

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

% Reserved on: 27th September, 2017
Decided on: 12th December, 2017

+ **CS(COMM) 714/2016**

CHRISTIAN LOUBOUTIN SAS Plaintiff

Represented by: Mr. Pravin Anand, Mr. Dhruv Anand, Ms. Udit Patro and Mr. Shamim Nooreydzan, Advocates.

versus

MR PAWAN KUMAR & ORS Defendants

Represented by: None.

CORAM:
HON'BLE MS. JUSTICE MUKTA GUPTA

1. In the suit plaintiff prays for the following reliefs:

- a) *An order for permanent injunction restraining the Defendants, their partners, if any, officers, servants and agents, distributors, stockists and representatives from manufacturing, selling and/or offering for sale, advertising, directly or indirectly dealing in (either through their physical shop/s or online, including through social media or any e-commerce platforms, or any manner whatsoever), footwear including ladies shoes or any other goods bearing the Plaintiff's registered trademark no. 1922048, for the 'RED SOLE' trademark i.e.  or any similar trademark amounting to an infringement of the said registered Trademark of the Plaintiff as also the other registered trademarks of the Plaintiff as mentioned in paragraph 21 of the plaint;*
- b) *An order for permanent injunction restraining the Defendants, their partners, if any, their officers,*

servants, agents, distributors, stockists and representatives from manufacturing, selling and/or offering for sale, advertising, directly or indirectly dealing in footwear including ladies shoes bearing the 'RED SOLE' trademark i.e.  , or any similar trademark or doing any other act amounting to passing off of the Defendants' products as those of the Plaintiff, through any of its shops, social media platform or in any manner whatsoever;

- c) An order for permanent injunction restraining the Defendants, their principal officers, servants, agents, their affiliates subsidiaries, distributors, and all other acting for and on their behalf from using trademarks, which are identical or deceptively or confusingly similar to the Plaintiff's registered trademarks, including the 'RED SOLE' trademark i.e.  , so as to misrepresent the quality/ origin of their goods and from taking unfair advantage of the Plaintiff's reputation and goodwill in the said trademarks or any similar trademark amounting to unfair competition, and or causing dilution of the Plaintiff's abovementioned trademarks;*
- d) An order for delivery up to the Plaintiff by the Defendants of all finished and unfinished materials and accessories, packaging, labels, dies, blocks, stationery and other material bearing any of the Plaintiff's trademarks or bearing any other mark(s)/logo/device similar thereto, for the purpose of erasure/destruction;*
- e) An order requiring the Defendants to render accounts of all sums earned by the Defendants through their unlawful and infringing activities referred to in this*

- plaint and a decree for the same in favour of the Plaintiff and against the defendants; or*
- f) An order for damages to the sum of ₹ 1,00,05,000/- in favour of the Plaintiff and against the defendants on account of loss of sales, reputation and goodwill of the Plaintiff's trademarks caused by the activities of the Defendants and a decree for the said amount be passed in favour of the plaintiff;*
 - g) An order declaring the Plaintiff's "RED SOLE" trademarks as enumerated in paragraph 21 of the plaint as well-known trademarks;*
 - h) An order for costs of the proceedings.*

2. Summons in the suit were issued to the defendants vide order dated 2nd June, 2016 and an interim order was granted in favour of the plaintiffs and against the defendants restraining them from manufacturing, selling, offering for sale or directly/indirectly dealing in footwear, including ladies shoes or any other goods bearing the plaintiff's registered trademark for the "RED SOLE" or any other mark which is identical or deceptively similar to the plaintiff's aforesaid trademark. Despite service, none appeared on behalf of defendant nos. 1 to 3, thus, they were proceeded ex-parte vide order dated 10th April, 2017. Though defendant no. 4 and 5 had filed their written statement, since none appeared on their behalf, they were also proceeded ex-parte vide order dated 10th April, 2017.

3. It is the case of the plaintiff that plaintiff is a company incorporated under the laws of France having its registered office at 19 Rue Jean-Jacques, Rousseau, Paris 75001. The plaintiff company derived its name from Mr. Christian Louboutin, famous designer of high end luxury products known for his signature "RED SOLE" high heeled shoes. Mr. Christian

Louboutin opened his first shop in Paris in the year 1991. He was pivotal in bringing stilettos back into fashion in 1990s and into the 2000s. Plaintiff company has gained immense international recognition for its luxury fashion products.

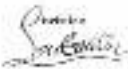
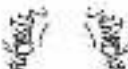
4. The distribution of the plaintiffs' product is through a limited authorized distribution network including high-end departmental stores and there are more than 120 Christian Louboutin shops around the world. In India, the plaintiff has two stores, one in Mumbai and the other in Delhi. Plaintiff's brand has topped the Luxury Institute's Annual Luxury Brand Status Index (LBSI) for three years and the brands offerings were declared the Most Prestigious Women's Shoes in 2007, 2008 and 2009.

5. The plaintiff in the year 1992, as a result of his creation and inspiration decided to colour the outsoles of the shoes in red. Since then, virtually all the shoes that the plaintiff has created had this characteristic red sole. A shoe with a red sole clearly identifies the product as the Plaintiff's and distinguishes it from the goods of every other person. The 'RED SOLE' trademark has thus become the signature of the plaintiff.

6. The distinctive nature of the plaintiff's 'RED SOLE' trademark has also been recognized by Trade Mark offices all around the world. The plaintiff's 'RED SOLE' trademark wherein a specific tone of colour red (pantone no. 18.1663TP) is applied to the outsole of a shoe, is unique in its own accord and became known in the world of fashion only after being introduced by the plaintiff herein. The 'RED SOLE' trademark has been applied for trademark registration and granted in several jurisdictions including in India.

7. The plaintiff's trademark is internationally recognizable and has extensive usage in India. The 'RED SOLE' trademark also enjoys trans-border reputation in India by virtue of a variety of factors including tourist travel, in-flight magazines, Internet and broadcasting of various films and television programmes. The goodwill and renowned reputation of the 'RED SOLE' trademark has spilled over into India from various countries around the world and consumers were well aware of this goodwill and reputation even before the plaintiff's trademark was first formally launched in India.

8. A list of the plaintiff's registrations for its various Christian Louboutin marks is provided below:

Trademark	Reg. No.	Date	Classes
	1926318	15.02.2010	25
	2441893	01.06.2012	01
	2441894	01.06.2012	14
CHRISTIAN LOUBOUTIN	1654055	22.01.2008	18 & 25
	1859047	13.07.2009	18 & 25
	2441895	01.06.2012	03
	2441896	01.06.2012	14
	1991333	05.03.2010	25

9. The defendant No. 1 is Pawan Kumar who is the sole proprietor of the defendant No.2 and 3 entities i.e. 'Kamal Family Footwear' and 'Kamal Footwear', located at 2332/2333 and 2334 respectively, Main Ajmal Khan Road, Opposite Ghaffar Market, Karol Bagh, New Delhi-110005. The Defendant No. 4 is Vijay Kumar, who is the proprietor of the defendant No.5 entity, namely 'Adara Steps', a shop located at Shop No. 1, Gali No.14, Beadon Pura, Ajmal Khan Road, opposite Ghaffar Market, New Delhi -110005.

10. Defendants are in the business of selling women's shoes and accessories. Defendant nos. 4 and 5 also carry on business through social media platforms such as facebook, where they operate the page: <https://www.facebook.com/ADARASTeps/>.

11. The plaintiff through extensive market survey in February, 2016 learnt of the defendants' use of the plaintiff's 'RED SOLE' trademark in ladies shoes being sold by the defendants. Further investigation was carried out in March, 2016 and May 2016 confirming the infringing activities of the defendant entities.

12. The sample products purchased from the defendants bearing plaintiff's 'RED SOLE' trademark are enumerated below:

Outlet from which the sample was purchased	Photographs of the infringing 'RED SOLE' shoes purchased by the Investigator	Plaintiff's Registered Trademark being infringed
Kamal Family Footwear (Defendant No. 2)		



Outlet from which the sample was made	Photographs of the infringing 'RED SOLE' shoes purchased by the Investigator	Plaintiff's Registered Trademark being infringed
Kamal Footwear (Defendant No. 3)		

13. An affidavit by way of evidence has been filed by Pankaj Pahuja, constituted attorney of the plaintiff, which is proved as Ex. PW-1/A and the power of attorney in his favour as Ex. PW-1/1. Trademark registration no. 1922048 in class 25 for device mark  in favour of the plaintiff is proved as Ex. PW-1/17. Registration certificates for trademark no. 2341890 in Class 3, trademark no. 2341891 in Class 14, trademark no. 1839047 in Classes 18 and 25, trademark no. 2341895 in Class 3, trademark no. 2341896 in Class 14, trademark no. 1931553 in Class 25 and Trademark no. 1644051 in Classes 18 and 25 are proved as Ex.PW-1/18, Ex.PW-1/19, Ex.PW-1/20, Ex.PW-1/21, Ex.PW-1/22, Ex.PW-1/23 and Ex.PW-1/24 respectively. Trademark registrations granted in favour of the plaintiff for 'RED SOLE'

trademark in various jurisdictions (US, UK, Mexico, Lebanon, Benelux, Kuwait) are proved as Ex. PW-1/16 (colly). List of pending trademark applications of the plaintiff in India is proved as EX. PW-1/25. Printouts from the official website of the plaintiff showing photographs of Christian Louboutin's 'RED SOLE' shoes are proved as Ex. PW-1/3 (colly). Documents showing immense reputation, goodwill and sale of the plaintiff's 'RED SOLE' trademark in India and abroad are proved as Ex. PW-1/4 (colly) to Ex. PW-1/14 (colly).

14. From the material on record it is evident that the plaintiff's 'RED SOLE' trademarks have acquired a well-known character for the following reasons:-

- i. *The plaintiff is well-known luxury brand with presence in over 60 countries including India;*
- ii. *The plaintiff has been using its 'RED SOLE' trademarks extensively and continuously since 1992;*
- iii. *The plaintiff's 'RED SOLE' trademarks are known to customers throughout India;*
- iv. *The plaintiff is recognised as a sole licensor of the Christian Louboutin trademarks and has successfully enforced its rights in the said trademarks;*
- v. *The plaintiff has extensively promoted its luxury products under its Christian Louboutin trademarks including the 'RED SOLE' trademark in India;*
- vi. *The plaintiff has extensive presence over the Internet;*
- vii. *The plaintiff's website is accessible to consumers in India and have served in making customers in India aware of the plaintiff, the various luxury products of the plaintiff and the plaintiff's well known trademarks including the 'RED SOLE' trademark;*

viii. *The plaintiff has received various awards and accolades for the luxury products made available under the plaintiff's well-known trademarks including the 'RED SOLE' trademark.*

15. The report of the Local Commissioner is proved as Ex. PW-1/2 (colly). Print out from the defendant no. 5's facebook page is proved as Ex. PW-1/28 (colly). Photographs of the counterfeit and infringing 'RED SOLE' shoes purchased by the investigator from defendant no. 2 are proved as Ex. PW-1/30 (colly). Cash memo and business card of defendant no. 2 are proved as Ex. PW-1/31 and Ex. PW-1/31 respectively. Photographs of the counterfeit and infringing 'RED SOLE' shoes purchased by the investigator from defendant no. 5 are proved as Ex. PW-1/33 (colly). Cash memo and business card of defendant no. 5 are proved as Ex. PW-1/34 and Ex. PW-1/35 respectively. Photographs of the counterfeit and infringing 'RED SOLE' shoes purchased by the investigator from defendant no. 3 are proved as Ex. PW-1/36 (colly). Cash memo of defendant no. 3 is proved as Ex. PW-1/37.

16. An affidavit under Section 65B of the Indian Evidence Act, 1872 has also been placed on record with respect to the documents obtained from electronic records and relied upon by the plaintiff.

17. From the evidence led by the plaintiff it has proved that the plaintiff is the registered owner of its well known trademark 'RED SOLE' as quoted in para 8 of the order above and the defendants are infringing the trade mark of the plaintiff. Consequently, the suit is decreed in terms of prayers (a), (b), (c) and (g) of the prayer clause.

18. A Division Bench of this Court in 2014 (57) PTC 495 [Del] [DB] Hindustan Unilever Limited Vs. Reckitt Benckiser India Limited considered

the three categories of compensation provided in [1964] 1 All ER 367 Rookes vs. Barnard and also the five principles in 1972 AC 1027 Cassell & Co. Ltd. Vs. Broome and held as under:

“66. Rookes v. Barnard, [1964] 1 All ER 367, is the seminal authority of the House of Lords, on the issue of when punitive or exemplary (or sometimes alluded to as “aggravated”) damages can be granted. The House defined three categories of case in which such damages might be awarded. These are:

- a. Oppressive, arbitrary or unconstitutional action any the servants of the government;*
- b. Wrongful conduct by the defendant which has been calculated by him for himself which may well exceed the compensation payable to the claimant; and*
- c. Any case where exemplary damages are authorised by the statute.*

The later decision in Cassell & Co. Ltd. v. Broome, 1972 AC 1027, upheld the categories for which exemplary damages could be awarded, but made important clarificatory observations. Those relevant for the present purpose are reproduced below:

“A judge should first rule whether evidence exists which entitles a jury to find facts bringing a case within the relevant categories, and, if it does not, the question of exemplary damages should be withdrawn from the jury's consideration. Even if it is not withdrawn from the jury, the judge's task is not complete. He should remind the jury: (i) that the burden of proof rests on the plaintiff to establish the facts necessary to bring the case within the categories, (ii) That the mere fact that the case falls within the categories does not of itself entitle the jury to award damages purely exemplary in character. They can and should award nothing unless (iii) they are satisfied that the punitive or exemplary element is not sufficiently met within the figure which they have arrived at for the plaintiff's solatium in the sense I have explained and (iv) that, in

assessing the total sum which the defendant should pay, the total figure awarded should be in substitution for and not in addition to the smaller figure which would have been treated as adequate solatium, that is to say, should be a round sum larger than the latter and satisfying the jury's idea of what the defendant ought to pay. (v) I would also deprecate, as did Lord Atkin in *Ley v. Hamilton*, 153 L.T 384 the use of the word "fine" in connection with the punitive or exemplary element in damages, where it is appropriate. Damages remain a civil, not a criminal, remedy, even where an exemplary award is appropriate, and juries should not be encouraged to lose sight of the fact that in making such an award they are putting money into a plaintiff's pocket, and not contributing to the rates, or to the revenues of central government."(emphasis supplied).

The House of Lords, in its discussion, remarked crucially that there is a considerable subjective element in the award of damages in cases involving defamation and similar actions. Courts, it remarked, used terminology to reflect overlapping, and sometimes undesirable ideas underlining the considerations weighing grant of damages:

"In my view it is desirable to drop the use of the phrase "vindictive" damages altogether, despite its use by the county court judge in *Williams v. Settle* [1960] 1 W.L.R 1072, Even when a purely punitive element is involved, vindictiveness is not a good motive for awarding punishment. In awarding "aggravated" damages the natural indignation of the court at the injury inflicted on the plaintiff is a perfectly legitimate motive in making a generous rather than a more moderate award to provide an adequate solatium. But that is because the injury to the plaintiff is actually greater and, as the result of the conduct exciting the indignation, demands a more generous solatium.

Likewise the use of "retributory" is objectionable because it is ambiguous. It can be used to cover both aggravated damages to compensate the plaintiff and punitive or exemplary damages purely to punish the defendant or hold him up as an example.

As between “punitive” or “exemplary,” one should, I would suppose, choose one to the exclusion of the other, since it is never wise to use two quite interchangeable terms to denote the same thing. Speaking for myself, I prefer “exemplary,” not because “punitive” is necessarily inaccurate, but “exemplary” better expresses the policy of the law as expressed in the cases. It is intended to teach the defendant and others that “tort does not pay” by demonstrating what consequences the law inflicts rather than simply to make the defendant suffer an extra penalty for what he has done, although that does, of course, precisely describe its effect.

*The expression “at large” should be used in general to cover all cases where awards of damages may include elements for loss of reputation, injured feelings, bad or good conduct by either party, or punishment, and where in consequence no precise limit can be set in extent. It would be convenient if, as the appellants, counsel did at the hearing, it could be extended to include damages for pain and suffering or loss of amenity. Lord Devlin uses the term in this sense in *Rookes v. Barnard* [1964] A.C 1129, 1221, when he defines the phrase as meaning all cases where “the award is not limited to the pecuniary loss that can be specifically proved.” But I suspect that he was there guilty of a neologism. If I am wrong, it is a convenient use and should be repeated.*

Finally, it is worth pointing out, though I doubt if a change of terminology is desirable or necessary, that there is danger in hypostatizing “compensatory,” “punitive,” “exemplary” or “aggravated” damages at all. The epithets are all elements or considerations which may, but with the exception of the first need not, be taken into account in assessing a single sum. They are not separate heads to be added mathematically to one another.”

xxxx

xxxx

xxxx

xxxx

*68. This court is of the opinion that the impugned judgment fell into error in relying on the decision in *Times Incorporated v.**

Lokesh Srivastava, 116 (2005) DLT 569. A Single Judge articulated, in his ex parte judgment in a trademark infringement action, as follows:

“This Court has no hesitation in saying that the time has come when the Courts dealing actions for infringement of trademarks, 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 realize that in case they are caught, they would be liable not only to reimburse the aggrieved party but would be liable to pay punitive damages also, which may spell financial disaster for them. In Mathias v. Accor Economy Lodeine. Inc. reported in, 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 tortfeasor 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 transaction 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, the 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 flee bite and quantum thereof should depend upon the flagrancy of infringement.”

With due respect, this Court is unable to subscribe to that reasoning, which flies on the face of the circumstances spelt

out in *Rookes* and later affirmed in *Cassell*. Both those judgments have received approval by the Supreme Court and are the law of the land. The reasoning of the House of Lords in those decisions is categorical about the circumstances under which punitive damages can be awarded. An added difficulty in holding that every violation of statute can result in punitive damages and proceeding to apply it in cases involving economic or commercial causes, such as intellectual property and not in other such matters, would be that even though statutes might provide penalties, prison sentences and fines (like under the Trademarks Act, the Copyrights Act, Designs Act, etc.) and such provisions invariably cap the amount of fine, sentence or statutory compensation, civil courts can nevertheless proceed unhindered, on the assumption that such causes involve criminal propensity, and award “punitive” damages despite the plaintiffs inability to prove any general damage. Further, the reasoning 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” is plainly wrong, because where the law provides that a crime is committed, it indicates the punishment. No statute authorizes the punishment of anyone for a libel - or infringement of trademark with a huge monetary fine-which goes not to the public exchequer, but to private coffers. Moreover, penalties and offences wherever prescribed require the prosecution to prove them without reasonable doubt. Therefore, to say that civil alternative to an overloaded criminal justice system is in public interest would be in fact to sanction violation of the law. This can also lead to undesirable results such as casual and unprincipled and eventually disproportionate awards. Consequently, this court declares that the reasoning and formulation of law enabling courts to determine punitive damages, based on the ruling in *Lokesh Srivastava and Microsoft Corporation v. Yogesh Papat*, 2005 (30) PTC 245 (Del) is without authority. Those decisions are accordingly overruled. To award punitive damages, the courts should follow the categorization indicated in *Rookes* (supra) and further grant such damages only after being satisfied that

the damages awarded for the wrongdoing is inadequate in the circumstances, having regard to the three categories in Rookes and also following the five principles in Cassel. The danger of not following this step by step reasoning would be ad hoc judge centric award of damages, without discussion of the extent of harm or injury suffered by the plaintiff, on a mere whim that the defendant's action is so wrong that it has a "criminal" propensity or the case merely falls in one of the three categories mentioned in Rookes (to quote Cassel again - such event "does not of itself entitle the jury to award damages purely exemplary in character")."

(emphasis supplied)

19. As regards the relief of damages and costs, an affidavit has been filed by the Constituted Attorney of the plaintiff and considering the downloaded copies of facebook post of defendant No.5 exhibited as Ex.PW-1/28 (colly) it can safely be held that the defendants No.3 and 5 are carrying on the business in the infringing goods for at least 15 months. 23 and 22 pairs of infringing shoes have been recovered from the premises of defendant No.3 and 5 respectively which can be sought for in any given month of the year. As per the independent Investigator, the pair of shoes from the shop of defendant No.3 was bought for ₹700/- and from the shop of defendant No.5 for ₹1,795/-. Thus, considering the turnover of defendant No.3 as ₹2,41,500/- for 15 months and that of defendant No.5 for ₹5,92,350/- and taking the margin of profit being 25% on the illegal turnover, the profit earned by defendant No.3 would be ₹15,093/- and that of defendant No.5 would be ₹1,48,088/-.

20. Based on the evidence led by the plaintiff and in the light of law laid down by the Division Bench, damages to the tune of ₹15,093/- is awarded in favour of the plaintiff and against defendants No.1 to 3 and ₹1,48,088/- in

favour of plaintiff and against defendants No.4 and 5. Plaintiff has also placed on record an affidavit showing that ₹8,63,790/- was spent on the cost out of which ₹2,55,000/- being the court fee and fee of the Local Commissioner, ₹5,54,125/- legal fee and ₹54,665/- miscellaneous expenses. Thus, costs of ₹4,31,895/- is awarded in favour of the plaintiff and against defendants No.1 to 3 and ₹4,31,895/- is awarded in favour of the plaintiff and against defendants No.4 & 5.

21. The suit is accordingly decreed in terms noted above.

DECEMBER 12, 2017
‘ga’/‘vn’/’yo’

(MUKTA GUPTA)
JUDGE



सत्यमेव जयते