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

\+ **FAO(OS) (COMM) 104/2019**

ANIL VERMA ..... Appellant

Through Mr. Manav Kumar & Mr. Manoj Kumar Sahu, Advocates

versus

R K JEWELERS S K GROUP & ORS ..... Respondents

Through Mr. Sai Krishna Rajgopal, Mr. Munish Mehra & Mr. Narayani Prakash, Advocates for Respondents No.1 to 3

CORAM:
JUSTICE S.MURALIDHAR
JUSTICE I.S.MEHTA

O R D E R

% **10.05.2019**

Caveat No. 490/2019

1. Since counsel for the Respondents have entered appearance, the caveat stands discharged.

CM Appl. No. 22167/2019 & 22169/2019 (Exemption)

2. Exemption allowed, subject to all just exceptions.

FAO(OS)(COMM) 104/2019 & CM Appl.Nos. 22166/2019 (stay) & 22168/2019 (for summoning trial court record)

3. This appeal is directed against an order dated 25th April, 2019 passed by the learned Single Judge in three IAs in CS(COMM) No. 1097/2018 filed by the Appellant against the Respondents/Defendants.

4. The background facts are that the Appellant/Plaintiff filed the aforementioned suit against the Respondents/Defendants seeking permanent injunction restraining the infringement of trade mark and passing off, rendition of accounts, delivery up and damages. The case of the Plaintiff is that it was holding registration for the trademarks 'Cash for Gold', 'Gold Buyers' and 'We buy Gold' in Class 14. The Plaintiff was aggrieved by the Defendants' use of the trademarks of '24 Karat Cash for Gold', 'Sona Do Paise Lo', '24 Karat Cash for Gold', 'Cash for Gold' and 'We buy Gold, Silver and Diamonds'. The claim was that Defendants were using identical marks for identical services and businesses.

5. It must be mentioned here that while the Plaintiff has various stores in Delhi and Mumbai for sale of gold, silver, diamond, antiques, watches etc. the Defendant too at the time of filing of the suit was running as many as 19 stores in Delhi.

6. The case of the Defendant was that registrations were wrongly granted for above marks in favour of the Plaintiff. Defendant No.1 claimed that it was the prior applicant for registration of the trademark '24 Karat Cash for Gold'. The Defendants claimed to have 19 stores in the Delhi NCR Region and that their turnover for 2016-2017 was approximately Rs. 17 crores.

7. The learned Single Judge first heard arguments on IA No. 11678/2018 filed by the Plaintiff under Order 39 Rules 1 & 2 CPC as well as IA No. 14796/2018 under Section 124 of the Trademarks Act, 1999 ('Act'). As far as IA No.11678/2018 is concerned, the learned Single Judge held that

merely because the Defendants had sought to withdraw that application for registration of the mark '24 Karat Cash for Gold' in January, 2019 would not enable it to escape the consequences of being estopped from arguing that the said marks were descriptive/generic. It was further held that applying the 'Degree of Imagination' Test and the 'Competitors need' Test, the marks 'Cash for Gold', 'Gold Buyers' could not be held to be descriptive.

8. As far as the mark of 'We buy Gold' was concerned, it was held to be prima facie descriptive in nature. Consequently, it was held that there could be no injunction granted for the use of the mark 'We buy Gold'.

9. It was held that it was not only just the competing rights of the parties that needed to be looked at, but also the consumers' interest. It was held that any consumer who may be selling gold may be led to believe that the Defendants' business was the same as that of the Plaintiff. Accordingly, the learned Single Judge disposed of IA No. 11678/2018 by restraining the Defendants from 'opening any new stores using the trade mark 'Cash for Gold' or 'Gold Buyers.' However, there was to be no injunction as far as the mark 'We buy gold' was concerned.

10. As far as the existing 19 stores of the Defendants using the mark 'Cash for Gold' as trademark was concerned, since the said stores had been functioning for the past few years the Defendants were given six months' time to change the name/ mark of the said stores to any mark which was not identical or similar to the mark 'Cash for Gold' or 'Gold Buyers'. It was clarified that the said injunction would not preclude the Defendants from

using the words 'Cash, Gold, Buyers' to genuinely describe their businesses or services in a manner that does not constitute trademark violation.

11. Next the learned Single Judge proceeded to deal with IA No. 14796/2018 under Section 124 of the Act whereby the Defendants sought for stay of the suit for infringement and for permission to approach the Intellectual Property Appellate Board ('IPAB'). This application was disposed of in the following terms:

> "i. The following issue is, accordingly, framed:
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> "Whether the Plaintiff's marks 'CASH FOR GOLD', 'GOLD BUYERS' and 'WE BUY GOLD'are liable to be cancelled?"
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> ii. The suit is adjourned by three months, permitting the Defendants to file cancellation petitions before the IPAB.
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> iii. Subject to the said petitions being filed, the suit qua the relief of infringement shall remain stayed."

12. By the same impugned order, the learned Single Judge also disposed of IA No. 3735/2019 filed by the Defendants under Sections 12 & 15 of the Contempt of Courts Act, 1971 ('CCA'). The said application had been filed after orders were reserved in IA No.11678/2018 on 13th February, 2019. It was mentioned before the Court and listed on 13th March, 2019.

13. It was averred in the said application that the Plaintiff had filed a criminal complaint against the Defendants as FIR No. 291/2018 pursuant to which proceedings were initiated against the Defendants under Section 153 Cr PC in the Court of the learned Chief Judicial Magistrate (CJM) (Dwarka).

14. It requires to be noticed at this stage that on 31st August, 2018 the learned Single Judge passed the status-quo order in the suit *inter-alia* on the following terms:

> "13. Having heard the counsel for the parties, it being the ad interim stage today, there is no doubt that the Plaintiff is the prior user of the mark 'Cash For Gold'. However, the Defendants have also been openly and extensively using the trademark '24 Karat Cash For Gold'. The manner of use could be confusing to a customer, however, interim orders in respect of the same would be considered after the Defendants file their reply. The Defendants claim to have 19 centres under the name '24 Karat Cash For Gold' in the Delhi and NCR region, a list of which has been handed across today by Mr. Sindhwani. Considering that the Plaintiff is the prior user of the mark and the Defendants do not dispute that they are aware of the Plaintiff's mark prior to their adoption of the impugned mark, it is deemed appropriate that status quo shall be maintained by the Defendants. No new centres shall be opened by the Defendants till the next date. The matter shall be heard immediately after the IPAB hearing on 10th September, 2018. The Plaintiff is directed to place the examination report for their trademark No. 2626911 in class 14 on record. The Defendants shall file their reply within two weeks. Rejoinder be filed within 10 days thereafter. List on 28th September, 2018."

15. Even before the aforementioned order was passed the Plaintiff had already filed a criminal complaint on 29th August, 2018 with the Police Station (P.S) Lajpat Nagar against the Defendants. The Plaintiff was informed that the said P.S. lacked jurisdiction and that Plaintiff would have to approach the Dwarka North P.S.

16. After the aforementioned status quo order dated 31st August, 2018 was passed by the learned Single Judge, the Plaintiff made a representation on

13th September, 2018 to the DCP, Dwarka. Another representation was given on 15th September, 2018 to the SHO, P.S. Dwarka, North. According to the Plaintiff, the Defendants had committed offences punishable under Sections 420, 468 & 471 IPC as well as Sections 103/104 of the Act.

17. The Plaintiff again sent a letter dated 27th September, 2018 to the Commissioner of Police, Delhi Police Headquarters stating that no investigation has been carried out and that there was enormous delay. Representations were also sent to various police authorities in September, 2018 to speed up the investigation into the complaint dated 29th August, 2018.

18. Alleging that the oolice had not taken any serious action, the Plaintiff on 18th September, 2018 filed an application before the learned Metropolitan Magistrate, (MM), Dwarka for a direction to the SHO, P.S. Sector 13, Dwarka to lodge FIR against the accused persons and investigate the matter.

19. On this application, on 24th September, 2018, the learned MM passed an order directing the SHO to register the FIR. While the said order refers to the order dated 31st August, 2018 passed by this Court, it did not specifically notice the portion of the order which permitted the Defendant to continue to use the mark in respect of 19 centres.

20. FIR No. 291/2018 was registered by the Dwarka, North P.S. The said FIR there were various allegations against the Defendants in respect of the alleged forgery of courier receipts. On 31st October, 2018 the Investigating

Officer (IO) filed a status report pointing out *inter-alia* that the investigation of the case had been transferred to the DIU/Dwarka District and that further that the investigation was at the initial stage.

21. Pursuant to the notice issued to him, Defendant No.3 appeared before the IO on 6th March, 2019 and 11th March, 2019. It is stated that in a sudden twist of events on 12th March, 2018 a search and seizure operation was conducted in both the stores of the Defendant i.e. at South Extension Store as well as Yusuf Sarai.

22. The learned Single Judge noted that the order dated 31st August, 2018 was categorical. It permitted the Defendants to use the mark for 19 centres in Delhi and NCR Region. They were only injuncted from using the mark for any newly opened centres. This order was continued till the judgment was reserved on 13th February, 2019 in the application for interim injunction.

23. On a perusal of the photographs, videos and the contempt application the learned Single Judge that there were at least three persons deputed by the Plaintiff to support the search and seizure operation. The large contingent of police personnel supported by the Plaintiff's employees visited the two showrooms of the Defendants and created enormous commotion in the said showrooms.

24. The Plaintiff stated that he had given a copy of the order to the IO and that he was not aware as to what the IO was planning to do. In his statement

before the Court he also stated that he was informed by the IO that the Defendant's infringement of the trademark was not within the jurisdiction of the IO.

25. The statement of the IO has been perused. He did admit that he got the search and seizure operations done on 12th March, 2019. He admitted to calling the Plaintiff for deputing six to seven persons to help in the search and seizure operation. According to him he was not informed that there was a court case pending. He also admitted the order dated 31st August, 2018.

26. The learned Single Judge in granting the injunction and interfering in contempt noted that

> "Despite, complete knowledge of this order, the Plaintiff has taken active steps after the filing of the present suit, to exert pressure on the Defendants by filing a criminal complaint, writing repeated representations to the police authorities, approaching the MM in respect of falsification of the marks in addition to the allegation of forgery."

27. The learned Single Judge noted that the issue of forgery and issue of the marks were pending in two separate forums i.e. IPAB and this Court. The IPAB had ruled in favour of the Plaintiff by its order dated 18th October, 2018. That read with this Court's order dated 31st August, 2018 showed that the allegations of forgery was pressed by the IPAB which held that the Defendant's evidence was not submitted in time.

28. It was noted by the learned Single Judge that after the order of this Court, the Plaintiff approached multiple police authorities and on various

occasions moved applications before the MM seeking to put pressure on the police authorities to act against the Defendant. The learned CMM on 24th September, 2018 permitted registration of the FIR.

29. The learned Single Judge was of the view that the order of the MM added to the confusion. The IO also did not properly read the order dated 31st August, 2018. Together the Plaintiff and the IO conducted search and seizure operation contrary to the orders passed by this Court.

30. Learned counsel for the Appellant focused on just two points, one was the justification of holding the Appellant to be in Contempt of Court and requiring him to pay a sum of Rs. 20 lacs to the Defendants in view of the destruction cost to the Defendant's showrooms. If the said amount was not paid within two weeks, the Defendant was to undergo Civil Imprisonment for one month. The IO was issued a warning to be communicated to all Police Authorities. Thus the contempt petition was also disposed of. This is the second grievance of the Appellant. In effect the Appellant contends that the time for the Defendants to cease conducting business in 19 centres ought not to have been enlarged by the learned Single Judge.

31. It is further contended that the Plaintiff himself did not violate any status-quo order passed by the learned Single Judge and therefore should not have been saddled with paying Rs. 10 lacs for each showroom to the Defendants within a period of two weeks when in fact the Plaintiff had tendered through his counsel an unconditional apology to the Court.

32. As far as the first plea is concerned, the Court finds that the learned Single Judge has given adequate reasons for extending the period within which the Defendants should dispose of the stocks of the infringing trademark in its showrooms. Given the nature of the business and the fact that as many as 19 stores have been running, the order appears to be a well balanced one protecting the interest of both sides. Consequently, this Court does not find anything unreasonable or illegal in the Defendants being granted six months time to actually vacate and to dispose of the stocks using the infringing trademark.

33. On the aspect of contempt, it is clear that the IO proceeded to undertake the search and seizure operation without being made aware of the pendency of the litigation between the parties. It was only on the Plaintiff's persistence that the police resorted to coercive action of search and seizure. When the parties were before this Court at the stage of interim relief there was absolutely no occasion for the Plaintiff to have invoked the criminal law remedy thereafter.

34. It was clearly an abuse in the process of law since the order dated 31st August, 2018 was unambiguous. It asked parties to maintain status-quo and expressly permitted the Defendant to continue to operate 19 stores till further orders of the Court. This status-quo order could not have been ignored by the Appellant who was duty bound to inform the Police that the status-quo order meant that no further action would be taken even by them. The manner in which the Plaintiff actually lent the services of his own staff to work along with the said police in carrying out the search is also a pointer

to the actual involvement of the Plaintiff in the violation of the status-quo order dated 31st August, 2018.

35. In the facts and circumstances, the Court is not inclined to interfere with the impugned order. The appeal and applications are accordingly dismissed. No order as to costs.

S. MURALIDHAR, J.

I.S. MEHTA, J.

MAY 10, 2019
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