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

+ **CS(COMM) 52/2015**

RADICO KHAITAN LTD.

..... Plaintiff

Through

Mr. Sagar Chandra, Advocate
with Ms. Srijan Uppal,
Mr. Ankit Rastogi, Mr. Bibhu
Mishra and Ms. Shubhie Wahi,
Advocates.

versus

SHANTY RAINA & ORS.

..... Defendants

Through

Ms. Amal Merin Kurain,
Advocate with Ms. Radhika
Gupta, Advocate.

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Date of Decision: 13th August, 2018

CORAM:

HON'BLE MR. JUSTICE MANMOHAN

J U D G M E N T

MANMOHAN, J: (Oral)

1. Present suit has been listed by the learned Joint Registrar as the defendants had been proceeded *ex parte* on 26th July, 2017 after the application for discharge filed by the defendants' then counsel, was allowed and the plaintiff had closed its evidence on 3rd August, 2018.
2. Today, Ms. Amal Merin Kurian, Advocate of M/s Diwan Advocates enters appearance on behalf of the defendant and prays for some time to file an application seeking to set aside the order dated 26th July, 2017, by virtue of which the defendants had been proceeded

ex parte. The relevant portion of the order dated 26th July, 2017 is reproduced hereinbelow:-

“I.A. 8535/2017 (to be numbered)

Present application has been filed for discharge by learned counsel for the defendants.

Along with the application, the counsel has enclosed an acknowledgement of his e-mail dated 25th May, 2017.

In view thereof, present application is allowed and the counsel for the defendants is discharged.

List before the Joint Registrar 21st September, 2017.

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Since none appears for the defendants even at the pass over stage, defendants are proceeded ex-parte.

Plaintiff is directed to file its evidence by way of affidavit within six weeks.”

3. This Court had informed Ms. Amal Merin Kurian, Advocate at first call that it would adjourn the matter only if she files a Vakalatnama in her favour today.

4. At the pass over stage, Ms. Amal Merin Kurian states that the defendant no.1 is in Nigeria and she would not be in a position to file her Vakalatnama. She prays for a week's time to file her Vakalatnama. She points out that in January, one of the lawyers from the firm had met with the defendants, but no follow up action could be taken as the said gentleman unfortunately expired soon thereafter.

5. Learned counsel for plaintiff states that M/s Diwan Advocates had subsequently inspected the Court file on 3rd April, 2018 and 11th April, 2018.

6. This Court has perused the Part V of the file and finds that inspection applications dated 3rd April, 2018 and 11th April, 2018 by Ms. Shruti Dhingra and Ms. Akanksha Singh of M/s Diwan Advocates were allowed by the Assistant Registrar of this Court. The inspection applications prove that though the defendants as well as their lawyers were aware about the defendants having been proceeded *ex parte* on 26th July, 2017, yet they had taken no steps after 3rd April, 2018 to file an application for recall/variation of the order dated 26th July, 2017. It is pertinent to mention that now-a-days order sheets are available on the Delhi High Court website and the defendants as well as their counsel would have been aware about the defendants having been proceeded *ex-parte* on 26th July, 2017. Consequently, any application for variation/recall of the order dated 26th July, 2017 would be beyond limitation. Accordingly, the prayer for adjournment is declined.

7. It is pertinent to mention that the present suit has been filed for permanent injunction restraining infringement of trade mark, copyright, passing off, rendition of account of profits, damages, delivery up, etc. against the defendant. The prayer clause in the present suit is reproduced hereinbelow:-

“(i) *A Decree for permanent injunction restraining the Defendants, their partners, proprietors, Companies, Sister Concerns, directors, executives, as the case may be, its officers, servants and agents or anyone acting for and on their behalf from manufacturing, exporting, marketing, offering for sale, selling, advertising or in any manner dealing in any Alcoholic Beverages including but not limited to Rum under the trademark mark 'NJAU' and 'NJAU' label and/or from adopting any other mark or label which identical or deceptively*

similar to the plaintiff's trademarks 'NJAU' and 'NJAU' label amounting to passing off or doing any other thing which will lead to passing off of the goods and services of the Defendants as those of the Plaintiff;

- (ii) A Decree for permanent injunction restraining the Defendants, their partners, proprietors, Companies, Sister Concerns, directors, executives, as the case may be, its officers, servants and agents or anyone acting for and on their behalf from manufacturing, exporting, marketing, offering for sale, selling, advertising or in any manner dealing with or adopting a label which is identical to or is a substantial reproduction of Plaintiff's 'NJAU' label amounting to infringement of Copyright in the plaintiff's 'NJAU' label;*
- (iii) A Decree for permanent injunction restraining the Defendants, their partners, proprietors, Companies, Sister Concerns, directors, executives, as the case may be, its officers, servants and agents or anyone acting for and on their behalf from launching, selling, manufacturing, marketing, offering for sale or in any manner dealing in any Alcoholic Beverages including but not limited to Rum under the trademarks 'NJAU' and 'NJAU' label amounting to dilution of the goodwill and reputation of the Plaintiff's trademark 'NJAU' and 'NJAU' label as well as unfair competition; and*
- (iv) A Decree for delivery up of all the pouches, sachets, packets, bottles, labels, brochures and/or any other document or written material bearing the mark 'NJAU' to the authorised representative of the Plaintiff for the purpose of destruction/erasure; and*
- (v) A Decree for rendition of accounts of profits illegally earned by the Defendant on account of the sale of the products bearing the mark 'NJAU' and deceptively similar 'NJAU' label and a decree for the*

amount so found due be passed in favour of the Plaintiff; and

(vi) A decree for damages to the tune of Rs. 1,00,05,000/- be passed against the Defendant and in favour of the Plaintiff; and

(vii) An order for costs of the proceedings; and

(viii) Any other orders as this Hon'ble Court may deem fit and proper in the facts and circumstances of the present case."

8. Vide order dated 21st December, 2015, this Court had granted an *ex parte ad interim* injunction in favour of the plaintiff and appointed a Local Commissioner to visit the premises of the defendant. The relevant portion of the *ex parte* injunction order is reproduced hereinbelow:-

".....Thus, till further orders, the defendants, their servants, agents or anyone acting for and on their behalf are restrained from manufacturing, exporting, marketing, offering for sale, selling, advertising or in any manner dealing with any Alcoholic Beverages under the mark 'NJAU' and 'NJAU' label, the scanned copy of which has already been placed on record, or any other mark which is identical or deceptively similar to the plaintiff's trademark or from doing any other thing which may cause confusion and deception amounting to infringement of copyright of the plaintiff and passing off.

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In view of the facts and circumstances of this case, it is necessary to appoint Local Commissioner, as prayed, to visit the premises of defendant no. 4 detailed above."

9. The Local Commissioner visited the premises of the defendant No.4 at Jammu on 04th January 2016, but no seizure could be made. Though the finished products storage unit could not be inspected as the same remained locked, yet the Local Commissioner came across a purchase order dated 09th April, 2015 made by Defendant No.1 to supply 1400 cartons of 'NJAU CAFE RUM' (with each carton containing 200 cases of NJAU Cafe Rum). However, Mr. Neeraj Shastri, one of the partners in the manufacturing firm stated that the stipulated amount of cartons could not be produced due to some technical issues and only 1200 cartons were manufactured thereof.

10. Vide order dated 26th July, 2017, in addition to the defendants being proceeded *ex parte*, the ad interim injunction was also confirmed till the disposal of the suit.

11. The relevant facts of the present case are that the plaintiff was established in 1943 and in 1999 launched its brands under the house mark/trademark RADICO. The plaintiff is the third largest Indian Made Foreign Liquor Company in India. The plaintiff is also involved in export of alcoholic beverages all over the globe. It is stated in the plaint that the plaintiff has four well-known brands, i.e. 8 PM Whisky, Contessa Rum, Old Admiral Brandy and Magic Moments Vodka and the plaintiff is selling more than a million cases per annum.

12. It is stated in the plaint that the plaintiff adopted the brand 'NJAU' in March 2011 and began using the same in June 2011 for Café Rum. It is further stated that the plaintiff manufactures, blends, markets and exports from India, Café Rum under the trademark

‘NJAU’. The plaintiff applied for the mark ‘NJAU CAFÉ RUM’ in Angola in 2011 and ‘NJAU CAFÉ’ in Ghana in 2012.

13. It is stated in the plaint that the mark NJAU has its origin in Kikuyu/Gikuyu language of the Bantu family spoken primarily by the Kikuyu people of Kenya and the same means a young bull. It is further stated that the said mark is an arbitrary mark in relation to the goods. It is stated in the plaint that in the label the mark ‘NJAU’, the device of a bull and the ornamental device are encompassed inside a device of shield in red colour having golden borders and below the shield device, the words CAFÉ RUM are written in gold.

14. It is averred in the plaint that the sales revenue of the products under the trade mark ‘NJAU’ and ‘NJAU’ label for the year 2014-15 was Rs. 7,88,47,421/-.

15. It is stated in the plaint that the plaintiff’s mark ‘NJAU’ is written in a particular style, font and manner on the plaintiff’s label. It is also stated that the said depiction was designed by one of the employees of the plaintiff namely, i.e. Mr. Sanjeev Banga, under a contract of service and the same constitutes an original artistic work within the meaning of Section 2(c) of the Copyright Act, 1957. Therefore, it is stated, that the plaintiff is the owner of the said copyright in ‘artistic work’ by virtue of Section 17(c) of the Copyright Act, 1957.

16. Learned counsel for the plaintiff states that in and around 07th September, 2015, the representatives of the plaintiff came across the product of the defendants in Nigeria, bearing the mark ‘NJAU’ in a label that was almost identical and a substantial reproduction of the

plaintiff's label 'NJAU'. He states that on conducting a trademark search of the mark 'NJAU' in Class 33, it was revealed that the defendant no. 1 had moved an application for registration of the mark 'NJAU CAFÉ RUM' before the Indian Trademark Office, bearing application no. 2796818 dated 25th August, 2014, claiming to be a user since 01st October, 2012.

17. Learned counsel for the plaintiff states the plaintiff's investigation revealed that defendant no. 4 manufactures, blends as well as packages the impugned product and that defendants no. 1 and 2 are brothers who are the directors of defendant no. 3, i.e. ARDENT INDIA PRIVATE LIMITED and have a concern by the name of M/S RAINA EXPORTS. He states that the investigation further revealed that the defendants are collectively in the business of manufacturing, marketing and exporting rum, under the mark 'NJAU' and a deceptively similar 'NJAU' label, to Nigeria. A photographic comparison of the plaintiff's and defendants' labels is reproduced hereinbelow:

Plaintiff's product



Defendant's product



18. Learned counsel for the plaintiff states that the defendants only deal with exports of products bearing the mark 'NJAU' in Nigeria, which is one of the major export markets for the plaintiff.

19. Learned counsel for the plaintiff states that the defendants use of the mark 'NJAU' and 'NJAU' label, which are identical/deceptively similar to that of the plaintiff's 'NJAU' mark and 'NJAU' label is likely to cause confusion in the market and/or convey an impression that the Defendants are either associated with the plaintiff or authorized to use the plaintiff's 'NJAU' mark and label. He states that the defendants are trying to ride upon the reputation and goodwill of the plaintiff in order to reap illegal profit and gain unlawful advantage by passing off their products as that of the plaintiff.

20. The plaintiff has filed its *ex parte* evidence by way of affidavit of Mr. Satish Chandra Pandey (PW1) the authorized signatory of the plaintiff company and affidavit of Mr. Sanjeev Banga (PW2) president (International Business) of the plaintiff company.

21. PW1 has proved the excise approval dated 18th May, 2011 in favour of the plaintiff as Ex. PW-1/7. The PW1 has further proved Copy of invoices and packing list showing the use of mark 'NJAU' by the plaintiff since the year 2011 as Ex. PW-1/8(Colly.). PW1 has proved the Chartered Accountant certificate certifying the sales figures of the plaintiff's product under the trademark 'NJAU' & 'NJAU' label as Ex. PW-1/14. PW1 in his evidence affidavit has also stated that "*I say that from the material available on record of the present suit that, the Defendant No. 1 through its concern M/s. Raina Exports had vide*

Purchase Order dated 9th April, 2015 made an order to supply products in the name of 'NJAU Cafe Rum'. As specified in the said Purchase Order, the details of the quantity of the material to be manufactured is 1400 cartons and each carton contained 200 cases of the Impugned Product 'NJAU Cafe Rum'. I say that as per the Local Commissioner's Report, due to some technical issues only 1200 cartons were manufactured for sale by Defendants which means around 2,40,000 cases. The said Batch was in the year 2015 and the Plaintiff was selling the product 'NJAU' at 14 USD per Carton to its distributor then which comes to about (14 x 63), i.e. Rs. 882/- per Carton which is Distributor Price. Thus, the value of the Defendants' product at the time of the suit for the purpose of calculating actual damages to Plaintiff comes out to be 1200 multiplied by 882, i.e. Rs. 10,58,400. On the Distributor price, the Plaintiff makes average gross profit of 40%. Thus, taking an average of 40% as profit, the Plaintiff would have made a profit of Rs. 3,02,400/-. Thus, the reasonable estimated actual loss/damages incurred by the Plaintiff for shipment of 1200 Cartons/2,40,000 Cases is Rs. 3,02,400/-. This is the reasonable estimated actual loss/damages that has been caused to the Plaintiff on account of sale of 1200 cartons by Defendants. If these sales would not have been affected by the Defendants, the Plaintiff would have earned that much as the reason for sale of Defendant's product is that the same are identical to Plaintiff's product in name, get up, trade dress, layout etc.

I say, apart from the above, 1200 Cartons, Defendants have also exported another 2715 Cartons to Nigeria in June 2015. This is

evident from the perusal of Ex. PW-1/4, i.e. the print out from the website www.eximpulse.com. Apart from 1200 Cartons exported to Nigeria, there is also a record of another 2715 Cartons Exported to Nigeria by Defendants through Gari Harsaru which means additional 5,43,000 Cases. The said Batch was in the year 2015 and the Plaintiff was selling the product 'NJAU' at 14 USD per Carton to its distributor then which comes to about (14 x 63), i.e. Rs. 882/- per Carton which is Distributor Price. Thus, the value of the Defendants' product at the time of the suit for the purpose of calculating actual damages to Plaintiff comes out to be 2715 multiplied by 882, i.e. Rs. 23,94,630/-. On the Distributor price, the Plaintiff makes average gross profit of 40%. Thus, taking an average of 40% as profit, the Plaintiff would have made a profit of Rs. 6,84,180/-. Thus, the reasonable estimated actual loss/damages incurred by the Plaintiff for shipment of 2715 Cartons/5,43,000 Cases is Rs. 6,84,180/-. This is the reasonable estimated actual loss/damages that has been caused to the Plaintiff on account of sale of 2715 cartons by Defendants. If these sales would not have been affected by the Defendants' product is that the same are identical to Plaintiff's product in name, get up, trade dress, layout etc.

22. PW2 in his evidence affidavit has stated, "I say that during the normal course of my employment with the Plaintiff Company, as part of my responsibilities, I create and design brand names, their labels and their artwork on instructions of the Plaintiff Company. In furtherance of my responsibilities in this regard, undertaken during my normal course of employment, I had designed the following

'artistic work' on instructions of the Plaintiff Company in or around May 2011."

23. Having heard the learned counsel for the plaintiff and having perused the *ex parte* evidence as well as documents placed on record, this court is of the view that the plaintiff has proved the facts stated in the plaint and has also exhibited the relevant documents in support of its case.

24. Keeping in view the pleadings, documents as well as evidence on record, this Court is of the view that the defendants were using the plaintiff's mark 'NJAU' and its product packaging to sell counterfeit products with a view to trade upon and benefit from the reputation and goodwill of the plaintiff's mark and pass off its services as that of the plaintiff's. It is further settled law that application of the mark by the defendants to the goods exported by them constitutes use of the mark by them in India. [See ***Cadila Pharmaceuticals Limited Vs. Sami Khatib & Anr., 2011 (47) PTC 69 Bom.***].

25. Consequently, the allegation that the mark 'NJAU' and 'NJAU' label used by defendant amounts to infringement of plaintiff's copyright and passes off as plaintiff's product is true and correct. The use of the plaintiff's mark by the defendants is bound to cause incalculable losses, harm and injury to the plaintiff and immense public harm.

26. As the Local Commissioner in her report has stated that 1200 cartons were manufactured for sale by the defendants which means around 2,40,000 Cases in 2015, the value of defendants' product for the purpose of calculation of actual damages would be Rs. 10,58,400 (1200

multiplied by 882, the price at which plaintiff was selling its cartons). Taking an average of 40% profit, the plaintiff would have made a profit of Rs. 3,02,400/-. Further as the defendants exported another 2715 cartons, taking an average profit on calculation as made above, the plaintiff would have made a profit of Rs. 6,84,180/-. Since the plaintiff's evidence has gone unrebutted, said evidence is accepted as true and correct.

27. Learned counsel for the plaintiff's also prays that exemplary damages be awarded to the tune of Rs. 19,73,160/-. However, keeping in view the judgments of this Court in *Super Cassettes Industries Private Limited v. HRCN Cable Network 2017 (72) PTC 556 [Del]* and in *Hindustan Unilever Limited Vs. Reckitt Benckiser India Limited, 2014 (57) PTC 495 [Del] [DB]*, this Court is of the opinion that the plaintiff is not entitled to any exemplary damages.

28. In view of the aforesaid, the present suit is decreed in favour of the plaintiff and against the defendant in accordance with prayer clause 26 (i), (ii) and (iii) as well as damages to the tune of Rs.9,86,580/- and actual costs incurred by the plaintiff. The costs shall amongst others include the lawyer's fees as well as the amount spent on Court-fees.

MANMOHAN, J

AUGUST 13, 2018

bm/j/KA