

IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
IN ITS COMMERCIAL DIVISION
NOTICE OF MOTION (L) NO. 810 OF 2019
IN
COMIP (L) NO. 383 OF 2019

Nippon Steel & Sumitomo Metal Corporation ... Plaintiff

Versus

Kishor D Jain & Anr. ... Defendants

Mr. Hiren Kamod, Advocate a/w Mr. Ramesh Gajria, Mr. Gaurav Mukerjee, Mr. Amol Dixit, Ms. Deepa Hate, Ms. Raina Gajria and Ms. Amritha Vyas, Advocates, instructed by Gajria & Co., Advocates for the Plaintiff.

Mr. Karl Tamboli, Advocate a/w Mr. M. Khan for the Defendants.

Mr. Naohito Shimizu, representative of Plaintiff present.

Mr. Kishor Jain – Defendant No.1 present.

Mr. Jeetendra Burad – Defendant No.2 present.

Mr. Harish Burad brother of Defendant No.2 present.

CORAM: S. J. KATHAWALLA J.

DATE: 15th April 2019

P.C.:

1. *“There is a sufficiency in the world for man’s need but not for man’s greed”...*

Mahatma Gandhi

2. The present case is the quintessential illustration of the extent to which a few unscrupulous persons, such as the present Defendants, can go, in order to make a quick buck. It is utterly unfortunate that such people have absolutely no regard for ethics or principles and in the bargain they make an irreparable dent to the reputation of our country.
3. The Plaintiff filed the present suit on the basis of the complaint made to them by a trading company viz. YANBU Steel Company in Saudi Arabia (“YANBU”) with respect to the quality of some Carbon Seamless Pipes used for laying pipes in oil plants. YANBU informed the Plaintiff that it purchased the said Carbon pipes from the Defendants believing the same to have been manufactured by the Plaintiff. Upon inquiries, the Plaintiff learnt that the said Carbon pipes had been supplied to YANBU by the present Defendants falsely representing the same to be emanating from the Plaintiff. In addition to the aforesaid misrepresentation, the Defendants had also provided to YANBU forged and fabricated certificates bearing the Plaintiff’s trade marks/logos thereby misleading them to believe that the said Carbon pipes had originated from the Plaintiff.
4. On 26th March 2019, upon an application made by the Plaintiff, this Court passed an ex-parte ad-interim order, granting the Plaintiff reliefs in terms of prayer clauses (a), (b) & (c-1) of the Notice of Motion, thereby restraining the Defendants from infringing the Plaintiff’s registered trade marks and appointing the Court Receiver to seize the impugned goods and to make a mirror copy of the electronic records of the Defendants. Pursuant to the said order dated 26th March 2019, the representatives of the Court Receiver visited the premises of the Defendants at three different locations and executed the order dated 26th March 2019. On 9th April 2019, the Court Receiver submitted three reports each dated 9th April 2019. A perusal of these reports shows that the Court Receiver’s

representative who visited the Defendants' premises at Sidhashila Building, 1st Floor, Building No. 379, Office No. 102, SVP Road, Mumbai – 400004, seized and took custody of 3 inspection certificates of the Plaintiff. The Court Receiver's representative who visited the premises of the Defendants at Ashtavinayak Building, Office No. 303, 3rd floor, Sadanand Wadi, V.P. Road, Girgaum, Mumbai – 400004 seized and took custody of one file containing many inspection certificates of the Plaintiff. The Court Receiver's representative who visited the Defendants' site at Plot No. 978 Sector KWC Road No. 11, Kalamboli -410218 found large quantity of branded and unbranded iron pipes at the premises. Further, the Court Receiver's representatives have also taken a mirror copy of the entire electronic record of the Defendants from the computers/servers which were found in the Defendants' premises.

Hearing on 9th April 2019

5. On 9th April 2019, when the matter was taken up for hearing, Mr. Jeetendra Burad, Defendant No. 2 was present before this Court. Upon being questioned about the infringing activities, Mr. Jeetendra Burad informed this Court that he is unable to provide any particulars since his brother, who at present is in Saudi Arabia, is taking care of the business of the sale and export / import of pipes and that he himself is only looking after the accounts of the business. However, Mr. Jeetendra Burad admitted that in the absence of his brother, he was looking after the business. When he was again asked to furnish the particulars of the vendors from whom he is purchasing the pipes and supplying the same to his clients, Mr. Jeetendra Burad initially avoided giving the answer but later informed this Court that he was purchasing the pipes from the local market at Navi Mumbai. In the order passed on that day i.e. 9th April 2019 this Court had observed that from the demeanour and answers provided by Mr. Jeetendra Burad, it appeared that he

was knowingly making false and incorrect statements. In view thereof, this Court directed him to file a detailed Affidavit by 10th April 2019. The relevant portion of the order dated 9th April 2019 is reproduced hereunder:

"1. Defendant No.2 is present in Court. When this Court called upon him to provide particulars of the vendors from whom he is purchasing pipes, he informed the Court that he is unable to provide particulars since his brother who at present is in Saudi Arabia, is taking care of the business of sale and export/import of pipes. He stated that he is only looking after the accounts. When this Court inquired as to who is looking after the business in the absence of his brother, Defendant No.2 admitted that he is looking after the business in the absence of his brother. When this Court again called for the particulars of the vendors from whom he is purchasing pipes and supplying the same to his clients, he initially avoided giving an answer. He later informed the Court that he is purchasing the pipes from the local market at Navi Mumbai.

2. From the demeanor and answers given to the Court by Defendant No. 2, it appears that he is making statements before the Court knowing the same to be false and incorrect. He is therefore directed to file his Affidavit on 10th April, 2019. In the meantime, the earlier ad-interim order shall continue."

Hearing on 10th April 2019

6. On 10th April 2019, Mr. Tamboli, Ld. Advocate appearing on behalf of the Defendants tendered an unaffirmed Affidavit of Defendant No. 2 and

submitted that the same was being affirmed and would be filed shortly. He submitted that the Defendants are willing to submit to a decree and settle the matter. Mr. Kamod, Ld. Advocate appearing for the Plaintiff, submitted that the said Affidavit did not contain necessary particulars such as the details pertaining to the sale of the impugned pipes to Yanbu Steel; the Defendant No.2's source for the impugned pipes and any detail pertaining to the fabricated certificates seized by the Court Receiver. Upon perusing the Defendant No.2's Affidavit, this Court found that the said Affidavit in fact lacked necessary particulars and therefore directed the Defendant No.2 to file an Affidavit furnishing all the necessary details. The matter was therefore kept back. When the matter was again called out, Mr. Kamod submitted that even the amended unaffirmed Affidavit that was handed over to the Plaintiff's Advocates did not contain the necessary details and the same was in fact evasive. Mr. Tamboli upon instructions from the Defendant No.2 undertook to file another Affidavit stating all the facts in detail. The matter was, therefore, adjourned to 11th April 2019.

Hearing on 11th April 2019

7. On 11th April 2019, Mr. Tamboli tendered Defendant No. 2's Affidavit dated 11th April 2019. In the said Affidavit, Defendant No.2 has admitted that he sent two consignments of the impugned pipes bearing the Plaintiff's trade marks to Yanbu; that the first consignment consisting of 9 line items was sent to Yanbu on 19th March 2016 and 28th March 2016; that he procured the pipes for this 1st consignment from Bhansali Impex and Mahalaxmi Industries; that after receiving the pipes he had the Plaintiff's logo "put onto" the pipes and thereafter had the impugned certificates fabricated so as to purport that the same emanate from the Plaintiff. Similarly, it is stated that the 2nd consignment consisting of 2 line items were supplied by him to Yanbu on 30th September 2016; that he procured the

pipes for this 2nd consignment from Champion Tubes and Alloys Pvt. Ltd. and Satellite Trade Impex Pvt. Ltd.; that after receiving the pipes he had the Plaintiff's logo imprinted on the pipes and thereafter had the impugned certificates fabricated so as to purport that the same emanate from the Plaintiff. The said fabricated certificates apropos the aforesaid 1st and 2nd consignments are annexed at Exhibits A and B to Defendant No.2's Affidavit dated 11th April 2019. It is further stated in this Affidavit that apart from the said pipes and certificates the Defendant No.2 has neither imprinted the logo of the Plaintiff on any other pipes, nor has he prepared any other certificate purporting to be that of the Plaintiff.

8. Mr. Kamod submitted that though the Defendants have admitted certain facts, it was not clear as to how and who had put the Plaintiff's logo on the pipes. He further submitted that it was also not disclosed as to how were these certificates fabricated and by whom. He submitted that the said details are extremely important to understand if there are other persons/entities, apart from the Defendants, who are involved in these activities. Upon a query put by this Court, Defendant No.2's brother Mr. Harish Burad, who was also present in Court on that date, informed this Court that one Mr. Babu Chaudhary had prepared the fabricated certificates and he is an expert in making the same. He further informed the Court that Mr. Babu Chaudhary has been supplying these fabricated certificates to the Defendants. Mr. Kamod submitted that the Affidavit filed by the Defendant No.2 neither mentions the name Babu Chaudhary nor contains any particulars / details as to how and who had put the Plaintiff's logo on the pipes or fabricated the certificates. Mr. Tamboli, upon instructions from the Defendants, requested for time to incorporate all the details in an Additional Affidavit. The matter was accordingly kept back at 5 p.m.

9. When the matter was taken up at 5.00 p.m., Mr. Tamboli, upon instructions from the Defendant No.2 and his brother Mr. Harish Burad who were present in Court, submitted that there was no such person called Mr. Babu Chaudhary and that the said name was given by Mr. Harish Burad earlier since he was 'scared'. In the order passed on 11th April 2019, I recorded the events that transpired during the hearing on that day and adjourned the matter to 12th April 2019 to enable the Defendant No.2 to file his Additional Affidavit.

Hearing on 12th April 2019

10. On 12th April 2019, Mr. Tamboli tendered the Additional Affidavit of Defendant No.2 disclosing further details. Mr. Kishore Jain, Defendant No.1 who had returned from Saudi Arabia was also present before this Court alongwith Mr. Jeetendra Burad, Defendant No.2 and his brother Mr. Harish Burad. Mr. Kishore Jain, Defendant No.1 and Mr. Harish Burad both stated that they have gone through the two Affidavits filed by Mr. Jeetendra Burad, Defendant No.2 and they confirm the contents of the same to be true and correct. Mr. Kamod submitted that the Plaintiff would require some time to go through the Affidavits and documents filed by the Defendant No.2 and decide upon the future course of action. He submitted that the Plaintiff's representative would be traveling to India from Japan for attending the hearing on the next occasion. Upon a request made by the parties, the matter was adjourned to 15th April 2019 at 7.00 p.m in Chambers.

Hearing on 15th April 2019

11. Today, i.e. on 15th April 2019, Mr. Kishore Jain-Defendant No.1, Mr. Jeetendra Burad-Defendant No.2 and his brother Mr. Harish Burad alongwith

Mr. Naohito Shimizu (representative of Plaintiff) are present in person, along with their respective Advocates. At the outset, Mr. Kamod, Ld. Advocate for the Plaintiff drew my attention to Defendant No.2's further Affidavit tendered before this Court on 12th April 2019. In his further Affidavit, Defendant No.2 has stated that the logos of the Plaintiff were affixed by him using paint; that the engravings were made with venial paper and the paint was sprayed at his warehouse. He has further disclosed that his brother, Mr. Harish Burad would fabricate the impugned inspection certificates for the impugned pipes at the Defendant No.2's office using software such as photoshop and Coral draw and that the Plaintiff's signature was taken from a scanned copy of one genuine certificate of the Plaintiff.

12. Mr. Kamod submitted that the Defendants have admitted to selling spurious seamless steel pipes and fabricating 56 inspection certificates which are annexed to the further Affidavit of Defendant No.2 and only 3 certificates which were seized from the office of the Defendants were genuine ; further, some of these certificates date back to the year 2010. He submitted that although the Defendants have admitted to fabricating the Inspection Certificates, it is hard to believe that the Defendant No2 or his brother have fabricated the impugned certificates themselves without any help from other persons/entities. He further submitted that it seems highly unlikely that the transactions disclosed by the Defendant No.2 are the only transactions entered with respect to the impugned products bearing the impugned marks, where the Defendants have used the fabricated certificates. Mr. Kamod submitted that the pipes in question are specialised seamless pipes which are used in the oil industry and can have disastrous consequences if the same are spurious and do not meet the required standards of safety.

13. From a perusal of the record, there is no doubt that the Defendants are involved in the infringing activities. The Defendants have admitted not only to the fabrication of the impugned certificates but also to affixing the Plaintiff's logos / marks upon the spurious pipes supplied by them to others. The activities of the Defendants are of a serious and criminal nature. In previous matters before this Court concerning spurious pipes, this Court has observed that "*there are similar multiple entities / persons such as the present Defendants in India, who are in the business of supplying spurious pipes misrepresenting them to be those of reputed entities alongwith forged and fabricated certificates in respect of the same.*" The severity of the situation lies in the fact that these pipes are always installed in sensitive areas. If these spurious pipes do not meet the standards and quality as the original pipes or that the specifications provided on the fabricated certificates are incorrect and not as per requirements; in such circumstances, in all likelihood there are bound to be disastrous consequences. I am of the view that the present situation calls for a serious measure where a message is sent to unscrupulous entities / persons such as the present Defendants to cease their illegal activities. Mr. Kamod, Ld. Advocate for the Plaintiff submits that the Plaintiff is already contemplating a criminal action against the Defendants. Mr. Tamboli, Ld. Advocate for the Defendants submits that the Defendants are aware and cognizant that they have erred; that they do not wish to continue their infringing activities and to prove their *bonafides* have made a full disclosure as to the details of their entire operation. Mr. Tamboli submits that as a matter of indulgence, this Court may give the Defendants a chance to mend their ways. Mr. Kamod, on instructions from his Client, submits that the Plaintiff is willing to let matters end here provided that the Defendants submit to a decree in the present suit and give undertakings to the effect that (i) the disclosure made by the Defendants in the Affidavits and documents filed before this Court is true; (ii) that there were no transactions apart from the ones disclosed in the Affidavits

pertaining to the Plaintiffs products; (iii) that they would send letters/emails to each and every party to whom they have supplied the spurious pipes and fabricated certificates informing them that the products and the certificates lying with them do not belong to the Plaintiff and that the Defendants have no connection with the Plaintiff (iv) that they would provide copies of such letters alongwith acknowledgments to the Plaintiff within a period of 15 days; (v) that at any time in future, if it is revealed that the disclosure made by the Defendants in the Affidavits was not complete or was untrue, the Plaintiffs would be entitled to take criminal action against the Defendants apart from appropriate proceedings for contempt; (vi) that they will remove the Plaintiff's trade marks from their website/trade links, if any, etc. so as to disassociate themselves with the Plaintiff in any manner whatsoever; (vii) that they will never deal in Plaintiff's products in future; (ix) that they will publish a Caution Notice in Saudi Arabia confirming that they were neither associated nor in future be associated with the Plaintiff/its products in any manner whatsoever.

14. Mr. Kamod submitted that considering the nature of the goods involved and the fact that apart from causing a serious damage to the Plaintiff's goodwill and reputation, the acts of the Defendants have in fact brought disrepute to the reputation of the country as well, heavy and unprecedented costs should be imposed on the Defendants. Mr.Kamod from instructions of his Client submits that the Plaintiff has no objection if the costs awarded by the Court are forwarded by the Defendants to any chartiable organization.

15. While the parties are willing to settle the matter here, I am of the view that an example must be made of the present Defendants, to deter such entities / persons from conducting such fraudulent activities. They must know that the Courts are no longer willing to let such activities slide by and shall deal with the

same with an iron hand. This would have been a fit case to order an enquiry by the State Machinery into the affairs of the Defendants, however, considering the fact that the Defendants have disclosed their operations in detail, I am inclined to give one final opportunity to the Defendants to mend their ways. Though no amount of costs can justify the acts of the Defendants, I think costs of Rs. **Rs.5,00,00,000/- (Rupees Five Crores Only)** shall certainly act as a deterrent factor not only to these Defendants but also to the other unscrupulous parties/entities. The Defendants are therefore directed to jointly and / or severally pay Rs.5,00,00,000/- (Rupees Five Crores Only) towards costs, which costs shall be donated to "Tata Memorial Hospital" before 23rd April, 2019. The Defendants are further directed to give personal undertakings in the terms mentioned in paragraph 13 above. In addition to the said undertakings, the Defendants shall also undertake before this Court that they shall henceforth conduct their business in strict conformance of the law and that they would not, in future, indulge in these kinds of infringing activities in respect of the products / certificates of not only the Plaintiff's but any other entity.

16. In view thereof, the following order is passed:

- a. The above Suit is decreed against the Defendants in terms of prayer Clauses (a), (b), and (d) to the Plaint.
- b. The Defendants shall jointly and / or severally pay Rs.5,00,00,000/- (Rupees Five Crores Only) towards costs, by getting a Demand Draft drawn in the name of Tata Memorial Hospital payable at Mumbai by Tuesday, 23rd April 2019.
- c. The Defendants shall furnish their personal undertakings on or before Tuesday, 23rd April 2019 stating the following :

- (i) the disclosure made by the Defendants in the Affidavits and documents filed before this Court is true; (ii) that there were no transactions apart from the ones disclosed in the Affidavits pertaining to the Plaintiffs products; (iii) that they would immediately send letter/emails to each and every party to whom they have supplied the spurious pipes and fabricated certificates informing them that the products and the certificates lying with them do not belong to the Plaintiff and that the Defendants have no connection with the Plaintiff (iv) that they would provide copies of such letters alongwith acknowledgments to the Plaintiff within a period of 15 days; (v) that at any time in future, if it is revealed that the disclosure made by the Defendants in the Affidavits was not complete or was untrue, the Plaintiffs would be entitled to take criminal action against the Defendants apart from appropriate proceedings for contempt; (vi) that they will remove the Plaintiff's trade marks from their website/trade links, if any, etc. so as to disassociate themselves with the Plaintiff in any manner whatsoever; (vii) that they will never deal in Plaintiff's products in future; (viii) that they will publish a Caution Notice in Saudi Arabia confirming that they were neither associated nor in future be associated with the Plaintiff/its products in any manner whatsoever and (ix) that they shall henceforth conduct their business in strict conformance of the law and that they would not, in future, indulge in these kinds of infringing activities in respect of the products / certificates of not only the Plaintiff's but also any other entity;
- d. The Court Receiver stands discharged without passing accounts but subject to payment of his cost, charges and expenses within a period of one week from today by the Plaintiff.
- e. The Suit as well as Notice of Motion are disposed of.

- f. Refund of Court fees, if any, as per Rules.
- 17. List the above matter on Tuesday, 23rd April 2019 to report compliance.

(S.J. KATHAWALLA, J.)