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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**
Date of decision :1st October, 2018
+ **CS (COMM) 1417/2016**

M/S. VINI COSMETICS PVT. LTD. Plaintiff
Through: Mr. Ajay Amitabh Suman, Mr.
Pankaj Kumar and Mr. Kapil Giri,
Advocates. (M:9990389539)
versus

M/S. ABHAY ENTERPRISES & ORS. Defendants
Through: Ms. Pratishta Vij, Mr. P. Hansranjan
and Mr. Prawal, Advocates for D-1.
(M:9971919461)

CORAM:
JUSTICE PRATHIBA M. SINGH

Prathiba M. Singh, J. (Oral)

1. Plaintiff has filed the present suit for permanent injunction restraining passing off, infringement of trademark, infringement of copyright, rendition of accounts etc. The case of the Plaintiff is that it is engaged in the manufacturing and marketing of various kinds of cosmetics and proprietary products, lotions, talcum powder, powder (make up), creams, deodorant, styling gel, perfume, shaving cream, soap, shampoo, bleaching preparations etc.

2. One of the products being manufactured and sold by the Plaintiff is the 'GLAM-UP LABEL' powder cream in a distinctive red coloured packaging. It is the case of the Plaintiff that the mark and label was adopted by it in September, 2012 and the same has been in use since August, 2013. It has applied for registration, in various classes for the word-mark and label-mark.

3. The Plaintiff came to know that Defendant No.1 – M/s Abhay

Enterprises had started using an identical mark and carton and imported the same from foreign countries. According to the Plaintiff, Defendant No.1 is not only selling the products at its own outlets but also supplying the same to various dealers and retailers. It is the case of the Plaintiff that the information about Defendant No.1 was revealed when the Commissioner of Customs, Mumbai sent a notice dated 2nd April, 2014 to one of the manufacturers, who was manufacturing and supplying the products to the Plaintiff. The customs authorities informed the manufacturer about the arrival of a consignment of 14,400 pieces of *GLAM-UP POWDER CREAM* products at the customs and called upon the Plaintiff's manufacturer to furnish the requisite security bond and bank guarantee so that the said counterfeit products could be detained. The Plaintiff was then informed by its manufacturer, who took steps to file the present suit against the Defendants.

4. In the present suit, the Plaintiff has impleaded Abhay Enterprises as Defendant No.1 as also the customs authorities as Defendant Nos.2 & 3. Vide order dated 20th August, 2014 this Court granted an ex-parte injunction order in favour of the Plaintiff. On 5th November, 2014 the said injunction was also confirmed. On 1st December, 2014, the Court recorded the Defendant No.1's statement as under:

“Learned counsel for the defendants submit that defendants are willing to suffer a decree provided the plaintiff gives up the relief of damages.”

5. On the next date i.e. 2nd December, 2014, learned counsel for the Plaintiff reverted with instructions and submitted as under:

“Counsel for the plaintiff submits that in case defendants pay reasonable costs and damages and also

agree for destruction of the seized goods, he will instructions from his client.”

6. Thereafter, there were some objections raised by the Defendant No.1 that one Mr. Mahesh Thakkar had misused its IEC (Import Export Code) and imported the goods without its permission. The Defendant No.1 delayed in filing the written statement and costs also were imposed. Finally, the written statement was taken on record vide order dated 23rd February, 2017.

7. On 14th September, 2018, a new counsel was engaged and adjournment was sought to seek instructions.

8. In the written statement, the basic case made out by the Defendant No.1 was that one Mr. Mahesh Thakkar had fraudulently misused the IEC of Abhay Enterprises. It is claimed that the said Mr. Mahesh Thakkar was the one who had imported the products. In paragraph 1 of the reply on merits, the Defendant No.1 stated as under:

“To this, answering Defendant has already stated that it is neither disputed nor the legality of the trademark has been challenged by the answering Defendant at any occasion. The trademark of GLAM-UP LABEL has never been used by answering Defendant in any manner and thus rights associated with the trademark have not been infringed as alleged by the Plaintiff.”

9. Today, learned counsel appearing for Defendant No.1 submits that as per the show cause notice issued by the customs authorities on 17th September, 2014, it is clear that there were several other goods apart from GLAM-UP products, which are part of the consignment and huge losses have been suffered by the Defendant. She, however, submits that she has no objection if a permanent injunction is passed against her client. However, it

is submitted by her that the Defendant No.1, being a small entity, ought not to be burdened with any damages.

10. Learned counsel for the Plaintiff, on the other hand, submits that a perusal of the seizure memo issued by the customs authorities dated 15th May, 2014 shows that the value of the seized products i.e. 14,400 pieces is more than Rs.23 lakhs. The Plaintiff was forced to give a bank guarantee to the customs to the tune of Rs.5,93,560/- as a security for getting the goods seized. The Defendant No.1 is a habitual infringer and is also involved in importing various other counterfeit products.

11. This Court has perused the pleadings and documents on record. There is no doubt that the competing mark and label cartons are absolutely identical. The same are extracted herein below:



PLAINTIFF'S MARK



DEFENDANT'S MARK

12. In the written statement, Defendant No.1 denies his involvement in the imports and appears to be shifting the blame to a third party, however, this Court is not going into the said issue, as the said third party is not before this Court. Admittedly, the name of Abhay Enterprises i.e. Defendant No.1 appears as the importer with the customs authorities which is evident from the show cause notice dated 17th September, 2014 as also from the seizure memo dated 15th May, 2014. Both documents are on record. The consignment, in respect of which the show cause notice was issued, appears to have various other products including silver jewellery, mobile accessories, etc. The present dispute does not relate to any of those products. In the present case, the Court is concerned only with the products under the name and label GLAM-UP.

13. This is a case of *res ipsa loquiter*. The violation of the rights of the Plaintiff is writ large even on a perusal of the carton and products' packaging. Such import of counterfeit products cannot be countenanced in any manner. If such imports are permitted, they would cause huge losses to trademark owners, especially since markets would be flooded with such passed off products. Apart from the fact that this has resulted in serious violation of rights, there is also an issue in respect of the quality of such products, especially cosmetics, which are used on the skin. The imported products do not go through the same quality control measures and thus, can prove to be harmful for the skin. Such imports are also likely to result in severe damages and losses to the owners of the intellectual property and as also the consumers. It is in order to protect against such misuse and harm that the Intellectual Property Rights (Imported Goods) Enforcement Rules, 2007 have been introduced. The customs authorities were right in calling

upon the owner as per the Rules and detaining the infringing products. The Defendant No.1 having now agreeing not to import, manufacture or use the infringing mark, carton and get up under the name/packaging GLAM-UP, the permanent injunction, as prayed for, is liable to be granted.

14. No triable defence exists in favour of Defendant No.1. As per the provisions of The Commercial Courts, Commercial Division and Commercial Appellate Division of High Courts Act, 2015 and the Delhi High Court (Original Side) Rules, 2018 it is not necessary that evidence should be recorded in every suit. In the present case, right from beginning the Defendant No.1 has made a statement that he is willing to give an undertaking to not manufacture, sell or import these products. Thus, the only issue which remains is that of damages. Since Defendant No.1 has not disclosed his accounts or sale figures, keeping in mind the value of consignment i.e. approximately Rs.25 Lakhs, the suit of the Plaintiff is decreed for a sum of Rs.5 Lakhs which is 20% of the value of the consignment. Decree in terms of paragraph 30(a) be drawn up. In addition, a decree of Rs.5 Lakhs as damages is also granted in favour of the Plaintiff against the Defendant no.1.

15. The Defendant Nos.2 & 3 i.e. the customs authorities are directed to release the bank guarantee furnished by the Plaintiff in respect of this consignment and to also hand over to the Plaintiff the 14,400 pieces of GLAM-UP LABEL powder cream to the Plaintiff for the purpose of destruction and erasure.

16. Other products of the Defendant No.1, which have been seized by the customs authority, if any, may be released to the Defendant No.1 through its authorized signatory.

16. The suit is decreed in the above terms. No orders as to costs.

PRATHIBA M. SINGH, J.
JUDGE

OCTOBER 01, 2018/dk

