. The present suit is an ill founded suit and has been filed with ulterior motives. The averments made in these paragraphs are absolutely ill founded and are liable to be rejected. Any chance of confusion or deception cannot arise. The Defendants have never tried to cash upon the goodwill and reputation of the Plaintiff, if any. It is submitted by

the Defendants that the Plaintiff have not produced any document of the sales in India or the accounts to show that they have suffered huge losses and business reputation. It is submitted by the Defendants that the Plaintiff have miserably failed to show any kind of damage suffered by them.”

5. In the written statement filed by Defendant No. 6 (earlier Defendant No. 7), i.e., M/s Singh Collection, they have denied having any association with the other Defendants in the suit, and contended that they have been wrongfully impleaded in the suit. Defendant No.6 denied all allegations of dealing in any counterfeit products, as also any goods manufactured by the other Defendants. They further averred that the Plaintiff had failed to produce any documentary evidence to show that the impugned goods are being manufactured/sold by Defendant No.6.

6. Initially, on 30th July, 2014, an ex-parte ad-interim injunction was granted. Mediation was also explored between the parties, however the same failed. The matter was listed for case management hearing on 25th July, 2018. A perusal of the admission/denial affidavits shows that both Plaintiff and the Defendants have denied all documents filed by each other. Under the Commercial Courts, Commercial Division and Commercial Appellate Division of High Courts Act, 2015 (*hereinafter*, ‘*Commercial Courts Act*’) such a course of action is impermissible.

7. The present suit was converted into a commercial suit under the Commercial Courts Act on 16th March, 2016. However, it is observed that neither the affidavit of the Plaintiff nor the Defendants properly complies with the provisions of the Commercial Courts Act. Further, bare denials are not denials under the said Act. The Defendants ought not to be permitted to

deny publicly available documents, such as trademark registrations, etc. which are easily verifiable by the Defendants. If the Defendants wished to deny the documents, they ought to have sought inspection which they obviously did not do. Even the global registrations of the Plaintiff's trademark '*DIESEL*' have been denied without any basis, for example the documents from the website of United States Patent and Trademark Office (USPTO) showed that the mark '*DIESEL*' is registered in the USA. Similarly, almost all the registered trademarks that vest in the Plaintiff from various jurisdictions are available online, including the Indian trademark registrations. No party should be allowed to deny trade mark registrations and other publicly available documents in this manner, unless any serious discrepancy can be pointed out in the publicly available records. These are nothing but bare denials, which are meant to only prolong the trial of the suit. At the case management hearing, the Court is empowered to notice the conduct of the parties, and if there is bare denial, the Court can pass appropriate orders.

8. Surprisingly, even the conduct of the Plaintiff is identical. They have denied the trademark registrations of the Defendants for '*SMART COLLECTION*' '*YSN Perfumes*' and '*DE RIO Collection*' etc. These were easily verifiable documents from the Trade Mark Registry's website. The trademark registrations and other documents downloaded from publicly available sources are deemed to have been admitted and are, accordingly, taken into evidence.

9. The documents filed by the Plaintiff, on record, in order to show misuse of the trademark '*DIESEL*' by the Defendants are printouts of the packagings bearing the mark '*DIESEL*' and '*SMART COLLECTION*'. The

screenshots are clearly visible on the record. The fact, that the word '*DIESEL*' is being used along with the trademark '*SMART COLLECTION*', clearly shows that the Defendants were misusing the word and mark '*DIESEL*'. The blog posts etc. have not been placed on record, but some screenshots of the blog posts have been filed along with the images used. Two of the blog posts, appearing on Facebook, have been placed on record. This shows that the complaint of the Plaintiff is not completely baseless.

10. In this day and age, when online posts can be easily uploaded and removed at the click of a mouse, it is extremely easy for any party to simply deny the existence of these posts. Images of the packagings and the screen shots of the posts, which show the use of the mark '*DIESEL*' along with the Defendants' mark '*SMART COLLECTION*', go to show that there is more than what meets the eye.

11. The Defendants are in the identical trade i.e., manufacturing/selling perfumes, fragrances, etc. There is no reason as to why the images ought to have appeared online with the mark '*DIESEL*' along with the mark '*SMART COLLECTION*'. The Defendants have placed on record images of various products of the Defendants, which bear an identical logo '*SMART COLLECTION*'. Thus, it appears that the Defendants did make an attempt to sell the products co-branding the same as '*DIESEL*' along with their own mark '*SMART COLLECTION*'. Such a use even with co-branding is completely illegal and unlawful and cannot be permitted.

12. When the suit was taken up for case management hearing, learned counsel for the Defendants, apart from challenging the jurisdiction of this Court, did submit that the Defendants have not sold the products under the mark '*DIESEL*'. Insofar as jurisdiction is concerned, the Defendants blog-

posts and website posts have been accessible from within Delhi. Since the Defendants admit that they don't intend to use the mark '*DIESEL*' and also because there is no proof of actual sales but the documents show use of the mark and there is no serious dispute to the same, no useful purpose would be served in sending the matter to trial. Both Ld. Counsels for the Plaintiff and the Defendants do not have an objection in this Court disposing of the matter finally.

13. The Plaintiff's proprietary rights in the mark '*DIESEL*' are not in question. Neither is the reputation and goodwill of the mark. Except bare denials, there is no serious denial to either ownership, registration or rights in the mark '*DIESEL*'. The facts stated above clearly establish on record the rights of the Plaintiff. The Defendants appear to be adopting various marks of third parties, as is evident from the records wherein injunctions have been granted against them from using the trademarks Tommy Hilfiger, Lacoste, Calvin Klein, Christian Dior and other well known brands. The Defendants also appear to be clandestinely making the sales. The Defendants have placed on record invoices showing that they are using different marks such as '*Cris Moda*', '*SMART COLLECTION*', '*Royal*', '*Bravo*', '*Pure Gold*' etc. The mere fact that the Defendants have other marks, does not mean that they are not clandestinely using the Plaintiff's marks. The images of the Defendants' co-branded product, using the mark '*DIESEL*' along with the logo in the Defendants' trademark application shows that there has been some use of the mark '*DIESEL*' and there has also been an attempt to ride on the reputation of the mark '*DIESEL*'. The images of the Defendants' co-branded products, using the mark '*DIESEL*' are set out below, along with the logo of the Defendants' trademark, '*SMART COLLECTION*':



Defendants' use of the Plaintiff's mark



Mark in the Defendants' Application

14. A perusal of the product images of the Defendants' infringing products as also the Facebook page screenshot shows that the products being promoted and sold by the Defendants are virtually identical to the Plaintiff's product packaging, except for the appearance of the mark '*SMART COLLECTION*' in logo form. Moreover, the screenshot of the Facebook page shows that this is a Facebook page of the Defendants under the name and style "*Smart Collection Perfumes*". The Defendants do not deny that

this Facebook page belongs to them. A perusal of the actual online Facebook page with this name also shows that several products of the Defendants are being offered for sale and promotion. They all bear the mark '*SMART COLLECTION*'. Thus, the averment of the Defendants that they are not selling the infringing products is unconvincing.

15. The above images leave no manner of doubt that the Defendants were using the Plaintiff's mark '*DIESEL*'. Ld. Counsel for the Defendants however clearly submits that the Defendants do not intend to use the mark '*DIESEL*'. Thus, a permanent injunction is liable to be granted against the Defendants from using the mark '*DIESEL*'. However, since there is no evidence of sales and the entire allegation appears to be one of clandestine business, and further keeping in view the fact that the Defendants completely denied that they sold products bearing the mark '*DIESEL*', permanent injunction as prayed for is granted.

16. The Plaintiff's proprietary rights are not in dispute. A perusal of the product images of the Defendants' infringing products as also the Facebook page screenshot shows that the products being promoted and sold by the Defendants are virtually identical to the Plaintiff's product packaging, except for the appearance of the mark '*SMART COLLECTION*' in logo form. Moreover, the screenshot of the Facebook page shows that this is a Facebook page of the Defendants under the name and style "*Smart Collection Perfumes*". The Defendants do not deny that this Facebook page belongs to them. A perusal of the actual online Facebook page with this name, also shows that several products of the Defendants are being offered for sale and promotion. They all bear the mark '*SMART COLLECTION*'. Thus, the averment of the Defendants that they are not selling the infringing

products is unconvincing. Promotion and sales through social media is almost untraceable. The manner, in which social media pages can be immediately changed or taken down, makes it difficult for any IP owner to keep track. Moreover, pages on social media platforms can be uploaded by anyone. In such cases, it is to be seen as to who is the ultimate beneficiary of the said publicity and advertising. In the case of online sales, promotion and advertising, due to the fluid nature of the internet i.e., that changes can be made instantly, the '*Beneficiary test*' would have to be adopted. Inference would have to be drawn that the person who ultimately benefits is the person who has directly put up the said page or is instrumental in getting the same put up. In the present case, there is a clear admission that the mark '*SMART COLLECTION*' belongs to the Defendant no.1 and all the Defendants are related to each other. There can be no reason for the co-branding images appearing on Facebook and other websites with the mark '*DIESEL*' being used with '*SMART COLLECTION*'. The only persons who would benefit from such use and promotion would be the Defendants. Hence they should be held to be liable.

17. The Defendants, while having their own brands, appear to have clearly made an attempt to co-brand their products under the '*SMART COLLECTION*' range with the mark '*DIESEL*', at least as per the online images filed on record. It is thus clear that the Defendants are liable to pay nominal damages and costs of the litigation. The sales being clandestine, the damages are assessed for an amount of Rs.1 Lakh, along with costs of Rs.50,000/-. The suit is decreed in terms of para 36 (a), (d) & (e). Further decree of damages for Rs.1.5 Lakhs is granted in favour of the Plaintiff against the Defendants. The present order be communicated by the Plaintiff

to the Customs Authorities to ensure that counterfeit products bearing the mark '*DIESEL*' are not permitted to be either imported or exported.

18. Suit is decreed in the above terms. Decree sheet be drawn up accordingly. All pending applications are also disposed of.

PRATHIBA M. SINGH, J.
JUDGE

JULY 25, 2018/dk

